ORLEN Unipetrol a.s. Annual Report 2022

Content

1 ORLEN Unipetrol Group profile

The ORLEN Unipetrol refinery and petrochemical group constitutes an important part of the Czech industry. It is the only crude oil processor in the Czech Republic, one of the most important producers of plastics and the owner of the largest network of filling stations Benzina ORLEN. In the field of refinery and petrochemical production, it is also a major player in Central and Eastern Europe. It has been part of the PKN ORLEN refinery and petrochemical group since 2005.

ORLEN Unipetrol a.s., the parent company of ORLEN Unipetrol Group, is a company with a majority shareholder and as such it is a controlled entity. The sole shareholder is Polski Koncern Naftowy ORLEN Spółka Akcyjna ("PKN ORLEN S.A.").

ORLEN Unipetrol Group operates:

- 2 refineries with an annual conversion capacity of 8.7 million tons of crude oil
- 3 polyolefin units - in the year 2022 was the annual capacity 790 000 tons
- a steam cracker unit with an annual capacity of 544 000 tons
- 431 petrol stations in the Czech Republic, 51 petrol stations in Slovakia and 79 stations in Hungary (numbers as of 31 December 2022)
- a broad range of transport services

Two core business segments:

- downstream (combining refining and petrochemicals)
- retail distribution of fuels

2 Analysis and assessment of the Group's Performance

The Group's performance in the year 2022 measured by Group's profit from operations on EBIT level increased significantly compared to the previous period mainly due to a solid performance of the economy, higher yields and higher margins in the refinery and petrochemical segment. During the whole year 2022, the Group maintained its strong position on its respective market segments.

In accordance with the International Accounting Standard IAS 36, the impairment charges of assets in the refining and petrochemical part of the company were booked in the total amount of CZK 3 705 million. The main reasons for recording the impairment were the worsening macroeconomic conditions and assumptions and the Windfall tax introduced in the Czech Republic for the years 2023-2025.

The ORLEN Unipetrol Group is not required to provide any information according to rules other than accounting rules.

3 Financial standing

Consolidated statement of profit or loss and other comprehensive income

The Group's revenues for the year 2022 amounted to CZK 209 521 million and were 57% higher than in the year 2021. The territorial structure of the Group's revenues remained stable with the majority of sales directed toward EU countries in 2022.

The Group's profit from operations on EBIT level increased from CZK 4 256 million in 2021 to CZK 18 483 million for 2022. The Group's net profit reached the level of CZK 16 176 million at the end of the year.

Consolidated statement of financial position

As of December 31, 2022, non-current assets of ORLEN Unipetrol Group amounted to CZK 63 842 million. In 2022, the Group acquired tangible and intangible assets worth CZK 9 343 million. Most investments were done in the downstream segment followed by investments in the retail segment. As part of the acquisition of Normbenz, the Group acquired a network of 79 petrol stations in Hungary.

As of December 31, 2022, total current assets amounted to CZK 66 842 million, an increase of CZK 23 102 million since previous year, mainly as a result of higher selling prices of final products.

Total equity increased by CZK 23 899 million, to CZK 80 498 million during the year, stemming mainly from the profit of 2022.

As at December 31, 2022, current liabilities increased by CZK 2 203 million to CZK 40 074 million, mainly due to increase in tax liabilities by CZK 4 040 million.

Consolidated statement of cash flows

Net cash provided by the Group's operating activities in the year 2022 increased by CZK 18 855 million to the amount of CZK 33 311 million mainly as a result of increase in Group´s result.

The Group's financial position was stable at the end of 2022 as the cash amounted to CZK 19 199 million.

4 Significant post financial statements events

On 2 January 2023 ORLEN Unipetrol RPA s.r.o. acquired 100% of shares in REMAQ, s.r.o. with its headquarter in Otrokovice.

The ORLEN Unipetrol Group continues to meet its strategic development objectives by 2030. Within this framework, it also focuses on the principles of circular economy and permanent sustainability. It develops these by building a broad portfolio of recycling activities, thanks to which it will be able to efficiently acquire and process waste plastic and bio-waste and produce new petrochemicals and biofuels from it. It expanded its existing activities in the field of chemical recycling to the segment of mechanical recycling by completing the acquisition of REMAQ, a leading player in the region of Central and Eastern Europe, into its Group.

REMAQ focuses on production and trading with plastic recyclates, especially polypropylene, polyethylene and polystyrene. It operates four modern regranulation lines with total capacity of

3 000 tonnes per month. It employs 80 people and its revenue exceeds CZK 500 million. The purchase price amounted to CZK 1 504 million.

The Group's management is not aware of any other events that have occurred since the end of the reporting period that would have any material impact on or would be required to be included in the Annual report as at 31 December 2022.

5 Expected development for 2023

The main development trends of the Company and the entire ORLEN Unipetrol Group include the development and increase of petrochemical production, integration of refining assets, involvement in low-emission energy, hydrogen and circular economies, consistent development of retail sales and strengthening the leading position in the retail market of fuel sales in the Czech Republic and further development of filling station network in Slovakia and Hungary. Furthermore, the Company emphasises a strong R&D background and the introduction of innovations that will support all activities on a sound financial basis. The main tasks for 2023 include the marketing and sale of the product portfolio of the polyethylene unit (PE3) in Chempark Záluží, completion of the acquisition of the recycling company REMAQ, s.r.o., and its subsequent integration within the ORLEN Unipetrol Group's structures, significant development of retail networks in Slovakia and Hungary, development of the network of public hydrogen filling stations in the Czech Republic, and successful implementation of targets arising from the new transformation strategy of the ORLEN Unipetrol Group until 2030 published on 18 August 2021.

The introduction of the Windfall tax for the years 2023-2025 will have a significant, negative effect on the Group's financial situation.

6 Research and development

In 2022, the ORLEN Unipetrol Group continued developing its research and development activities regarding its key pillars consisting of green hydrogen, chemical and mechanical waste recycling, biofuel production, decarbonisation, and digitalisation. These key pillars are an essential component of the Company's successful development within its Strategy 2030, also in the context of growing demand for low-carbon technologies. Achieving carbon neutrality for a sustainable future by 2050 remains the Company's long-term objective.

ORLEN UniCRE focuses on advanced biofuels, including the analysis of resource availability, with a particular emphasis on biomass and municipal waste. In this regard, the necessary information was obtained to continue the respective projects. The research into chemical recycling was conducted using a research pilot unit, and the process of licence selection and technical evaluation of potential licensors based on the obtained know-how was initiated. The research was realised by using synergies within the ORLEN Unipetrol Group. The research into chemical recycling continued with the objective of getting the materials and, subsequently, raw materials suitable for processing in the steam cracker in Litvínov. Testing these materials using real technologies is the primary goal of the research team. This collaboration will continue intensively, and chemical recycling will be the research priority area with an emphasis on available technologies. The objective is to build a plastic-waste pyrolysis facility in the Czech Republic and to include it in the entire circular economy chain. ORLEN UniCRE also started developing high-temperature pyrolysis to ensure the processing of complicated materials containing halogenated hydrocarbons. ORLEN Unipetrol again received the ISCC Plus certification for the processing of HVO (hydrogenated vegetable oil) in the steam cracker, which allows it to produce bioplastics and to have the EU's ISCC certification for the processing of biomaterials (used cooking oil, vegetable oils) using the hydrogenation unit which enables it to produce HVO utilising co-processing primarily to produce advanced biofuels. In 2022, the CHEMTECH NEXT project focused on support and collaboration with small enterprises and start-ups. Projects dealing with supporting digitalisation, operational safety, increased efficiency and lowering energy loss in operation were selected for support.

The ORLEN Unipetrol Group continues developing hydrogen technology. We consider green hydrogen a suitable alternative for the future carbon-free economy and mobility. In 2022, the development of hydrogen projects continued; the construction of a hydrogen filling station was technically completed. The development of filling stations will continue. Regarding our own production, the engineering phase of building a photovoltaic installation with an output of 60 MW and a 26-MW electrolyser to produce green hydrogen with an annual production capacity of 4.75 kta is underway. The research team focused on the possibilities of generating renewable energy, primarily geothermal energy. In terms of hydrogen mobility, ORLEN UniCRE and the Czech Technical University in Prague started preparing to develop a high-capacity mobile hydrogen station. A project to realise a sampler of hydrogen from a hydrogen filling station was also initiated.

Polymer Institute Brno (PIB) continues to focus on developing its product portfolio of advanced polymers, polyethylene, and polypropylene. PIB intensively supports the certification of new products. Another important area is the mechanical recycling of plastic and its use in ORLEN Unipetrol. Chemical and mechanical recycling is a crucial instrument/method to achieve closed-loop economic goals. PIB intensively focuses on new types of polymerisation catalysts so that ORLEN Unipetrol can meet legislative requirements.

In 2022, a new dicyclopentadiene (DCPD) unit with a capacity of 22,400 tonnes per year was commissioned. At the same time, research into the possibilities to produce DCPD derivatives continued with the objective of expanding the product chain with products in high demand.

As part of its development, ORLEN Unipetrol puts a significant emphasis on energy efficiency and, in this regard, focuses on technologies that use waste heat. It sees great potential in it to meet its goals and gradually decrease CO2 emissions. This area's key projects continued according to plan, and significant progress was achieved in their implementation.

The ORLEN Unipetrol Group continues to focus on supporting education, including tertiary education. It intensively develops collaboration with universities and scientific institutions, including abroad. Research and development follow the strategy and are realised within the joint discussion with the research section in the ORLEN Unipetrol Group.

7 Key environmental activities

The “Responsible Undertaking in the Field of Chemistry - Responsible Care” Program

The Responsible Care (the “RC”) programme is a voluntary chemical industry initiative adopted worldwide, aimed at promoting the industry’s sustainable development with responsive enhancements to the safety of facilities and product transportation and improvements in the protection of human health and the environment. The programme reflects the long-term strategy coordinated by the International Council of Chemical Associations (ICCA) and, in Europe, by the European Chemical Industry Council (CEFIC). The contribution made by the RC Program to sustainable development was recognised by the conferral of a UN Environment Program award at the global summit in Johannesburg.
The national version of the RC Programme is the Responsible Business in the Chemical Industry Programme, officially announced in October 1994 by the Minister for Industry and Trade and the President of the Czech Chemical Industry Association (SCHP ČR). Since 2008, the programme has complied with the conditions of the RC Global Charter.
Following a successful public defence, the right to use the Responsible Care programme logo was again conferred on ORLEN Unipetrol a.s., ORLEN Unipetrol RPA s.r.o. and ORLEN Unipetrol Doprava s.r.o. in 2021 and on SPOLANA s.r.o. in 2018. As PARAMO, a.s. is no longer a member of the Czech Chemical Industry Association, it does not have the right to use the logo but continues to adhere to the principles.

8 Employees

ORLEN Unipetrol Group considers human resources to be one of the key drivers of every company. In 2022 ORLEN Unipetrol Group employed 5 514 employees.

The training of ORLEN Unipetrol group employees in 2022 was and is still being influenced by the pandemic associated with COVID-19, which started the great development of digitalization in the field of employee education and other personnel activities. The Company continued to organize corporate training for its employees, which took place mainly in the online environment. The Company also used e-learning forms of education. Employees attended in obligatory training, professional seminars and foreign language courses. The courses organized in person on the place under strict safety measures and rules, which were carefully followed by staff and lecturers. One-day and multi-day seminars were organized for employees. All trainings, workshops and courses were occurred in high quality.

The HR Division continued to increase the efficiency of all personnel processes within the Group and to implement advanced and innovative solutions, taking into account cost optimization.

9 Information on foreign branches

ORLEN Unipetrol a.s. has no foreign branch. The Group structure is presented in the notes to the Consolidated financial statements for the year 2022.

10 Acquisition of own shares

ORLEN Unipetrol a.s. has not acquired any own shares in the year 2022.

11 Risk management

The Group is exposed to financial risks, i. e. mainly foreign currency risk due to the high proportion of sales and purchase in foreign currencies and commodity risk resulting from time mismatch between transactions of seaborne purchase of crude oil and sales of crude oil products and EUAs price volatility. These risks are mitigated by hedging transactions based on Group's hedging strategy.

12 Management report

The financial results were positively affected by our investment activities in the previous years. We have invested CZK 50 billion over the past five years. We managed to maintain a high investment rate even during the challenging years of the Covid pandemic when we sank into a loss of CZK 6 billion in 2020. Now, we are reaping the harvest of our efforts. At the same time, the positive macroeconomic situation in the refining segment also contributed to our financial results.

ORLEN Unipetrol Group acted as a stabilising element of the Czech economy during the challenging and unstable year 2022. We secured continued production and fuel supplies for the Czech market, thus significantly contributing to the sufficient fuel amounts in the Czech market throughout the year. We are ready to continue these efforts in 2023, too.

We continue implementing the key projects of our strategic development plan until 2030, where we focus on modernisation, decarbonisation, digitalisation, and reinforcement of the petrochemical segment. In the retail segment, we entered Hungary through acquisitions and significantly boosted our market share in Slovakia.

13 Audit

(in CZK thousand)	**2022**
Audit and other verification services (main auditor)[1]	6 930
Other services and translations fees (main auditor)[1]	-
Audit and other verification services (additional auditors)[1]	1 588

[1] Without VAT

Auditor for 2022

Name:	Deloitte Audit s.r.o.
License no.:	079
Address:	Churchill I, Italská 2581/67, 120 00, Praha 2 – Vinohrady
Company No.:	49620592

14 Separate Financial Statements

The audit report forms an integral part of this report. It contains the Separate financial statements for the year 2022 in the following extent:

- Separate Profit and Loss Statement for the year 2022
- Separate Balance Sheet as at 31 December 2022
- Statement of Changes in Equity for the year 2022
- Separate Cash Flow Statement for the year 2022
- Explanatory Notes to the Separate Financial Statements for the year 2022

15 Consolidated Financial Statements

The audit report forms an integral part of this report. It contains the Consolidated financial statements for the year 2022 in the following extent:

- Consolidated Profit and Loss Statement for the year 2022
- Consolidated Balance Sheet as at 31 December 2022
- Consolidated of Changes in Equity for the year 2022
- Consolidated Cash Flow Statement for the year 2022
- Explanatory Notes to the Consolidated Financial Statements for the year 2022

16 Report on relation between related parties

The report on relations between the related parties forms an integral part of this report.

<u>Annexes:</u>

1. Auditor's report to Separate financial statements
2. Separate Financial statements for 2022
3. Auditor's report to Consolidated financial statements
4. Consolidated Financial statements for 2022
3. Report on relations for 2022

17 Persons responsible for the Annual Report 2022

Tomasz Wiatrak, Chief Executive Officer and Chairman of the Board of Directors of ORLEN Unipetrol a.s., and Adam Jarosz, Chief Financial Officer and member of the Board of Directors of ORLEN Unipetrol a.s., hereby claim to their best knowledge, that the Annual Report and the Consolidated Annual Report present, in all aspects, a true and fair image of the financial standing, business, and results of the Company and its consolidated Group for the previous accounting period, as well as of the future outlook for the financial standing, business, and results.

Tomasz Wiatrak Digitally signed by Tomasz Wiatrak Date: 2023.04.20 16:31:43 +02'00'

Adam Jarosz Digitally signed by Adam Jarosz Date: 2023.04.20 13:26:25 +02'00'

Tomasz Wiatrak

Chief Executive Officer and
Chairman of the Board of Directors

Adam Jarosz

Chief Financial Officer and
Member of the Board of Directors

KyndlM Digitálně podepsal KyndlM Datum: 2023.04.20 12:36:22 +02'00'

Glossary and abbreviations

Glossary

Atmospheric distillation unit

A unit for atmospheric distillation of crude oil (dividing crude oil into lighter fractions according to their boiling temperature) under slight positive pressure and temperatures up to 350-400 °C.

Azeri Light crude oil

Light, low sulphur crude oil from Azerbaijan.

Brent-Ural differential

The difference between Brent (mix of North Sea crude oils) quoted price and Ural (Russian export crude oil) quoted price.

COCO (Company Owned – Company Operated)

A filling station operating model – filling stations are owned and operated by the same company.

CODO (Company Owned – Dealer Operated)

A filling station operating model – filling stations are owned by the company and are operated by dealers under a contract with the company.

Compressed Natural Gas (CNG)

Natural gas (mainly composed of methane) stored at high pressure. CNG can be used in place of gasoline, diesel fuel or propane.

Conversion capacity

The total amount of crude oil which can be processed in a refinery – usually stated in mt/y (million tons per year).

CPC Blend crude oil

Light crude oil from Western Kazakhstan which consists of several crude oil streams.

D-A-CH region

German speaking countries (Deutschland, Austria, Switzerland).

DOFO (Dealer Owned – Franchise Operated)

A filling station operating model operated under franchise – filling stations are not owned by the company.

Downstream

This sector of the oil and gas industry commonly refers to the refining of petroleum crude oil, and processing and purifying of raw natural gas, as well as to the marketing and distribution of the products derived from crude oil and natural gas.

Ethylene

Also known as **ethene** is a hydrocarbon produced in the petrochemical industry most often by steam cracking of crude oil products (ethane, LPG, naphtha). Ethylene is widely used in the chemical industry.

Fluid Catalytic Cracking (FCC)

Fluid catalytic cracking is one of the most important catalytic conversion processes used in petroleum refineries. It is widely used to convert the high-boiling, high-molecular-weight hydrocarbon fractions from petroleum crude oil (residues from atmospheric distillation, vacuum distillate) to more valuable and demanded products such as gasoline, unsaturated LPG, middle distillates and other products. The FCC process operates at high temperature and moderate pressure, with a fluidised powdered catalyst.

High density polyethylene (HDPE)

It is a polyethylene thermoplastic made from ethylene commonly used in the production of plastic bottles, corrosion-resistant piping, geomembranes and plastic lumber.

Hydrocracking

Hydrocracking is another important catalytic conversion process used in petroleum refineries. It is used for the conversion of high-boiling, high-molecular-weight hydrocarbon fractions from petroleum crude oil (vacuum distillate) to more valuable and demanded products such as diesel, gasoline, unsaturated LPG or synthetic oils by the addition of hydrogen under high pressure and in the presence of a catalyst.

Hydroskimming

It is one of the simplest types of refinery. It is defined as a refinery equipped with atmospheric distillation, naphtha reforming and necessary treating processes.

Ingolstadt-Kralupy-Litvínov pipeline (IKL)

The IKL pipeline is a crude oil pipeline in Central Europe. It allows the transportation of crude oil from Germany to the Czech refineries in Kralupy and Litvínov.

Liquefied Petroleum Gas (LPG)

It is a flammable mixture of hydrocarbon gases, predominantly with three or four carbon atoms in a molecule, used as fuel in heating appliances and vehicles, as well as an aerosol propellant and refrigerant.

Olefin

Also known as **alkene** is an unsaturated hydrocarbon with one double bond between carbon atoms. Alkenes are produced during catalytic or thermal cracking without the presence of hydrogen.

Polyolefin

It is a polymer also known as **polyalkene**, produced from simple olefins. It is used for blown film and heatshrink electrical insulation sleeves, as well as under garments for wetsuits.

Petrochemical olefin margin (Unipetrol model)

Revenues from sold products (100% Products = 40% Ethylene + 20% Propylene + 20% Benzene + 20% Naphtha) minus costs (100% Naphtha). Product prices are according to benchmark quotations in euros per ton.

Petrochemical polyolefin margin (Unipetrol model)

Revenues from sold products (100% Products = 60% Polyethylene/HDPE + 40% Polypropylene) minus costs (100% input = 60% Ethylene + 40% Propylene). Product prices are according to benchmark quotations in euros per ton.

Polypropylene (PP)

Also known as **polypropene**, is a thermoplastic polymer used in a wide variety of applications, including packaging and labelling, plastic parts and reusable containers of various types, laboratory equipment, loudspeakers, automotive components, and polymer banknotes.

POX unit

A unit where the gasification of oil distillates (partial oxidation reaction) takes place. It is commonly used for the liquidation of the hardest unprocessable residues from the refinery and it produces a synthetic gas consisting primarily of hydrogen and carbon monoxide. The yield of hydrogen can be increased in the shift reactor by reaction of CO with steam. Pure hydrogen is used in the refinery and for ammonia production.

Propylene

Also known as **propene** or **methyl ethylene** is an unsaturated organic compound. It is produced as a by-product during the pyrolysis of fossil fuels – mainly petroleum and natural gas.

Pyrolysis

It is a chemical reaction during which organic materials are thermally decomposed without the presence of any oxygen.

Pyrolysis gasoline

It is a high aromatic naphtha product which arises during the pyrolysis of naphtha or hydrocrackates in a steam cracker unit.

Refining margin (Unipetrol model)

Revenues from products sold (96% Products = Gasoline 17%, Naphtha 20%, JET 2%, Diesel 40%, Sulphur Fuel Oils 9%, LPG 3%, Other feedstock 5%) minus costs (100% input = Brent Dated). Product prices are according to benchmark quotations in dollars per barrel.

Steam cracker unit

Steam cracker units are facilities in which a feedstock such as naphtha, HCVD, liquefied petroleum gas (LPG), ethane, propane or butane are thermally cracked through the use of steam in a bank of pyrolysis furnaces to produce lighter hydrocarbons. The products (yield of ethylene, propylene, benzene, aromatics, butadiene) obtained depend on the composition of the feedstock, the hydrocarbon-to-steam ratio, and on the cracking temperature and furnace residence time.

Steam cracking

Steam cracking is a petrochemical process in which saturated hydrocarbons are broken down into smaller, often unsaturated, hydrocarbons. It is the principal industrial method for producing the lighter alkenes (or commonly olefins), including ethene (or ethylene) and propene (or polypropene).

Transalpine pipeline (TAL)

The Transalpine pipeline is a crude oil pipeline which connects Italy, Austria and Germany. It starts from the marine terminal in Trieste, runs through the Alps to Ingolstadt. It is connected with the IKL pipeline in Vohburg.

Vacuum distillation

Leftover from atmospheric distillation of crude oil (long residue) is often distilled in a second – vacuum – distillation under lower pressure conditions (2 – 10 kPa). With lower pressure the boiling point of present compounds is also lower. Therefore it is possible to distillate crude oil (mazut) at temperatures to 360 - 400 °C and to get other fractions without any thermal degradation.

Abbreviations

a.s.

Public limited company (Czech Republic)

DCPD

Dicyklopentadien

EBIT

Earnings Before Income Tax

EU

European Union

HR

Human Resources

HVO

Hydrogenated vegetable oil

IAS 36

International accounting standard 36 – Impairment of assets

IČ

Identification number

IFRS

International Financial Reporting Standards

NGO

Non-governmental organisation

R&D

Research and development

S.A.

Public liability company (Poland)

s.r.o.

Limited liability company (Czech Republic)

Sp. z o.o.

Limited liability company (Poland)

UNEP

United Nations Environment Program

UniCRE

Unipetrol Centre for Research and Education

Identification and contact information

Name:	ORLEN Unipetrol, a.s.
Registered office:	Milevská 2095/5, 140 00 Praha 4
Company number:	61672190
Tax ID:	CZ61672190
Bank:	Česká spořitelna, a.s.
	Olbrachtova 1929/62, 140 00, Prague 4, Account No. 910952/0800
Date of establishment:	27 December 1994 – established for an indeterminate period of time
Datum of incorporation:	Incorporated on 17 February 1995
Incorporation registration:	Municipal Court in Prague, Section B, File 3020
Tel.:	+420 225 001 425 (Investor Relations Department)
	+420 225 001 407 (Press Department)
Website:	www.unipetrol.cz
E-mail:	info@unipetrol.cz
Auditor:	Deloitte Audit s.r.o.

Law and legal regulation under which the Company was established

Law:	Czech Republic jurisdiction
Legal regulation:	Act No. 104/1990 on Public Limited Companies

The company is a member of the ORLEN Unipetrol Consolidation Group.

The names of Unipetrol Group companies (ORLEN Unipetrol, a.s., ORLEN Unipetrol RPA, s.r.o. BENZINA – registered branch, PARAMO, a.s., ORLEN Unipetrol RPA, s.r.o., SPOLANA s.r.o., Remaq s.r.o. and others) appear in this report also in their simplified form (ORLEN Unipetrol, ORLEN Benzina, Paramo, ORLEN Unipetrol RPA, Spolana, Remaq etc.).

The English language version of ORLEN Unipetrol's Annual Report 2022 is a convenience translation. The version in the Czech language is the definitive version.

ORLEN Unipetrol a.s. Annual Report 2022 was approved for issue by the Board of Directors of ORLEN Unipetrol a.s. on the meeting held on 18 April 2023.

Deloitte.

Deloitte Audit s.r.o.
Churchill I
Italská 2581/67
120 00 Prague 2 – Vinohrady
Czech Republic

Tel: +420 246 042 500
DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered by the Municipal
Court in Prague, Section C,
File 24349
ID. No.:49620592
Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
ORLEN Unipetrol a.s.

Having its registered office at: Milevská 2095/5, Krč, 140 00 Praha 4

Opinion

We have audited the accompanying financial statements of ORLEN Unipetrol 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 2022, 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, the accompanying financial statements give a true and fair view of the financial position of ORLEN Unipetrol a.s. as at 31 December 2022, 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 Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application 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 opinion.

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 scepticism 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 20 April 2023

Audit firm:	Statutory auditor:
Deloitte Audit s.r.o. registration no. 079	Jiří Sauer registration no. 2301
Deloitte	Jiří Sauer

ORLEN Unipetrol a.s.

SEPARATE FINANCIAL STATEMENTS

Translation from the Czech original

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

FOR THE YEAR 2022

Index

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

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

Separate statement of profit or loss and other comprehensive income

	Note	2022	2021
Statement of profits or loss			
Revenues	3.	217	154
Cost of sales	4.	(56)	(50)
Gross profit on sales		**161**	**104**
Administrative expenses	4.2.	(133)	(118)
Other operating income	5.1.	590	-
Other operating expenses	5.2.	(4)	(96)
Profit/(loss) from operations		**614**	**(110)**
Finance income including:	6.1.	11 651	402
Interest		*616*	*128*
Finance costs	6.2.	(481)	(171)
Net finance income		**11 170**	**231**
Profit before tax		**11 784**	**121**
Tax expense	7.	(204)	(5)
Net profit		**11 580**	**116**
Other comprehensive income			
items which will not be reclassified subsequently into profit or loss		**(2)**	**-**
Fair value measurement of investment property as at the date of reclassification	*9.*	*(2)*	*-*
		(2)	**-**
Total net comprehensive income		**11 578**	**116**
Net profit and diluted net profit per share attributable to equity owners of the parent (in CZK per share)	14.5.	63.86	0.64

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8-38.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

Separate statement of financial position

	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Property, plant and equipment	8.	26	28
Investment property	9.	1 717	1 130
Right of use assets	20.	13	18
Shares in related parties	10.	20 964	17 724
		22 720	**18 900**
Current assets			
Trade and other receivables	11.	2 279	139
Other financial assets	12.	5 489	9 319
Cash and cash equivalents	13.	18 132	2 184
		25 900	**11 642**
Total assets		**48 620**	**30 542**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14.1.	18 133	18 133
Revaluation reserve	14.2.	501	503
Retained earnings	14.3.	25 963	8 777
Total equity		**44 597**	**27 413**
LIABILITIES			
Non-current liabilities			
Loans, borrowings	15.	1 929	1 989
Provisions	17.	50	50
Deferred tax liabilities	7.2.	209	99
Other non-current liabilities	16.	9	12
		2 197	**2 150**
Current liabilities			
Trade and other liabilities	18.	61	55
Current tax liabilities		77	-
Other financial liabilities	19.	1 688	924
		1 826	**979**
Total liabilities		**4 023**	**3 129**
Total equity and liabilities		**48 620**	**30 542**

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8-38.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

Separate statement of changes in equity

	Share capital	Revaluation reserve	Retained earnings	Total equity
Note	14.1.	14.2.	14.3.	
01/01/2022	18 133	503	8 777	27 413
Net profit	-	-	11 580	11 580
Items of other comprehensive income	-	(2)	-	(2)
Total net comprehensive income	**-**	**(2)**	**11 580**	**11 578**
Contribution to capital*	-	-	5 606	5 606
31/12/2022	**18 133**	**501**	**25 963**	**44 597**
01/01/2021	18 133	503	8 640	27 276
Net profit	-	-	116	116
Total net comprehensive income	**-**	**-**	**116**	**116**
Derecognition of dividends	-	-	21	21
31/12/2021	**18 133**	**503**	**8 777**	**27 413**

* described in note 14.3.

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8-38.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

Separate statement of cash flows

	Note	2022	2021
Cash flows from operating activities			
Profit before tax		**11 784**	**121**
Adjustments for:			
Depreciation and amortisation	4.2.	5	6
Foreign exchange gain		(85)	(10)
Interest and dividends, net		(11 193)	(367)
Impairment of financial investment in PARAMO, a.s.	10.	286	141
Profit on investing activities		(719)	(34)
Other adjustments		9	7
Change in working capital		(50)	(160)
receivables		*(57)*	*10*
liabilities		*7*	*(170)*
Income tax paid	7.3.	(17)	(18)
Net cash from/used in operating activities		**20**	**(314)**
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		-	1
Dividends received	10.	11 023	261
Interest received		318	120
Capital increase in ORLEN Unipetrol Slovakia s.r.o.		(832)	-
Capital increase in ORLEN Unipetrol RPA s.r.o.		(2 693)	-
Proceeds from loans granted		1 914	961
Proceeds from cash pool assets		1 911	1 615
Other		130	125
Net cash from investing activities		**11 771**	**3 083**
Cash flows from financing activities			
Outflows from loans and borrowings		-	(809)
Proceeds from cash pool liabilities		739	85
Contribution to capital		3 525	-
Interest paid		(118)	(23)
Payments of liabilities under lease agreements		(5)	(6)
Dividends paid		-	(1)
Other		(9)	(6)
Net cash from/used in financing activities		**4 132**	**(760)**
Net increase in cash and cash equivalents		**15 923**	**2 009**
Effect of changes in exchange rates		25	10
Cash and cash equivalents, beginning of the year		2 184	165
Cash and cash equivalents, end of the year	13.	**18 132**	**2 184**

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8-38.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

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

1. DESCRIPTION OF THE COMPANY

Establishment of the Company
ORLEN Unipetrol a.s. (the "Company" or "Unipetrol") is a joint stock company established by the National Property Fund of the Czech Republic by a foundation agreement dated 27 December 1994. The Company was registered in the Register of Companies at the Regional Commercial Court in Prague on 17 February 1995. As at 1 January 2021 the Company changed its business name from UNIPETROL, a.s. to ORLEN Unipetrol a.s.

Identification number of the Company
616 72 190

Registered office of the Company
ORLEN Unipetrol a.s.
Milevská 2095/5
140 00 Praha 4
Czech Republic

Ownership structure
The sole shareholder of the Company is Polski Koncern Naftowy ORLEN Spółka Akcyjna ("PKN Orlen"), with its registered office at Chemików 7, 09-411 Plock, Poland.

Principal activities
The Company operates as a holding company covering and administering a group of companies (the "Group"). The principal businesses of the Group include oil and petroleum products processing, production of commodity chemicals, polymer materials, mineral lubricants, plastic lubricants, paraffins, road and insulation bitumen, special refinery and petrochemical products. Furthermore, the Group is engaged in the distribution of fuels and operation of gas stations.
In addition to these principal activities, the Group is engaged in other activities that are necessary to support the principal activities, such as production, distribution and sale of heat and electricity, operation of railway tracks and railway transportation, advisory services relating to research and development, environmental protection, software and hardware advisory services and other services.

Statutory and supervisory bodies
Members of the statutory and supervisory bodies of ORLEN Unipetrol a.s. as at 31 December 2022 were as follows:

Position		Name
Board of Directors	Chairman	Tomasz Wiatrak
	Vice-chairman	Ryszard Pilch
	Vice-chairman	Katarzyna Woś
	Member	Tomáš Herink
	Member	Adam Jarosz
	Member	Maciej Romanów
	Member	Zbigniew Leszczyński
Supervisory Board	Chairman	Robert Harasimiuk
	Vice-chairman	Janusz Jakub Szurski
	Vice-chairman	Barbara Hajdas
	Member	Aneta Agnieszka Kowalczyk
	Member	Przemysław Humięcki
	Member	Fryderyk Maria Radvan-Bieda
	Member	Wioletta Kandziak
	Member	Iwona Waksmundzka-Olejniczak
	Member	Edyta Wątor

Changes in the Board of Directors in 2022 were as follows:

Position	Name	Change	Date of change
Vice-chairman	Maciej Andrzej Libiszewski	Termination of the office	with the effect as of 14 January 2022
Vice-chairman	Ryszard Pilch	Elected as Vice-chairman	with the effect as of 14 January 2022
Member	Maciej Romanów	Elected to the office	with the effect as of 1 February 2022
Member	Zbigniew Leszczyński	Elected to the office	with the effect as of 2 February 2022

Changes in the Supervisory Board in 2022 were as follows:

Position	Name	Change	Date of change
Member	Iwona Waksmundzka-Olejniczak	Re-elected to the office	with the effect as of 5 July 2022
Member	Przemysław Humięcki	Termination of the office	with the effect as of 1 July 2022
Member	Tomasz Marek Januszewski	Elected to the office	with the effect as of 19 August 2022

ORLEN Unipetrol a.s. has not prepared a separate annual report as it included the respective information in a consolidated annual report. The separate financial statements are part of the consolidated annual report.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

2. PRINCIPLES OF PREPARATION OF THE FINANCIAL STATEMENTS

The separate 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 2022. The financial statements have been prepared based on historical cost basis, except derivatives and investment property measured at fair value and financial assets measured at fair value through other comprehensive income.
The separate 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 2022, results of its operations and cash flows for the year ended 31 December 2022.
These separate 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 separate financial statements, except for the statement of cash flows, are prepared on the accrual basis of accounting.
Applied accounting policies are listed in note 25.3.

EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS

3. REVENUES

	2022	2021
Revenue excluded from scope of IFRS 15		
Fees for use of lands	133	129
Revenue from contracts with customers		
Other services	84	25
	217	**154**

Revenues from contracts with customers are based on short-time, fixed price contracts for consultancy.

3.1. Geographical information

The majority of revenues was realized in the Czech Republic.

4. OPERATING EXPENSES

4.1. Cost of sales

	2022	2021
Cost of services sold	(56)	(50)
	(56)	**(50)**

4.2. Cost by nature

	2022	2021
External services	(58)	(54)
Employee benefits	(97)	(83)
Depreciation and amortisation	(5)	(6)
Taxes and charges	(20)	(19)
Insurance	(3)	(2)
Other	(10)	(100)
Operating expenses	**(193)**	**(264)**
Administrative expenses	133	118
Other operating expenses	4	96
Cost of sales	**(56)**	**(50)**

4.3. Employee benefits costs

	2022	2021
Payroll expenses	(77)	(66)
Social security expenses	(12)	(10)
Other employee benefits expenses	(8)	(7)
	(97)	**(83)**

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

4.3.1. Employee benefits costs – additional information

2022	Employees	Key Management	Board of Directors	Supervisory Board	Total
Wages and salaries	(13)	(2)	(53)	(9)	(77)
Social and health insurance	(2)	(1)	(9)	-	(12)
Social expense	(1)	-	(7)	-	(8)
	(16)	**(3)**	**(69)**	**(9)**	**(97)**
Number of employees average per year					4.58
Number of employees as at balance sheet day					5

2021	Employees	Key Management	Board of Directors	Supervisory Board	Total
Wages and salaries	(10)	(6)	(43)	(7)	(66)
Social and health insurance	(2)	(1)	(6)	(1)	(10)
Social expense	(1)	-	(6)	-	(7)
	(13)	**(7)**	**(55)**	**(8)**	**(83)**
Number of employees average per year					4.67
Number of employees as at balance sheet day					5

5. OTHER OPERATING INCOME AND EXPENSES

5.1. Other operating income

	2022	2021
Reversal of provisions	3	-
Revaluation of investment properties	586	-
Other	1	-
	590	**-**

5.2. Other operating expenses

	2022	2021
Loss on sale of non-current non-financial assets	-	(1)
Recognition of provisions	(4)	-
Revaluation of investment properties	-	(95)
	(4)	**(96)**

6. FINANCE INCOME AND COSTS

6.1. Finance income

	2022	2021
Interest	616	128
Dividends received	11 023	261
Net foreign exchange gain	-	6
Income from guarantees granted	11	7
Other	1	-
	11 651	**402**

6.2. Finance costs

	2022	2021
Interest	(142)	(23)
Impairment to financial investment in PARAMO, a.s.*	(286)	(141)
Net foreign exchange loss	(44)	-
Bank fees	(8)	(6)
Other	(1)	(1)
	(481)	**(171)**

*Information relating to the recognition of the impairment to financial investment in PARAMO, a.s is presented in the note 10.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

7. TAX EXPENSE

	2022	2021
Tax expense in the statement of profit or loss		
Current tax	(94)	(23)
Deferred tax	(110)	18
	(204)	**(5)**

Domestic tax is calculated in accordance with Czech tax regulations at the rate of 19% in 2022 (2021: 19%) of the estimated taxable income for the year. The deferred tax has been calculated using the tax rate approved for the years 2023 and forward, i.e. 19%.

7.1. Reconciliation of effective tax rate

	2022	2021
Profit for the year	11 580	116
Tax expense	(204)	(5)
Profit before tax	11 784	121
Tax using domestic income tax rate	(2 239)	(23)
Non-deductible expenses	(61)	(35)
Tax exempt income	2 094	54
Under (over) provided in prior periods	2	(1)
Tax expense	**(204)**	**(5)**
Effective tax rate	**-1.73%**	**4.13%**

Effective tax rate in 2022 includes impact of impairment recognition of financial investment in PARAMO, a.s. at the amount of CZK 54 million (2021: CZK 27 million) which belongs to non-deductible expenses.

7.2. Deferred tax

Deferred 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 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 2023 and onward).

	31/12/2021	Deferred tax recognized in the statement of profit or loss	31/12/2022
Deferred tax assets			
Provisions	10	-	10
Employee benefit costs	6	-	6
	16	**-**	**16**
Deferred tax liabilities			
Investment property	(115)	(110)	(225)
	(115)	**(110)**	**(225)**
	(99)	**(110)**	**(209)**

	31/12/2020	Deferred tax recognized in the statement of profit or loss	31/12/2021
Deferred tax assets			
Provisions	10	-	10
Employee benefit costs	6	-	6
	16	**-**	**16**
Deferred tax liabilities			
Investment property	(133)	18	(115)
	(133)	**18**	**(115)**
	(117)	**18**	**(99)**

7.3. Income tax (paid)

	2022	2021
Tax expense on profit before tax	**(204)**	**(5)**
Change in deferred tax asset and liabilities	110	(18)
Change in current tax assets and liabilities	77	5
	(17)	**(18)**

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

8. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment

	Land	Construction in progress	Total
01/01/2022			
Net carrying amount			
Gross carrying amount	28	-	28
Accumulated depreciation, impairment allowances	-	-	-
	28	**-**	**28**
increase/(decrease) net			
Reclassifications	(3)	-	(3)
Other increases	1	-	1
31/12/2022			
Net carrying amount	**26**	**-**	**26**
Gross carrying amount	26	-	26
Accumulated depreciation, impairment allowances	-	-	-
	26	**-**	**26**
01/01/2021			
Net carrying amount			
Gross carrying amount	25	3	28
Accumulated depreciation, impairment allowances	-	-	-
	25	**3**	**28**
increase/(decrease) net			
Reclassifications	3	(3)	-
31/12/2021			
Net carrying amount	**28**	**-**	**28**

9. INVESTMENT PROPERTY

	2022	2021
At the beginning of the year	1 130	1 225
Reclassification from property, plant and equipment	3	-
Fair value measurement	584	(95)
increase	586	-
decrease	(2)	(95)
	1 717	**1 130**

Rental income amounted to CZK 133 million in 2022 (2021: CZK 129 million). Operating costs related to the investment property in reporting period amounted to CZK 23 million (2021: CZK 22 million).

9.1. Fair value of investment property measurement

Investment property as at 31 December 2022 included the lands owned by the Company and leased to subsidiaries of the Company and third parties, which fair value was estimated by revenue approach.
In the revenue approach the calculation was based on the discounted cash flow method. 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. The investment property valued under the revenue approach is classified to Level 3 as defined by IFRS 7. The average discount rate of 7.99% for the years was used for the calculation of the investment property fair value.
In the year ended 31 December 2022 and the comparative period there were no changes in the measurement approach.

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:

	Level 3			
	Increase by	Total impact	Decrease by	Total impact
Change in discount rate	+1 pp	(129)	-1 pp	129

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

10. SHARES IN RELATED PARTIES

The investments in subsidiaries, jointly controlled entities and associated, not classified as held for sale (and not included in the group of assets classified as held for sale) in accordance with IFRS 5, are accounted at cost less impairment losses. Shares in related parties as at 31 December 2022 were as follows:

Name of the entity	Registered office	Cost of investment	Ownership percentage	Impairment	Carrying amount	Dividend income for the year
Subsidiaries consolidated in full method						
ORLEN Unipetrol RPA s.r.o.	Litvínov	19 877	100.00	-	19 877	11 000
ORLEN UniCRE a.s.	Ústí nad Labem	58	100.00	7	51	-
PARAMO, a.s.	Pardubice	1 252	100.00	1 252	-	-
Subsidiaries where control is present indirectly through ORLEN Unipetrol RPA s.r.o.						
ORLEN Unipetrol Doprava s.r.o.	Litvínov	2	0.12	-	2	-
ORLEN Unipetrol Slovakia s.r.o.	Bratislava	870.2	13.04	-	870.2	-
PETROTRANS, s.r.o.	Praha 4	1	0.63	-	1	-
ORLEN Unipetrol Deutschland GmbH	Langen/Hessen	0.1	0.10	-	0.1	-
Joint operations consolidated based on shares in assets and liabilities						
Butadien Kralupy a.s.	Kralupy nad Vltavou	162	51.00	-	162	23
Other investments						
ORLEN MALTA HOLDING	La Valeta	1	-	-	1	-
Spolek pro chemickou a hutní výrobu, akciová společnost	Ústí nad Labem	0.0002	-	-	0.0002	-
Total		**22 222**	**-**	**1 258**	**20 964**	**11 023**

Shares in related parties as at 31 December 2021 were as follows:

Name of the entity	Registered office	Cost of investment	Ownership percentage	Impairment	Carrying amount	Dividend income for the year
Subsidiaries consolidated in full method						
ORLEN Unipetrol RPA s.r.o.	Litvínov	17 184	100.00	-	17 184	-
ORLEN UniCRE a.s.	Ústí nad Labem	58	100.00	7	51	-
PARAMO, a.s.	Pardubice	1 252	100.00	966	286	-
Subsidiaries where control is present indirectly through ORLEN Unipetrol RPA s.r.o.						
ORLEN Unipetrol Doprava s.r.o.	Litvínov	2	0.12	-	2	0.1
ORLEN Unipetrol Slovakia s.r.o.	Bratislava	37.9	13.04	-	37.9	-
PETROTRANS, s.r.o.	Praha 4	1	0.63	-	1	-
ORLEN Unipetrol Deutschland GmbH	Langen/Hessen	0.1	0.10	-	0.1	-
Joint operations consolidated based on shares in assets and liabilities						
Butadien Kralupy a.s.	Kralupy	162	51.00	-	162	261
Other investments						
ORLEN MALTA HOLDING	La Valeta	1	-	-	1	-
Spolek pro chemickou a hutní výrobu, akciová společnost	Ústí nad Labem	0.0002	-	-	0.0002	-
Total		**18 697**	**-**	**973**	**17 724**	**261**

For the purpose of impairment test of shares, each related party is treated as a separate cash-generating unit.

The Company performed the impairment analysis for its shares in related parties as at 31 December 2022. Valuation was conducted on the basis of net cash flows included in the financial projections for the years 2023-2030 and by determining the residual value discounted to their present value using the base discount rate, before tax, which reflected the current market estimation of time value of money and the specific risk referring to the valued asset. The calculation considered changes in net working capital and value of net debt.

Based on that analysis the impairment charge in the amount of CZK 286 million was recognized to the shares in PARAMO, a.s. as at 31 December 2022 (31 December 2021: CZK 141 million).

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

11. TRADE AND OTHER RECEIVABLES

	31/12/2022	31/12/2021
Trade receivables	93	37
Receivables from investment property	95	92
Financial assets	**188**	**129**
Prepayments and deferred costs	10	10
Receivables from contribution to capital	2 081	-
Non-financial assets	**2 091**	**10**
Receivables, net	**2 279**	**139**
Expected credit loss	2	2
Receivables, gross	**2 281**	**141**

Trade receivables result primarily from sales of services. The management considers that the carrying amount of trade receivables approximates their fair value and that trade and other receivables by contractors will be realized no later than twelve months after the end of the reporting period.
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 23.

12. OTHER FINANCIAL ASSETS

	31/12/2022	31/12/2021
Loans granted to ORLEN Unipetrol RPA s.r.o.	-	1 989
Loans granted to ORLEN Unipetrol Hungary Kft.	75	-
Cash pool	5 414	7 330
	5 489	**9 319**

Loans and cash pool granted
The Company provided financing to its subsidiaries: ORLEN Unipetrol RPA s.r.o., SPOLANA s.r.o., PARAMO, a.s., HC Verva Litvínov, a.s., Orlen Service Česká Republika s.r.o. and ORLEN Unipetrol Hungary Kft.
The interest rates were based on appropriate inter-bank rates and fair value of loans approximates their carrying amount.
The Company performed the expected credit loss calculation as at 31 December 2022 and as at 31 December 2021 and considered that there is no significant concentration of credit risk in relation to loans granted.
The current loans provided to subsidiaries were not collateralised.
The analysis of current loans by currency of denomination is presented in the note 21.
The Company provides its subsidiaries with short term loans within the Group’s cash pool. The loans are not collateralized and their fair value approximates the carrying amount. Further information is presented in note 15.

13. CASH AND CASH EQUIVALENTS

	31/12/2022	31/12/2021
Cash on hand and in bank	18 132	2 184
	18 132	**2 184**

The carrying amount of these assets approximates their fair value.

14. SHAREHOLDERS’ EQUITY

14.1. Share capital

The issued capital of the Company as at 31 December 2022 amounted to CZK 18 133 million (31 December 2021: CZK 18 133 million). This represents 181 334 764 (2021: 181 334 764) bearer ordinary shares, each with a nominal value of CZK 100. All issued shares have been fully paid and bear equal voting rights.

14.2. Revaluation reserve

Revaluation reserve comprises the difference between the net book value and the fair value of the property as at the date of reclassification of the property occupied by the Company and recognized as an investment property.

14.3. Retained earning

In accordance with appropriate Czech law, dividends can be paid from unconsolidated profits of the parent company. The sole shareholder of ORLEN Unipetrol a.s. decided, pursuant to Article 8 (2) (k) of the Articles of Association of ORLEN Unipetrol a.s., to allocate the Company’s profit generated on separate basis in 2021 in the amount of CZK 116 million to retained earnings.
The decision regarding appropriation of 2022 profit will be made by the sole shareholder in 2023.
On 24 October 2022 the sole shareholder of the Company decided on contribution to capital of the Company at the amount of CZK 5 606 million.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

14.4. 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 Company monitors the equity debt ratio (net finance leverage). As at 31 December 2022 and as at 31 December 2021 Company's financial leverage amounted to -36.33% and -0.71%, respectively.

Net financial leverage = net debt/equity (calculated as at the end of the period) x 100%
Net debt = Non-current loans and borrowings + current loans and borrowings - cash and cash equivalents

14.4.1. Net debt

	31/12/2022	31/12/2021
Cash on hand and in bank	18 132	2 184
Bank loans and borrowings	1 929	1 989
Bank loans and borrowings non-current	*1 929*	*1 989*
Bank loans and borrowings current	-	-
	16 203	**195**

14.4.2. Net working capital

	Receivables	Liabilities	Working capital
31/12/2021	139	55	84
31/12/2022	2 279	61	2 218
Net working capital change in statement of financial position	**(2 140)**	**6**	**(2 134)**
Adjustments:			
Movements in receivables from rental of investment property	2	-	2
Movements in receivables from contribution to capital	2 081	-	2 081
Other	-	1	1
Change in working capital in statement of cash flows	**(57)**	**7**	**(50)**

14.5. Profit per share

	2022	2021
Profit for the year	11 580	116
Weighted average number of shares	181 334 764	181 334 764
Profit per share (in CZK per share)	**63.86**	**0.64**

The Company has no potential dilutive shares. Diluted profit/(loss) per share is the same as basic profit/(loss) per share.

15. LOANS AND BORROWINGS

	Non-current		Current		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Bank loans	1 929	1 989	-	-	1 929	1 989
	1 929	**1 989**	**-**	**-**	**1 929**	**1 989**

by currency/by interest rate

	31/12/2022	31/12/2021
EUR/EURIBOR	1 929	1 989
	1 929	**1 989**

Bank loans and cash pool agreements

During the year 2022 the Company had cash pool and loan agreements with the following banks, subsidiaries and related companies:
Banks: ING Bank N.V., organizační složka, Česká spořitelna, a.s., Komerční banka, a.s., Unicredit Bank Czech Republic and Slovakia, a.s. and PKO BP S.A., Czech Branch.
Subsidiaries and related companies: ORLEN Unipetrol RPA s.r.o., ORLEN Unipetrol Doprava s.r.o., SPOLANA s.r.o., PETROTRANS, s.r.o., ORLEN Unipetrol Slovakia s.r.o., ORLEN Unicre a.s., ORLEN Service Česká Republika s.r.o. and Orlen Asfalt Česká republika s.r.o.
Cash held at bank accounts of cash pool banks is drawn by the Company and above mentioned subsidiaries. The contracts enable to access bank loans not exceeding CZK 13 429 million from all banks together. Interest income/expense is calculated from the drawn amount and consequently divided among the parties involved.
In the period covered by these financial statements as well as after the reporting date, there were no instances of violation of principal or interest repayment of loans.
Disclosures relating to loans and borrowings are included in note 21 and are presented jointly with other financial instruments.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

16. OTHER NON-CURRENT LIABILITIES

The Company had lease liabilities in the amount of CZK 9 million (31 December 2021: CZK 12 million).

17. PROVISIONS

The Company has a provision in the amount of CZK 50 million for remediation of historical ecological contamination in the Kralupy location. Based on the decision of the Czech inspection of environment the remediation works have to be finalized till 21 years after their start.

18. TRADE AND OTHER LIABILITIES

	31/12/2022	31/12/2021
Trade liabilities	12	7
Financial lease liabilities	4	4
Other	9	10
Financial liabilities	**25**	**21**
Payroll liabilities	7	7
Value added tax	5	5
Other taxation, duties, social security and other benefits	3	3
Accruals	21	19
holiday pay accrual	2	2
wages accrual	19	17
Non-financial liabilities	**36**	**34**
	61	**55**

The management considers that the carrying amount of trade and other liabilities and accruals approximate their fair value. The currency structure of financial liabilities is presented in note 21.4.1.

As at 31 December 2022 and as at 31 December 2021 in the Company there were no material overdue liabilities. The Company expects that the payment of trade liabilities to contractors will take place no later than twelve months after the end of the reporting period.

19. OTHER FINANCIAL LIABILITIES

The Company had cash pool liabilities to subsidiaries and related entities in the amount of CZK 1 688 million as at 31 December 2022 (31 December 2021: CZK 924 million). The description of cash pool agreements is presented in note 15.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

20. LEASE

20.1. The Company as a lessee

Changes in right of use assets

	Buildings and constructions	Vehicles and other	Total
01/01/2022			
Net carrying amount			
Gross carrying amount	26	6	32
Accumulated depreciation, impairment allowances	(11)	(3)	(14)
	15	**3**	**18**
increase/(decrease) net			
New agreements, increase in remuneration	-	1	1
Depreciation	(4)	-	(4)
Other decreases	-	(2)	(2)
31/12/2022			
Net carrying amount	**11**	**2**	**13**
Gross carrying amount	26	5	31
Accumulated depreciation, impairment allowances	(15)	(3)	(18)
	11	**2**	**13**
01/01/2021			
Net carrying amount			
Gross carrying amount	26	7	33
Accumulated depreciation, impairment allowances	(8)	(4)	(12)
	18	**3**	**21**
increase/(decrease) net			
New agreements, increase in remuneration	-	2	2
Depreciation	(3)	(2)	(5)
31/12/2021			
Net carrying amount	**15**	**3**	**18**

The total value of expenses from lease agreements presented in financing and operating activities in the statement of cash flows in 2022 and 2021 amounted to CZK 5 million and 6 million, respectively.

Maturity analysis of lease liabilities

	2022	2021
up to 1 year	4	4
from 1 to 2 years	5	5
from 2 to 3 years	5	4
from 3 to 4 years	-	4
from 4 to 5 years	-	-
above 5 years	-	-
	14	**17**
Discount	(1)	(1)
	13	**16**

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

		2022	2021
Costs due to:		**(1)**	**(1)**
interest on lease	Finance costs	-	-
short-term lease	Cost by nature: External Services	(1)	(1)

20.2. The Company as a lessor

Lease payments under operating leases are recognized on a straight-line basis over the lease period as revenues from sale of services.

Maturity analysis for undiscounted lease payments

	2022	2021
up to 1 year	129	125
from 1 to 2 years	129	125
from 2 to 3 years	130	125
from 3 to 4 years	130	125
from 4 to 5 years	130	125
above 5 years	1 227	1 197
	1 875	**1 822**

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

21.1. Financial instruments by category and class

Financial assets

31/12/2022		Financial instruments by category	
Financial instruments by class	Note	Financial assets measured at amortized cost	Total
Trade receivables	11.	93	93
Loans granted	12.	75	75
Cash pool	12.	5 414	5 414
Cash and cash equivalents	13.	18 132	18 132
Rental of investment property	11.	95	95
		23 809	**23 809**

31/12/2021		Financial instruments by category	
Financial instruments by class	Note	Financial assets measured at amortized cost	Total
Trade receivables	11.	37	37
Loans granted	12.	1 989	1 989
Cash pool	12.	7 330	7 330
Cash and cash equivalents	13.	2 184	2 184
Rental of investment property	11.	92	92
		11 632	**11 632**

Financial liabilities

31/12/2022		Financial instruments by category		
Financial instruments by class	Note	Financial liabilities measured at amortized cost	Liabilities excluded from the scope of IFRS 9	Total
Trade liabilities	18.	12	-	12
Loans	15.	1 929	-	1 929
Cash pool	19.	1 688	-	1 688
Lease liabilities	16.,18.	-	13	13
Other financial liabilities	18.	9	-	9
		3 638	**13**	**3 651**

31/12/2021		Financial instruments by category		
Financial instruments by class	Note	Financial liabilities measured at amortized cost	Liabilities excluded from the scope of IFRS 9	Total
Trade liabilities	18.	7	-	7
Loans	15.	1 989	-	1 989
Cash pool	19.	924	-	924
Lease liabilities	16., 18.	-	16	16
Other financial liabilities	19.	10	-	10
		2 930	**16**	**2 946**

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

2022	Financial instruments by category		
	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total
Interest income	616	-	616
Interest costs	-	(142)	(142)
Foreign exchange loss	(30)	(14)	(44)
Other	12	(9)	3
	598	**(165)**	**433**
other, excluded from the scope of IFRS 7			
Dividends			11 023
Impairment allowances of shares in related parties			(286)
			10 737

2021	Financial instruments by category		
	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Total
Interest income	128	-	128
Interest costs	-	(23)	(23)
Foreign exchange gain/(loss)	(24)	30	6
Other	7	(7)	-
	111	**-**	**111**
other, excluded from the scope of IFRS 7			
Dividends			261
Impairment allowances of shares in related parties			(141)
			120

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

21.3. Fair value measurement

	Note	31/12/2022 Fair value	31/12/2022 Carrying amount	31/12/2021 Fair value	31/12/2021 Carrying amount
Financial assets					
Loans granted	12.	75	75	1 989	1 989
Cash pool	12.	5 414	5 414	7 330	7 330
		5 489	**5 489**	**9 319**	**9 319**
Financial liabilities					
Loans	15.	1 929	1 929	1 989	1 989
Cash pool	19.	1 688	1 688	924	924
		3 617	**3 617**	**2 913**	**2 913**

Receivables for loans granted to the subsidiaries and financial liabilities due to loans are measured at fair value using discounted cash flows method. Discount rates are calculated based on fixed interest rate.
For other classes of financial assets and liabilities fair value represents their carrying amount.

21.3.1. Methods applied in determining fair value of financial instruments (fair value hierarchy)

Fair value of shares quoted on active markets is determined based on market quotations (Level 1). In other cases, fair value is determined based on other input data, apart from market quotations, which are directly or indirectly possible to observe (so called Level 2) and data to valuation, which are not based on observable market data (Level 3).
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 2022 and the comparative period in the Company were no transfers between Levels 1, 2 and 3.
As at 31 December 2022 the Company held unquoted shares in entities amounting to CZK 20 964 million (31 December 2021: CZK 17 724 million). As at 31 December 2022 there are no binding decisions relating to the means and dates of disposal of those assets.

21.4. Financial risks 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 result.

21.4.1. Currency risk

A currency risk arises most significantly from the exposure of trade liabilities and receivables denominated in foreign currencies, and the foreign currency denominated loans and borrowings. Foreign exchange risk regarding trade liabilities and receivables is mostly covered by natural hedging of trade liabilities and receivables denominated in the same currencies.

Currency structure of financial instruments denominated in foreign currency

Financial instruments by class	EUR		USD		Total after translation to CZK	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Financial assets						
Loans granted	3	80	-	-	75	1 989
Cash pool	-	5	-	-	4	126
Cash and cash equivalents	45	-	-	4	1 098	100
	48	**85**	**-**	**4**	**1 177**	**2 215**
Financial liabilities						
Loans granted	80	80	-	-	1 929	1 989
Cash pool	45	5	-	4	1 096	225
	125	**85**	**-**	**4**	**3 025**	**2 214**

Sensitivity analysis for currency changes risk
The Company is mainly exposed to the fluctuation of exchange rates of EUR/CZK.
The influence of changes in carrying amount of financial instruments arising from hypothetical changes in exchange rates of relevant currencies (+/-15%) in relation to presentation currency (CZK) on profit before tax is immaterial, bellow CZK 1 million.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

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		EURIBOR		LIBOR USD		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Financial assets								
Loans granted	-	-	75	1 989	-	-	75	1 989
Cash pool	5 410	7 204	4	126	-	-	5 414	7 330
	5 410	**7 204**	**79**	**2 115**	**-**	**-**	**5 489**	**9 319**
Financial liabilities								
Loans	-	-	1 929	1 989	-	-	1 929	1 989
Cash pool	592	491	1 095	130	1	95	1 688	716
	592	**491**	**3 024**	**2 119**	**1**	**95**	**3 617**	**2 705**

The interest rate benchmark reform

The Financial Stability Board (the FSB) has advised to reform the IBOR with two goals: a) make larger impact of real transactions in the calculation of IBOR and b) create alternative interest rates which will embrace the need of transparency and independence.

As a reaction to the FSB advice the EU has implemented regulation 2016/1011 about indices which led to the amendment of methodology the EURIBOR calculation. The EURIBOR rates are now based on real past transaction. Despite of the EURIBOR reform the possibility of another change or even termination of its quotes cannot be eliminated. Impact of future potential changes in EURIBOR to the Group is not possible to be estimated at present.

The LIBOR rate was not reformed and currently is by the end of its service. LIBOR will be replaced by alternative rates. The end of LIBOR quotes is settled on 30 June 2023, a new risk of transition to alternative rates appears. The Group cooperates with its counterparties to eliminate the risk and assesses the probability of such risk as low.

Sensitivity analysis for interest rate risk

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

	Assumed variation		Influence on profit before tax	
	31/12/2022	31/12/2021	2022	2021
EURIBOR	+0.5 pp	+0.5 pp	(15)	-
PRIBOR	+0.5 pp	+0.5 pp	24	34
			9	**34**
EURIBOR	-0.5 pp	-0.5 pp	15	-
PRIBOR	-0.5 pp	-0.5 pp	(24)	(34)
			(9)	**(34)**

The Company does not consider in the sensitivity analysis change of LIBOR USD due to its insignificant impact. 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 2022 and as at 31 December 2021. The influence of interest rates changes was presented on annual basis.

21.4.3. Liquidity and credit risk

Liquidity risk

The following tables detail the Company's remaining contractual maturity for its 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

	31/12/2022						
	Note	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Above 5 years	Total	Carrying amount
Loans – undiscounted value	*15.*	12	1 934	-	-	1 946	1 929
Cash pool - undiscounted value	*19.*	1 688	-	-	-	1 688	1 688
Trade and other liabilities	*18.*	21	-	-	-	21	21
Lease liabilities	*16., 18.*	4	10	-	-	14	13
		1 725	**1 944**	**-**	**-**	**3 669**	**3 651**

	31/12/2021						
	Note	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Above 5 years	Total	Carrying amount
Loans – undiscounted value	*15.*	-	1 989	-	-	1 989	1 989
Cash pool - undiscounted value	*19.*	924	-	-	-	924	924
Trade and other liabilities	*18.*	17	-	-	-	17	17
Lease liabilities	*16., 18.*	4	9	4	-	17	16
		945	**1 998**	**4**	**-**	**2 947**	**2 946**

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

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 is exposed to liquidity risk resulting from the relation between current assets and current liabilities. As 31 December 2022 and 31 December 2021, the current liquidity indicator amounted to 14.18 and 11.89 respectively.
As at 31 December 2022 and as at 31 December 2021, the maximum available credit facilities relating to bank loans amounted to CZK 13 429 million and CZK 13 489 million respectively. Unused part of the credit facilities amounted to CZK 11 391 million and CZK 11 379 million as at 31 December 2022 and as at 31 December 2021, the drawn is also affected by granted bank guarantees. The description of the loans and guarantees drawn from credit facilities is presented in notes 15 and 28.

Credit risk
The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Loans granted (note 12) and receivables (note 11) principally consist of amounts due from subsidiaries and joint operations. The Company does not require collateral in respect of these financial assets. The Company's management monitors the most significant debtors and assesses their creditworthiness. The Company considered that there is no significant concentration of credit risk in relation to trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.
The Company defines trade receivables covered by simplified ECL model as deliveries and services under contracts with customers and other.

Ageing analysis of trade receivables and expected credit loss as at 31 December 2022

	Trade receivables, gross value	Expected credit loss (in horizon of whole life)	Weighted average rate of expected credit loss	Trade receivables, net value
current	93	-	-	93
more than 90 days past due	2	2	1	-
	95	**2**		**93**

Ageing analysis of trade receivables and expected credit loss as at 31 December 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	37	-	-	37
more than 90 days past due	2	2	1	-
	39	**2**		**37**

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.
Information about financial assets valuation is presented in note 25.3.14.
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 book value.

22. 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. Funds up to CZK 10 256 million are provided to cover cost actually incurred in relation to settlement of 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 31/12/2022	Unused funds as at 31/12/2022
ORLEN Unipetrol a.s. / premises in Litvínov	6 012	4 456	1 556
ORLEN Unipetrol a.s. / premises in Kralupy nad Vltavou	4 244	66	4 178
	10 256	**4 522**	**5 734**

	Total amount of funds to be provided	Used funds as at 31/12/2021	Unused funds as at 31/12/2021
ORLEN Unipetrol a.s. / premises in Litvínov	6 012	4 393	1 619
ORLEN Unipetrol a.s. / premises in Kralupy nad Vltavou	4 244	65	4 179
	10 256	**4 458**	**5 798**

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

23. RELATED PARTY TRANSACTIONS

23.1. Information on material transactions concluded by the Company with related parties on other than market terms

In 2022 and in 2021 there were no transactions concluded by the Company with related parties on other than market terms.

23.2. Transactions with key management personnel

In 2022 and in 2021 the Company did not grant to managing and supervising persons and their relatives any advances, loans, guarantees and commitments or concluded other agreements obliging them to render services to the Company and its related parties. As at 31 December 2022 and as at 31 December 2021 there were no loans granted by the Company to managing and supervising persons and their relatives.

23.3. Transaction with related parties concluded through the key management personnel

In 2022 and in 2021 key management personnel of the Company, based on declarations sent, did not conclude any transaction with related parties.

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

Parent and ultimate controlling party

As at 31 December 2022 100% (2021: 100%) of the Company's shares were in possession of POLSKI KONCERN NAFTOWY ORLEN S.A.

2022	PKN Orlen	Entities under control or significant influence of ORLEN Unipetrol a.s.	Entities under control or significant influence of PKN Orlen
Sales	-	191	-
Purchases	1	21	-
Finance income, including	1	11 346	-
dividends	-	*11 023*	-
Finance costs	4	380	25

31/12/2022	PKN Orlen	Entities under control or significant influence of ORLEN Unipetrol a.s.	Entities under control or significant influence of PKN Orlen
Other financial assets, including granted loans	4	5 485	-
Trade and other receivables	2 081	153	-
Trade and other liabilities, including loans	1	2	-
Other financial liabilities	-	1 460	228

2021	PKN Orlen	Entities under control or significant influence of ORLEN Unipetrol a.s.	Entities under control or significant influence of PKN Orlen
Sales	-	128	-
Purchases	1	22	-
Finance income, including	-	397	-
dividends	-	*261*	-
Finance costs	2	141	-

31/12/2021	PKN Orlen	Entities under control or significant influence of ORLEN Unipetrol a.s.	Entities under control or significant influence of PKN Orlen
Other financial assets, including granted loans	1	9 318	-
Trade and other receivables	-	95	-
Trade and other liabilities, including loans	1	2	-
Other financial liabilities	-	772	152

24. REMUNERATION PAID AND DUE OR POTENTIALLY DUE TO THE BOARD OF DIRECTORS, THE SUPERVISORY BOARD AND OTHER MEMBERS OF KEY EXECUTIVE PERSONNEL

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

	31/12/2022	31/12/2021
Short-term employee benefits	80	70
Termination benefits	1	-
	81	**70**

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

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

24.1. Bonus system for key executive personnel of the Company

In 2022 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 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.

24.2. The entitlements upon the termination of employment

The entitlements arising from contracts with key management personnel upon the termination of employment contained both a competition and a stabilization clause. The competition and stabilization clause ranges between three and six average monthly earnings or monthly base salary respectively.

25. ACCOUNTING PRINCIPLES

25.1. Impact of IFRS amendments and interpretations on separate financial statements of the Company

25.1.1. Binding amendments to IFRSs and interpretations

Standards and Interpretations adopted by the EU effective from 01/01/2022	Impact on financial statements
Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework	no impact
Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use	no impact
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract	no impact
Amendments to various standards due to "Improvements to IFRSs (cycle 2018-2020)"-amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	no impact

25.1.2. 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, effective from 01/01/2023	Possible impact on financial statements
IFRS 17 Insurance Contracts including amendments to IFRS 17	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 – Disclosure of 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

25.1.3. 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 not yet adopted by the EU	Effective from	Possible impact on financial statements
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments	effective date deferred	no impact expected
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	01/01/2024	no impact expected
Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	01/01/2024	no impact expected
Amendments to IAS 1 Non-current Liabilities with Covenants	01/01/2024	no impact expected

25.2. Functional currency and presentation currency

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 million.

25.3. Applied accounting policies

25.3.1. 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 control of ownership of assets (IFRS 15) 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 exchange rate as at the end of the reporting period,
- non-monetary items that are measured at 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.

25.3.2. 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.

25.3.3. 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.
The Company recognises as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. Additional costs of contract inception are recognized as costs when they are incurred, if the depreciation period of the asset that would otherwise were recognized by the Company is one year or less.
Distribution expenses include trading expenses, advertising and promotion expenses as well as distribution expenses.
General and administrative expenses include expenses relating to management and administration of the Company as a whole.

25.3.4. Other operating income and expenses

Other operating revenues and expenses indirectly refer to operating activity and are incidental.
Other operating income includes, in particular net gain 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.
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, valuation and loss on sale of investment property.

25.3.5. 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. 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 provision created (including actuarial provisions).

25.3.6. Impairment of financial instruments

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

- losses due to impairment of receivables,
- reversal of losses due to impairment of receivables,
- losses due to impairment of loans granted,
- reversal of losses due to impairment of loans granted.

25.3.7. 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, and only if, the Company has a legally enforceable right to offset the recognized amounts, and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.
The transactions settled directly in equity are recognized in equity.

25.3.8. 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.

25.3.9. 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 25.3.21 – 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 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.

25.3.10. Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.
Investment property shall be recognized as an asset only when:
- it is probable that the future economic benefits that are associated with the investment property will flow to the Company, and
- the cost of the investment property can be measured reliably.

An investment property is measured initially at its cost. Transaction costs are included in the initial measurement. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs. For internally constructed investment property the final cost is set at the date of construction completion when the asset is brought into use, in accordance with rules set for property, plant and equipment.
After initial recognition investment property shall be measured at fair value applying comparative and income methods depending on the nature of the investments. Gains and losses resulting from changes in fair value of investment property are presented in the statement of profit or loss and other comprehensive income in the period which they arise. The Company determines fair value without any deduction for transaction costs it may incur on sale or other disposal.
If the Company determines that the fair value of an investment property is not reliably determinable on a continuing basis, the Company shall measure that investment property at cost in accordance with rules set for property, plant and equipment.
An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected.

25.3.11. 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 Company measures the right of use asset applying the cost model.
- in applying the cost model, the Company measures 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 is shall be determined in the same manner as for tangible fixed assets.
The Company 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.

25.3.12. 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).
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.
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.
-
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.

25.3.13. Shares in related parties

The investments in subsidiaries, jointly controlled entities and associated, not classified as held for sale (and not included in the group of assets classified as held for sale) in accordance with IFRS 5, are accounted at cost less impairment losses.

25.3.14. 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 method of valuation of receivables measured at amortized cost.
Receivables accounted at amortised cost 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 with respect to trade receivables. 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.

25.3.15. 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.

25.3.16. Equity

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

25.3.16.1. 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.

25.3.16.2. 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 assets measured at fair value through other comprehensive income;
- differences between the net book 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.

25.3.16.3. 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.

25.3.17. 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 methods of valuation of liabilities measured at amortized cost if it does not distort information included in the statement of financial position.
Accruals are liabilities due for goods received or services provided, but not paid, invoiced or formally agreed with the seller, together with amounts due to employees.
Although it is sometimes necessary to estimate the amount or timing of accruals, the related uncertainty is generally much lower than it is for provisions.

25.3.18. 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.

25.3.18.1. 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.

25.3.18.2. 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.

25.3.18.3. 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.

25.3.18.4. 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 or when the reliable estimate of the amount of obligation cannot be made at the end of the reporting period, the Company discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.

25.3.19. Government grants

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.

25.3.20. Separate statement of cash flows

The separate statement of cash flows is prepared using the indirect method.
Cash and cash equivalents included in the separate statement of cash flows and in the separated statement of financial position are identical.
Dividends received are included under investing activities.
Dividends paid are included under 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 included under 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 operating activities.

25.3.21. Financial instruments

25.3.21.1. Measurement of financial assets and liabilities

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

25.3.23.1. Measurement of financial assets and liabilities (continued)

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 equity instruments).

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.

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 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.

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.

25.3.21.2. Transfers

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

25.3.22. Fair value measurement

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

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

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

The fair value of derivatives is based on discounted future flows related to contracted transactions as the difference between term price and transaction price.

Forward exchange rates are not modelled as a separate risk factor, but derive from spot rate and the respective forward interest rate for foreign currency in relation to CZK.

25.3.23. Lease

The Company as a lessee

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

Initial recognition and measurement

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

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

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

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

Lease payments included in the evaluation of lease liability include:

- fixed lease payments;
- variable lease payments, which depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts that are expected to be paid by the lessee as part of the guaranteed residual value;
- the call exercise price, should it be assumed with reasonable certainty that the Company shall decide to exercise the call option;
- penalty payments for termination of a lease, unless it can be assumed with reasonable certainty that the Company

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 interest rate implicit in the lease as the calculation of such rates requires information known only to the lessor (the non-guaranteed final value of the leased asset as well as the direct costs incurred by the lessor).

Determining the lessee's incremental borrowing rate

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

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

Subsequent measurement

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

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

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

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

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

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

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

Depreciation

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

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

25.3.23. Lease (continued)

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

Exemptions

Following agreements within the Company are not included within the scope of IFRS 16:
- lease for the exploration or use of natural resources,
- licences granted and recognised in accordance with IFRS 15 – “Revenue from Contracts with Customers”, and
- lease of intangible assets in accordance with IAS 38 - Intangible Assets.

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

Simplifications and practical solutions

Short-term lease

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

Simplifications regarding these contracts involve the settlement of lease payments as costs:
- on a straight-line basis, for the duration of the lease agreement, or
- another systematic method, if it better reflects the way of spreading the benefits gained by the user in time.

Leases of low-value assets

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

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

Simplifications in respect of such contracts are due to the settlement of costs on:
- a straight-line basis for the term of the lease contract; or
- another systematic method basis should it be more representative of the time pattern of the user's benefit.

An asset covered by a lease must not be counted as a low-value asset if the asset would typically not be of low value when new. As low-value items, the Company includes for example: gas cylinders, coffee machines, and small items of furniture.

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

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

Determining the lease term: indefinite contracts

When establishing the term for indefinite leases contracts, the Company determines the lease period, in which termination of the contract will not be justified by making makes a professional judgment and taking into account, among others:
- expenditure incurred in connection with the contract or
- potential costs connected with the termination of the lease contract, including the costs involved in obtaining a new lease contracts, such as negotiation costs; reallocation costs, costs of identifying other underlying asset suitable for the lessee's needs; costs of integrating a new asset into the Company's operations; or termination penalties and similar costs, including costs associated with returning the underlying asset in a contractually specified condition or to a contractually specified location or
- existing business plans and other existing contracts justifying the use of the leased item in the given period.

In cases where the costs connected with the termination of the lease contract are more than insignificant, 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.

25.3.23. Lease (continued)

Professional judgement

Determining the lease term

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

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

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

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 is classified as finance or operating lease at the inception date of the lease.

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

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

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

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

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

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

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

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

- lease payments and
- any unguaranteed residual value is equal to the sum of:
  - (i) the fair value of the leased asset and
  - (ii) any initial direct costs of the lessor.

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

25.3.24. Events after the reporting period

Subsequent events after the reporting date are those events, favourable and unfavourable that occur between the end of the reporting period and date when the financial statements are authorized for issue. Two types of subsequent events can be identified:

- those that provide evidence of conditions that existed as at the end of the reporting period (events after the reporting period requiring adjustments) and
- those that are indicative of conditions that arose after the reporting period (events after the reporting period not requiring adjustments).

26. APPLICATION OF PROFESSIONAL JUDGEMENT AND ASSUMPTION

The preparation of separate financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, equity, revenues 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 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: 8. Tax expense, 10. Investment property, 11. Shares in related parties, 12. Trade and other receivables, 13. Other financial assets, 20. Lease, 22. Financial instruments and financial risks.
The accounting policies described above have been applied consistently to all periods presented in these separate financial statements.

27. INFORMATION CONCERNING SIGNIFICANT PROCEEDINGS IN FRONT OF COURT OR IN FRONT OF PUBLIC ADMINISTRATION BODIES

Purchase of shares of PARAMO, a.s.
In January 2009 ORLEN Unipetrol a.s. effected a squeeze out of PARAMO, a.s. shares and became sole shareholder of PARAMO, a.s.
In accordance with the resolutions of the Extraordinary General Meeting of PARAMO, a.s. of 6 January 2009, all other shares in PARAMO, a.s were transferred to the Company and the Company provided to the other shareholders of PARAMO, a.s. monetary consideration of CZK 977 per share of PARAMO, a.s.
In connection with the squeeze-out, certain minority shareholders of PARAMO, a.s. filed a petition with the Regional Court in Hradec Králové for a review of the adequacy of compensation within the meaning of the Czech Commercial Code. The case is now pending at the Regional Court in Hradec Králové.
On 23 June 2015 the court decided to appoint another expert witness - Expert Group s.r.o. having its registered seat at Radniční 133/1, České Budějovice - to provide a valuation of the PARAMO, a.s. shares.
The Expert Group s.r.o. valuation report regarding of PARAMO, a.s. shares received by ORLEN Unipetrol a.s. on 1 December 2016 provides for PARAMO, a.s. share value as at:

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

ORLEN Unipetrol a.s. submitted two independent expert reports to the court – one expert report reviewed conclusions made by the Expert Group s.r.o. report and the other expert report provided valuation of PARAMO, a.s. and comments on methodology applied by Expert Group s.r.o. and reliability of their conclusions. The court expert determined value of PARAMO, a.s. share at CZK 909/share as at 6 January 2009 and CZK 905/share as at 4 March 2009.
On 8 August 2019 the court ruled to dismiss the petition of the minority shareholders in full. During October 2019, all claimants filed an appeal against the first instance court filing.
On 3 August 2021 the High Court in Prague (in its position of appellate court) resolved to annul the decision of the Regional Court in Hradec Králové and returned the case to the Regional Court in Hradec Králové.
On 12 January 2022 the Regional Court in Hradec Králové again resolved to dismiss the petition of the minority shareholders in full. The minority shareholders filed an appeal against the decision of the Regional Court in Hradec Králové.

28. OTHER DISCLOSURES

Support letter issued in favour of PARAMO, a.s.
The Company has confirmed in a letter of support its commitment to provide loan financing to its subsidiary PARAMO, a.s. for at least 12 months from the date of PARAMO, a.s.'s 2022 financial statements.

Guarantees issued
As part of the operational financing of ORLEN Unipetrol a.s., the bank guarantees in the amount of CZK 1 499 million (2021: CZK 1 431 million) were provided for the companies: ORLEN Unipetrol RPA s.r.o. in the amount of CZK 750 million (2021: CZK 770 million), PARAMO, a.s. in the amount of CZK 157 million (2021: CZK 41 million), ORLEN Unipetrol Slovakia s.r.o. in the amount of CZK 484 million (2021: CZK 499 million) and ORLEN Unipetrol Hungary Kft. CZK 108 million (2021: CZK 121 million).
Furthermore, in 2022 ORLEN Unipetrol a.s. issued a guarantee for the company ORLEN Unipetrol RPA s.r.o. to ensure the excise tax in the amount of CZK 150 million (2021: CZK 3 150 million) and in favour 1 customer to ensure the payments in the amount of CZK 40 million.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

29. THE PARENT COMPANY AND STRUCTURE OF THE CONSOLIDATED GROUP

29.1. 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 (information as of 31 December 2022).

Name and place of business	Ownership interest of the parent company in share capital	Ownership interest in share capital through subsidiaries	Operating segment	Website
Parent company				
ORLEN Unipetrol a.s. Milevská 2095/5, 140 00 Praha 4, Czech Republic			Corporate Functions	www.orlenunipetrol.cz
Subsidiaries consolidated in full method				
HC VERVA Litvínov, a.s. S.K. Neumanna 1598, Litvínov, Czech Republic	--	70.95%	Corporate Functions	www.hokej-litvinov.cz
Nadace ORLEN Unipetrol Milevská 2095/5, 140 00 Praha 4, Czech Republic	--	100.00%	Corporate Functions	www.nadaceorlenunipetrol.cz
Normbenz Magyarország Kft. Benczúr utca 13. B. ép., 1068 Budapest, Hungary	--	100.00%	Retail	www.orlen.hu
PARAMO, a.s. Přerovská 560, Svítkov, 530 06 Pardubice, Czech Republic	100.00%	--	Refining	www.paramo.cz
PETROTRANS, s.r.o. Střelničná 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.orlenunipetrol.de
ORLEN Unipetrol Doprava s.r.o. Litvínov - Růžodol č.p. 4, 436 70 Litvínov, Czech Republic	0.12%	99.88%	Refining	www.orlenunipetroldoprava.cz
ORLEN Unipetrol RPA s.r.o. Litvínov - Záluží 1, 436 70 Litvínov, Czech Republic	100.00%	--	Refining Petrochemical Energy Corporate Functions Retail	www.orlenunipetrolrpa.cz
ORLEN Unipetrol Hungary Kft. 2040 Budaörst, Puskás Tivadar utca 12, Hungary	--	100.00%	Refining	www.orlenunipetrol.hu
ORLEN Unipetrol Slovakia s.r.o. Kalinčiakova 14083/33A, 831 04 Bratislava, Slovak Republic	13.04%	86.96%	Refining Retail	www.orlenunipetrol.sk
ORLEN UniCRE a.s. Revoluční 84/č.p. 1521,Ústí nad Labem, Czech Republic	100.00%	--	Corporate functions	www.unicre.cz
Joint operations consolidated based on shares in assets and liabilities				
Butadien Kralupy a.s. O. Wichterleho 810, 278 01 Kralupy nad Vltavou, Czech Republic	51.00%	--	Petrochemical	www.butadien.cz

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

29.2. Change in Group´s structure

On 1 December 2022 ORLEN Unipetrol RPA s.r.o. acquired 100% of shares in Normbenz Magyarország Kft.

30. 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 operations of owned companies in the Business plan 2023. 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 companies of the Group. The Group selected a group of super-critical employees to which separate rules connected with dealing with pandemic situation apply.
During 2022 and 2021 there were no disruptions in any area of operations within the Group 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 Group has taken a number of preventive measures in order to limit the spread of the virus at the premises and protection of employees. The Group adjusts its operations on an ongoing basis to the changing epidemiological situation.

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

Estimation of expected credit loss ECL
As at 31 December 2022 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 2022, 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 2022 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.

31. 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, the management analysed the risks associated with the Russian invasion of Ukraine to the activities of the Company. 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 no sales 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 economic 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 Company 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 Company. During 2022, there were no major interruptions in any of the Company'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.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

32. EVENTS AFTER THE REPORTING PERIOD

Change in Group structure

On 2 January 2023 ORLEN Unipetrol RPA s.r.o. acquired 100% of shares in REMAQ, s.r.o.

Change in statutory and supervisory bodies

Changes in Board of Directors:

Position	Name	Change	Date of change
Member	Ryszard Pilch	Termination of the office	as at 27 January 2023
Member	Ryszard Pilch	Elected to the office	with the effect from 28 January 2023
Vice-chairman	Ryszard Pilch	Elected as Vice-chairman	with the effect from 31 January 2023
Member	Adam Jarosz	Termination of the office	as at 17 February 2023
Member	Adam Jarosz	Elected to the office	with the effect from 18 February 2023
Member	Tomáš Herink	Termination of the office	as at 15 March 2023
Member	Tomáš Herink	Elected to the office	with the effect from 16 March 2023

Changes in Supervisory Board:
Iwona Waksmundzka-Olejniczak resigned from the office with the effect as of 2 March 2023. Beata Kozłowska-Chyła was elected to the office with the effect from 16 March 2023.

The Company's management is not aware of any other events that have occurred since end of the reporting period that would have any material impact on the financial statements as at 31 December 2022.

33. STATEMENT OF THE BOARD OF DIRECTORS AND APPROVAL OF THE FINANCIAL STATEMENTS

The Board of Directors of ORLEN Unipetrol a.s. hereby declares that to the best of its knowledge the foregoing separate financial statements and comparative data were prepared in compliance with the accounting principles adopted by the Company in force (disclosed in note 25.3.) and that they reflect a true and fair view on the financial position and financial results, including basic risks and exposures.

These separate financial statements were authorized by the Board of Directors' meeting held on 18 April 2023.

Signature of statutory representatives

Tomasz Wiatrak Digitally signed by Tomasz Wiatrak Date: 2023.04.20 16:33:09 +02'00'

Adam Jarosz Digitally signed by Adam Jarosz Date: 2023.04.20 13:28:58 +02'00'

Tomasz Wiatrak	Adam Jarosz
Chairman of the Board of Directors	Member of the Board of Directors

KyndlM Digitálně podepsal KyndlM Datum: 2023.04.20 12:37:37 +02'00'

Deloitte Audit s.r.o.
Churchill I
Italská 2581/67
120 00 Prague 2 – Vinohrady
Czech Republic

Tel: +420 246 042 500
DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered by the Municipal Court in Prague, Section C, File 24349
ID. No.:49620592
Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
ORLEN Unipetrol a.s.

Having its registered office at: Milevská 2095/5, Krč, 140 00 Praha 4

Opinion

We have audited the accompanying consolidated financial statements of ORLEN Unipetrol a.s. and its subsidiaries (the "Group") prepared on the basis of International Financial Reporting Standards as adopted by the EU, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

Other Information in the Consolidated Annual Report

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

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

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

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

The Board of Directors is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 20 April 2023

Audit firm:	Statutory auditor:
Deloitte Audit s.r.o. registration no. 079	Jiří Sauer registration no. 2301
Deloitte	Jiří Sauer

ORLEN Unipetrol a.s.

CONSOLIDATED
FINANCIAL STATEMENTS
Translation from the Czech original

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

FOR THE YEAR 2022

Index

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DESCRIPTION OF THE COMPANY AND PRINCIPLES OF PREPARATON OF THE FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

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

Consolidated statement of profit or loss and other comprehensive income

	Note	2022	2021
Statement of profits or loss			
Revenues	3.	209 521	133 636
Cost of sales	4.	(173 970)	(122 348)
Gross profit on sales		**35 551**	**11 288**
Distribution expenses	4.2.	(5 127)	(2 581)
Administrative expenses	4.2.	(2 459)	(2 167)
Other operating income	5.1.	5 275	6 952
Other operating expenses	5.2.	(14 710)	(9 220)
Loss allowance for trade receivables	6.	(47)	(16)
Profit from operations		**18 483**	**4 256**
Finance income	7.1.	1 574	615
Finance costs	7.2.	(1 757)	(776)
Net finance costs		**(183)**	**(161)**
Profit before tax		**18 300**	**4 095**
Tax expense	8.	(2 124)	(893)
Net profit		**16 176**	**3 202**
Other comprehensive income			
items which will not be reclassified subsequently into profit or loss		**36**	**15**
Fair value measurement of investment property as at the date of reclassification		*28*	*-*
Actuarial gains and losses		*15*	*18*
Deferred tax		*(7)*	*(3)*
items which will be reclassified into profit or loss under certain conditions		**2 081**	**119**
Hedging instruments		*3 058*	185
Exchange differences on translating foreign operations		*(27)*	(31)
Deferred tax		*(950)*	(35)
		2 117	**134**
Total net comprehensive income		**18 293**	**3 336**
Net profit attributable to		**16 176**	**3 202**
equity owners of the parent		*16 176*	*3 202*
non-controlling interests		*-*	*-*
Total net comprehensive income attributable to		**18 293**	**3 336**
equity owners of the parent		*18 293*	*3 336*
non-controlling interests		*-*	*-*
Net profit and diluted net profit per share attributable to equity owners of the parent (in CZK per share)	19.8.	89.21	17.66

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 9 - 68.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

Consolidated statement of financial position

	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Property, plant and equipment	10.	51 252	52 281
Investment property	11.	637	535
Intangible assets and goodwill incl.:	12.	3 910	4 522
goodwill	*36.4.*	*1 747*	-
Right of use assets	27.	4 745	3 839
Deferred tax assets	8.2.	213	154
Financial derivatives	13.	2 649	344
Lease receivables	27.	41	6
Other non-current assets	13.	385	236
		63 832	**61 917**
Current assets			
Inventories	15.	22 986	22 096
Trade and other receivables	16.	21 266	15 480
Financial derivatives	17.	1 559	1 263
Lease receivables	27.	50	9
Other financial assets	17.	1 745	2 221
Current tax assets		37	15
Cash and cash equivalents	18.	19 199	2 656
		66 842	**43 740**
Total assets		**130 674**	**105 657**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19.1.	18 133	18 133
Statutory reserves	19.2.	44	40
Hedging reserve	19.3.	2 872	764
Revaluation reserve	19.4.	33	10
Exchange differences on translating foreign operations	19.5.	(40)	(13)
Retained earnings	19.6.	59 453	37 662
Equity attributable to equity owners of the parent		**80 495**	**56 596**
Non-controlling interests		**3**	**3**
Total equity		**80 498**	**56 599**
LIABILITIES			
Non-current liabilities			
Loans, borrowings	20.	3 376	3 989
Provisions	21.	1 421	1 012
Deferred tax liabilities	8.2.	521	1 768
Deferred income	24.	376	404
Lease liabilities	27.	4 083	3 422
Financial derivatives	22.	-	318
Other non-current liabilities	22.	325	274
		10 102	**11 187**
Current liabilities			
Trade and other liabilities	23.	25 450	27 399
Liabilities from contracts with customers	25.	471	391
Loans, borrowings	20.	105	1
Current tax liabilities		4 129	220
Provisions	21.	8 326	8 577
Deferred income	24.	180	7
Financial derivatives	26.	214	382
Lease liabilities	27.	665	544
Other financial liabilities	26.	534	350
		40 074	**37 871**
Total liabilities		**50 176**	**49 058**
Total equity and liabilities		**130 674**	**105 657**

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 9 – 68.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

Consolidated statement of changes in equity

	Equity attributable to equity owners of the parent								
	Share capital	Statutory reserves	Hedging reserve	Revaluation reserve	Exchange differences on translating foreign operations	Retained earnings	Total	Non-controlling interests	Total equity
Note	19.1.	19.2.	19.3.	19.4.	19.5.	19.6.			
01/01/2022	18 133	40	764	10	(13)	37 662	56 596	3	56 599
Net profit	-	-	-	-	-	16 176	16 176	-	16 176
Items of other comprehensive income	-	-	2 108	23	(27)	13	2 117	-	2 117
Total net comprehensive income	**-**	**-**	**2 108**	**23**	**(27)**	**16 189**	**18 293**	**-**	**18 293**
Contribution to capital	-	-	-	-	-	5 606	5 606	-	5 606
Allocation of profit	-	4	-	-	-	(4)	-	-	-
31/12/2022	**18 133**	**44**	**2 872**	**33**	**(40)**	**59 453**	**80 495**	**3**	**80 498**
01/01/2021	18 133	37	614	10	18	34 427	53 239	3	53 242
Net profit	-	-	-	-	-	3 202	3 202	-	3 202
Items of other comprehensive income	-	-	150	-	(31)	15	134	-	134
Total net comprehensive income	**-**	**-**	**150**	**-**	**(31)**	**3 217**	**3 336**	**-**	**3 336**
Derecognition of dividends	-	-	-	-	-	21	21	-	21
Allocation of profit	-	3	-	-	-	(3)	-	-	-
31/12/2021	**18 133**	**40**	**764**	**10**	**(13)**	**37 662**	**56 596**	**3**	**56 599**

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 9 - 68.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

Consolidated statement of cash flows

	Note	2022	2021
Cash flows from operating activities			
Profit before tax		**18 300**	**4 095**
Adjustments for:			
Depreciation and amortisation	4.2.	6 023	5 655
Foreign exchange gain		(102)	(60)
Interest and dividends, net		261	107
Recognition of impairment allowances of property plant and equipment, intangible assets and right of use assets	14.	3 821	174
Loss on investing activities		5 742	2 142
Change in provisions		7 493	8 405
Other adjustments including:		(3 102)	(3 219)
Change in balances of settled derivatives designated for hedge accounting		*142*	*(14)*
Settlement of CO_2 subsidies		*(3 043)*	*(2 955)*
Movements in Liabilities from contracts with customers		*67*	*56*
Change in working capital	19.7.3.	(4 625)	(2 660)
inventories, including:		*(843)*	*(7 199)*
change in impairment allowances of inventories to net realisable value		*180*	*33*
receivables, including:		*(1 909)*	*(5 038)*
change in impairment allowances to receivables		*(9)*	*(7)*
liabilities		*(1 873)*	*9 577*
Income tax (paid)		(500)	(183)
Net cash from operating activities		**33 311**	**14 456**
Cash flows from investing activities			
Acquisition of property, plant and equipment, intangible assets and right of use assets		(9 472)	(8 561)
Disposal of property, plant and equipment and intangible assets and right of use assets		35	20
Acquisition of financial investment - REMAQ s.r.o.		(1 481)	-
Acquisition of Normbenz lowered by cash		(2 398)	-
Settlement of financial derivatives not designated as hedge accounting		(5 604)	(3 525)
Proceeds/(outflows) from cash pool assets		159	(1 109)
Other		130	152
Net cash used in investing activities		**(18 631)**	**(13 023)**
Cash flows from financing activities			
Proceeds/(outflows) from loans and borrowings		(552)	1 191
Proceeds from cash pool liabilities		75	48
Interest paid		(301)	(128)
Payments of liabilities under lease agreements		(999)	(671)
Dividends paid		-	(1)
Inflow from subsidies		128	240
Contribution to capital		3 527	-
Other		(13)	(55)
Net cash from financing activities		**1 865**	**624**
Net increase in cash and cash equivalents		**16 545**	**2 057**
Effect of changes in exchange rates		(2)	4
Cash and cash equivalents, beginning of the year		2 656	595
Cash and cash equivalents, end of the year	18.	**19 199**	**2 656**

The consolidated financial statements are to be read in conjunction with the notes forming part of the consolidated financial statements set out on pages 9 - 68.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

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

1. DESCRIPTION OF THE COMPANY

Establishment of the Company
ORLEN Unipetrol a.s. (the “Company”, “parent”, “parent company”) is a joint stock company established by the National Property Fund of the Czech Republic by a foundation agreement dated 27 December 1994. The Company was registered in the Register of Companies at the Regional Commercial Court in Prague on 17 February 1995.

Identification number of the Company
616 72 190

Registered office of the Company
ORLEN Unipetrol a.s.
Milevská 2095/5
140 00 Praha 4
Czech Republic

Ownership structure
The sole shareholder of the Company is Polski Koncern Naftowy ORLEN Spółka Akcyjna (“PKN Orlen”), with its registered office at Chemików 7, 09-411 Plock, Poland.

Principal activities
The Company operates as a holding company covering and administering a group of companies (the “Group”). The principal business activities of the Group include oil and petroleum products processing, production of commodity chemicals, polymer materials, mineral lubricants, plastic lubricants, road and insulation bitumen, special refinery and petrochemical products. Furthermore, the Group is engaged in the distribution of fuels and operation of gas stations.
In addition to these principal activities, the Group is engaged in other activities that are necessary to support the principal activities, such as production, distribution and sale of heat and electricity, operation of railway tracks and railway transportation, advisory services relating to research and development, environmental protection, software and hardware advisory services and other services.

Statutory and supervisory bodies
Members of the statutory and supervisory bodies of ORLEN Unipetrol a.s. as at 31 December 2022 were as follows:

	Position	Name
Board of Directors	Chairman	Tomasz Wiatrak
	Vice-chairman	Ryszard Pilch
	Vice-chairman	Katarzyna Woś
	Member	Tomáš Herink
	Member	Adam Jarosz
	Member	Maciej Romanów
	Member	Zbigniew Leszczyński
Supervisory Board	Chairman	Robert Harasimiuk
	Vice-chairman	Janusz Jakub Szurski
	Vice-chairman	Barbara Hajdas
	Member	Aneta Agnieszka Kowalczyk
	Member	Edyta Wątor
	Member	Fryderyk Maria Radvan-Bieda
	Member	Wioletta Kandziak
	Member	Iwona Waksmundzka-Olejniczak
	Member	Tomasz Marek Januszewski

Changes in the Board of Directors in 2022 were as follows:

Position	Name	Change	Date of change
Vice-chairman	Maciej Andrzej Libiszewski	Termination of the office	with the effect as of 14 January 2022
Vice-chairman	Ryszard Pilch	Elected as Vice-chairman	with the effect as of 14 January 2022
Member	Maciej Romanów	Elected to the office	with the effect as of 1 February 2022
Member	Zbigniew Leszczyński	Elected to the office	with the effect as of 2 February 2022

Changes in the Supervisory Board in 2022 were as follows:

Position	Name	Change	Date of change
Member	Iwona Waksmundzka-Olejniczak	Re-elected to the office	with the effect as of 5 July 2022
Member	Przemysław Humięcki	Termination of the office	with the effect as of 1 July 2022
Member	Tomasz Marek Januszewski	Elected to the office	with the effect as of 19 August 2022

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with accounting principles contained in the International Financial Reporting Standards (IFRSs), comprising International Accounting Standards (IAS) as well as Interpretations of Standing Interpretation Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC), which were adopted by the European Union (EU). The accounting principles applied by the Group are based on standards and interpretations adopted by the EU and applicable to the period beginning on 1 January 2022 or earlier periods.

The consolidated financial statements have been prepared based on a historical cost basis, except derivatives and investment property measured at fair value and financial assets measured at fair value through other comprehensive income.

The consolidated financial statements are compliant with all requirements of IFRSs adopted by the EU and present a true and fair view of the Group's financial position as at 31 December 2022, results of its operations and cash flows for the year ended 31 December 2022.

The consolidated financial statements of the Group for the year ended 31 December 2022 include the Company and its subsidiaries and the Group's interest in jointly controlled entities.

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

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

Applied accounting policies are listed in note 33.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

3. REVENUES

	2022	2021
Revenues from sales of finished goods and services, net	206 009	131 164
revenue from contract with customers	*205 137*	*130 343*
excluded from scope of IFRS 15	*872*	*821*
Revenues from sales of merchandise and raw materials, net	3 512	2 472
revenue from contract with customers	*3 512*	*2 472*
Sales revenues, incl.:	**209 521**	**133 636**
revenue from contract with customers	*208 649*	*132 815*

Performance obligations

As part of the contractual obligations, the Group commits to deliver to its customers mostly refining, petrochemical products and goods and connected services. Under these agreements, the Group acts as a principal.
Transaction prices in existing contracts with customers are not constrained. There are no contracts in force providing for significant obligations for returns and other similar obligations. There is no significant financing component in contracts with customers.
There are mainly sales with deferred payment in the Group and cash sales in the Retail segment. In contracts with customers, in most cases payment terms not exceeding 30 days are used. Usually payment is due after transferring good or service.
Within the Refining, Petrochemical, Retail segments, in case of deliveries of goods, where control is transferred to the customer in terms of services satisfied at a point in time, settlements with customers and recognition of revenues take place after each delivery.
In the Group the revenues from deliveries of goods and provision of services, when the customer simultaneously receives and benefits from them, are being accounted and recognised over time. In the Refining and Petrochemical segment, in continuous sale, when goods are transferring using pipelines, the ownership right over the transferred good passes to the customer at an agreed point in the infrastructure of the plant. This moment is considered as the date of sale. Revenue is recognised based on the output method for the delivered units of goods.
In the Group in case of construction services, when an asset is created as a result of the performance, and control over this component is exercised by the customer, revenue is recognised over time using input-based method based on the costs incurred irrespective of the signed acceptance protocols.

Revenues according to categories taking into account significant economic factors affecting their recognition

Except of revenues according to product type and geographical region presented in notes 3.1 and 3.2, the Group analyses revenues based on the type of contract, date of transfer, contract duration and sales channels.
Revenues based on a fixed price constitute the majority of revenues in the Group. According to IFRS 15, the variable component of remuneration is penalties and the customer's right to discounts. The Group recognises revenues in the amount of consideration, to which – in line with expectations – it will be entitled and which will not be reversed in the future. Consequently, the Group adjusts revenues for highly probable discounts and penalties. The variability of consideration in contracts with customers is largely related to volume rebates and concern mainly the Retail segment.
As part of the Refining and Petrochemical segments, with respect to sales of petrochemical and refinery products, the Group recognises revenue from satisfaction of performance obligation, depending on the terms of delivery (Incoterms) used. In case of some deliveries, the Group is obliged to organize transport and/or insurance. When the control of good passes to the customer before transport is performed, the delivery of goods and transport (and possibly insurance) becomes separate performance obligations. The delivery of goods is an obligation satisfied at a point in time, while transport is a continuous obligation (satisfied over time). In case of transport and insurance, the customer simultaneously receives and consumes benefits from the service.
In the Retail segment, the moment of satisfaction of performance obligation is the moment of transfer of good, except for sales of fuels using TANKARTA Easy, TANKARTA Business, in Fleet Program settlements with customers take place mostly in monthly periods.
In case of sales satisfied over time, the Group recognises revenues at least on a monthly basis, where settlements between parties to the contract take place periodically and reflect the amount of consideration that the Group is entitled for transfer of goods and services to the customer.
The majority of contracts within the Group are short-term.
The Group realizes sales directly to end customers in the Retail segment, managing the network of 431 fuel stations in the Czech Republic, 51 in Slovakia and 79 in Hungary.
The Group's sales to customers in the Refining and Petrochemical segment are carried out using a network of complementary infrastructure components: fuel terminals, land transhipment bases, pipeline networks, as well as rail transport and tanker trucks.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

3.1. Revenues by assortments

	2022	2021
Revenues from contract with customers	**208 649**	**132 815**
Light distillates	40 269	26 902
Medium distillates	104 112	55 395
Heavy fractions	8 287	5 125
Monomers	3 208	2 956
Polymers	23 647	20 894
Aromas	5 398	4 645
Fertilizers	1 671	738
Plastics	3 988	3 097
Others	13 988	10 044
Services	4 081	3 019
Excluded from scope of IFRS 15	**872**	**821**
	209 521	**133 636**

3.2. Revenues by geographical division

	2022	2021
Revenues from contract with customers	**208 649**	**132 815**
Czech Republic	148 280	82 948
Germany	20 561	18 120
Poland	9 562	9 671
Slovakia	14 009	7 604
Hungary	4 672	4 740
Austria	1 762	1 543
Other countries	9 803	8 189
Excluded from scope of IFRS 15	**872**	**821**
Czech Republic	870	819
Poland	2	2
	209 521	**133 636**

No other country than the Czech Republic accounted for more than 10% of consolidated revenues in 2022 (the Czech Republic and Germany in 2021).

3.3. Information about major customers

More than 10% of the Group´s total revenues from 1 individual customer are in the amount of CZK 23 874 million in Refining segment, CZK 134 million in Retail and CZK 4 million in Petrochemical segment in 2022. No one of the Group's customers constitutes 10% or more of all revenues in 2021.

3.4. Revenues from contracts with customers by type of contract

	2022	2021
Based on a fixed price contracts	186 595	112 729
Based on a variable price contracts	22 054	20 083
Based on time and expenditure consumed	-	3
	208 649	**132 815**

The customer has the right to discounts, penalties, which constitute in accordance with IFRS 15 an element of variable consideration. The Group recognizes the revenue in the amount of consideration, to which – in line with expectations – will be entitled and which will not be reversed in the future. Consequently, it does not recognize the revenue, that may change due to granted discounts and penalties imposed.

3.5. Revenues from contracts with customers by date of transfer

	2022	2021
At the a point in time	117 201	67 602
Over time	91 448	65 213
	208 649	**132 815**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

3.6. Revenues from contracts with customers by duration of contract

	2022	2021
Current	208 647	132 814
Non-current	2	1
	208 649	**132 815**

The duration of most contracts within the Group is short-term. Revenues on services for which start and end dates fall in different reporting periods (long-term contracts) are recognized based on the stage of service completion, if the result on the transaction can be reliably estimated.
As at 31 December 2022 and as at 31 December 2021 the Group analysed the value of the transaction price allocated to unsatisfied performance obligations at the end of the year. The unfulfilled or partially unfulfilled performance obligations as at 31 December 2022 mainly concerned contracts for the sale of electricity and gas and collection services that will end within 2023 or are concluded for an indefinite period with a notice period of up to 12 months.
Due to the fact that the described performance obligations are part of the contracts, that can be considered short-term, or the revenues from fulfilled performance obligation under these contracts are recognised in the amount that the Group has the right to invoice, the Group applied a practical solution, according to which it does not disclose information about the total amount of the transaction price allocated to the performance obligation.

3.7. Revenues from contracts with customers by sales channel

The Group mostly realizes revenue from direct sales to end customers based on its own, leased or based on the franchise agreement system sales channels. The Group realizes sales directly to end customers in the Retail segment managing the network 561 fuel stations: 542 own stations and 19 stations operated under franchise agreements.
The Group's sales to customers in the Refining and Petrochemical segment are carried out using a network of complementary infrastructure components: fuel terminals, land transhipment bases, pipeline networks, as well as rail transport and tanker trucks. Sales and distribution of energy to customers in the Energy segment are carried out mostly with the use of own distribution infrastructure.

4. OPERATING EXPENSES

4.1. Cost of sales

	2022	2021
Cost of finished goods and services sold	(169 935)	(119 946)
Cost of merchandise and raw materials sold	(4 035)	(2 402)
	(173 970)	**(122 348)**

4.2. Cost by nature

	2022	2021
Materials and energy	(153 141)	(106 312)
Cost of merchandise and raw materials sold	(4 035)	(2 402)
External services	(6 804)	(6 347)
Employee benefits	(5 176)	(4 646)
Depreciation and amortization	(6 023)	(5 655)
Taxes and charges	(4 866)	(5 607)
Other	(15 672)	(10 198)
	(195 717)	**(141 167)**
Change in inventories	(549)	4 851
Operating expenses	**(196 266)**	**(136 316)**
Distribution expenses	5 127	2 581
Administrative expenses	2 459	2 167
Other operating expenses	14 710	9 220
Cost of sales	**(173 970)**	**(122 348)**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

4.3. Employee benefits costs

	2022	2021
Payroll expenses	(3 665)	(3 314)
Future benefits expenses	8	(8)
Social security expenses	(1 228)	(1 099)
Other employee benefits expenses	(291)	(225)
	(5 176)	**(4 646)**

2022	Employees	Key Management	Board of Directors	Supervisory Board	Total
Wages and salaries	(3 406)	(197)	(53)	(9)	(3 665)
Social and health insurance	(1 163)	(56)	(9)	(1)	(1 228)
Social expense	(254)	(29)	(7)	-	(291)
Change of employee benefits provision	8	-	-	-	8
	(4 815)	**(282)**	**(69)**	**(10)**	**(5 176)**
Number of employees average per year*					5 431
Number of employees as at balance sheet day*					5 514

2021	Employees	Key Management	Board of Directors	Supervisory Board	Total
Wages and salaries	(3 083)	(181)	(43)	(7)	(3 314)
Social and health insurance	(1 042)	(50)	(6)	(1)	(1 099)
Social expense	(192)	(27)	(6)	-	(225)
Change of employee benefits provision	(8)	-	-	-	(8)
	(4 325)	**(258)**	**(55)**	**(8)**	**(4 646)**
Number of employees average per year*					4 817
Number of employees as at balance sheet day*					4 875

* In case of joint operations the relevant share is used.

5. OTHER OPERATING INCOME AND EXPENSES

5.1. Other operating income

	2022	2021
Penalties and compensations	215	73
Reversal of provisions	145	147
Reversal of impairment allowances of property, plant and equipment, intangible assets and right of use assets	76	129
Revaluation of investment properties	122	18
Profit on sale of non-current non-financial assets	14	24
Settlement and valuation of financial instruments (operation risk)	3 988	5 855
Ineffective part of hedging	89	25
Settlement of hedging costs	343	413
Subsidies	163	169
Other	120	99
	5 275	**6 952**

The information relating to the impairment reversal is presented in note 14.

The row Subsidies includes compensation for indirect costs received from Ministry of Trade and Industry in amount of CZK 107 million in 2022 and CZK 119 million in 2021.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

5.2. Other operating expenses

	2022	2021
Penalties, damages and compensations	(8)	(33)
Recognition of provisions	(328)	(452)
Recognition of impairment allowances of property, plant and equipment, intangible assets and right of use assets	(3 897)	(303)
Revaluation of investment properties	(52)	(8)
Loss on sale of non-current non-financial assets	(23)	(32)
Donations	(18)	(9)
Settlement and valuation of financial instruments (operation risk)	(10 234)	(8 335)
Ineffective part of hedging	(103)	(24)
Settlement of hedging costs	(2)	(1)
Other	(45)	(23)
	(14 710)	**(9 220)**

The information relating to the impairment recognition is presented in note 14.

For 2022 and 2021 the net positions of valuation and settlement of derivative financial instruments related to operating exposure (non-designated instruments for hedge accounting purposes) amounted to CZK (6 246) million and CZK (2 480) million respectively, and mainly related to commodity swaps hedging time mismatch on crude oil purchases and future sales of products, including fixed prices.

The change in valuation and settlement of derivative financial instruments in 2022 and 2021 was affected by the prices of crude oil and refinery products as well as exchange rates.

In 2022 and 2021 the net positions of ineffective part relating to operating exposure amount to CZK (14) million and CZK 1 million, respectively and mainly related to commodity swaps hedging abnormal operating stocks, physical sales of products and foreign currency forwards hedging operating exposure.

6. (LOSS ALLOWANCE)/REVERSAL OF LOSS ALLOWANCE FOR TRADE RECEIVABLES

Loss relates to impairment of trade receivables at the amount of CZK 47 million was recognized based on the expected credit loss model (2021: CZK 16 million).

7. FINANCE INCOME AND COSTS

7.1. Finance income

	2022	2021
Settlement and valuation of financial instruments	1 102	580
Interest	438	35
Other	34	-
	1 574	**615**

7.2. Finance costs

	2022	2021
Net foreign exchange loss	(653)	(284)
Settlement and valuation of financial instruments	(724)	(307)
Interest	(296)	(124)
Factoring	(17)	-
Other	(67)	(61)
	(1 757)	**(776)**

In 2022 and 2021 the net positions of valuation and settlement of derivative financial instruments (non-designated instruments for hedge accounting purposes) amounted to CZK 378 million and CZK 273 million, respectively and related mainly to hedging the risk of changes in exchange rates with regard to payments of invoices in foreign currency and the currency hedge for liquidity transactions.
The main impact on the change in valuation and settlement of derivative financial instruments in 2022 and 2021 was affected by changes in exchange rates (the difference between the exchange rate as the transaction date and the exchange rate as at the transaction settlement date or transaction valuation).

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

8. TAX EXPENSE

	2022	2021
Tax credit/(expense) in the statement of profit or loss		
Current tax	(4 376)	(414)
Deferred tax	2 252	(479)
	(2 124)	**(893)**
Deferred tax recognized in other comprehensive income		
Effective portion of changes in fair value of cash flow hedges	(950)	(35)
Fair value measurement of investment property as at the date of reclassification	(5)	-
Actuarial gains or losses	(2)	(3)
	(957)	**(38)**
	(3 081)	**(931)**

Domestic tax is calculated in accordance with Czech tax regulations at the rate of 19% in 2022 (2021: 19%) of the estimated taxable income for the year. Deferred tax has been calculated using the tax rates approved for the years 2023 and forward i.e. 19% and the Windfall tax rate in 2023-25 of 60% of the tax base exceeding the average tax base in the years 2018-2021. The companies ORLEN Unipetrol RPA s.r.o. and PARAMO a.s. will be subjets of the Windfall tax in the ORLEN Unipetrol Group. The effective tax rate for calculation of deferred tax was predicted to be 53% in 2023 and at 19% in 2024-2025.
Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

8.1. The reconciliation of effective tax rate

	2022	2021
Profit for the year	16 176	3 202
Tax expense	(2 124)	(893)
Profit before tax	18 300	4 095
Income tax using domestic income tax rate	(3 477)	(778)
Effect of tax rates in foreign jurisdictions	12	18
Non-deductible expenses	(121)	(117)
Tax exempt income	-	4
Change in not recognized deferred tax	(16)	(28)
Utilization of unused tax losses	20	63
Impact of prior periods	8	-
Estimated impact of windfall tax in 2023 on deferred tax	1 453	-
Other	(3)	(55)
Tax expense	**(2 124)**	**(893)**
Effective tax rate	**(11.61%)**	**(21.82%)**

8.2. Deferred tax

Deferred 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 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 2023 and onward and the Windfall tax in years 2023-2025). Effective tax rate for calculation deferred tax is predicted to be 53% in 2023 and at 19% in 2024 - 2025.
The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) recognized by the Group during the year is as follows:

	31/12/2021	Deferred tax recognized in the statement of profit or loss	Deferred tax recognized in other comprehensive income	FX difference	31/12/2022
Deferred tax assets					
Provisions	1 699	1 240	-	-	2 939
Unused tax losses carried forward	147	39	-		186
Inventories	50	206	-	-	256
Lease	542	243	-	-	785
Other	79	39	-	-	118
	2 517	**1 767**	**-**	**-**	**4 284**
Deferred tax liabilities					
Property, plant and equipment	(3 941)	481	(5)	11	(3 454)
Provision	(3)	-	(2)	-	(5)
Hedging instruments	(179)	-	(950)	-	(1 129)
Other	(8)	4	-	-	(4)
	(4 131)	**485**	**(957)**	**11**	**(4 592)**
	(1 614)	**2 252**	**(957)**	**11**	**(308)**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

8.2. Deferred tax (continued)

	31/12/2020	Deferred tax recognized in the statement of profit or loss	Deferred tax recognized in other comprehensive income	31/12/2021
Deferred tax assets				
Provisions	538	1 161	-	1 699
Unused tax losses carried forward	1 253	(1 106)	-	147
Inventories	53	(3)	-	50
Lease	530	12	-	542
Other	86	(7)	-	79
	2 460	**57**	**-**	**2 517**
Deferred tax liabilities				
Property, plant and equipment	(3 396)	(545)	-	(3 941)
Provisions	-	-	(3)	(3)
Hedging instruments	(144)	-	(35)	(179)
Other	(17)	9	-	(8)
	(3 557)	**(536)**	**(38)**	**(4 131)**
	(1 097)	**(479)**	**(38)**	**(1 614)**

The above positions of deferred tax assets and liabilities are netted of on the level of particular financial statements of the Groups companies for presentation purposes in the consolidated financial statement of ORLEN Unipetrol a.s. As at 31 December 2022 deferred tax assets and liabilities amounted to CZK 213 million (31 December 2021: CZK 154 million) and CZK 521 million (31 December 2021: CZK 1 768 million).
Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.
Deferred tax assets are recognized for tax losses and deductible temporary differences carried forward to the extent that realization of the related tax benefit through the future taxable profit is probable based on financial projections for years 2023 – 2027.
In the calculation of deferred tax assets as at 31 December 2022 the Group has not recognized tax losses carried forward in amount of CZK 47 million due to the unpredictability of future taxable income (31 December 2021: CZK 0 million). These unrecognized tax losses will expire by the end of 2027.

8.3. Income tax (paid)/received

	2022	2021
Tax expense on profit before tax	**(2 124)**	**(893)**
Change in deferred tax assets and liabilities	(1 306)	517
Change in current tax assets and liabilities	3 887	232
Deferred tax recognized in other comprehensive income	(957)	(38)
	(500)	**(182)**

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

9. NON-CURRENT ASSETS BY GEOGRAPHICAL LOCATION

	31/12/2022	31/12/2021
Czech Republic	55 427	59 499
Slovakia	2 371	1 672
Germany	3	5
Hungary	2 743	1
	60 544	**61 177**

Non-current assets by geographical location include of property, plant and equipment, intangible assets, goodwill, investment property and right of use assets. No other country than the Czech Republic accounted for more than 10% of consolidated assets.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

10. PROPERTY, PLANT AND EQUIPMENT

10.1. Changes in property, plant and equipment

	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
Net carrying amount at 01/01/2022						
Gross carrying value	1 565	37 001	69 383	4 424	9 055	**121 428**
Accumulated depreciation and impairment allowances	(143)	(21 158)	(44 867)	(2 869)	(110)	**(69 147)**
	1 422	**15 843**	**24 516**	**1 555**	**8 945**	**52 281**
increase/(decrease) net						
Investment expenditures	-	374	-	4	6 739	**7 117**
Depreciation	-	(1 096)	(3 716)	(319)	-	**(5 131)**
Change in Group structure	300	427	98	13	30	**868**
Impairment allowances	-	1 603	1 996	(3)	(10)	**3 612**
Reclassifications	16	3 574	3 531	455	(7 677)	**(101)**
Sale	-	-	(1)	(23)	-	**(24)**
Liquidation	-	(12)	(127)	(5)	-	**(144)**
Other increases/(decreases)	-	(3)	-	(2)	1	**(4)**
Foreign exchange differences	3	3	(1)	-	(3)	**2**
Net carrying amount at 31/12/2022	**1 741**	**17 507**	**22 304**	**1 675**	**8 025**	**51 252**
Gross carrying value	1 883	41 514	71 704	4 601	8 145	**127 847**
Accumulated depreciation and impairment allowances	(142)	(24 007)	(49 400)	(2 926)	(120)	**(76 595)**
	1 741	**17 507**	**22 304**	**1 675**	**8 025**	**51 252**
Net carrying amount at 01/01/2021						
Gross carrying value	1 561	35 330	67 734	4 212	7 104	**115 941**
Accumulated depreciation and impairment allowances	(143)	(20 130)	(42 646)	(2 607)	(96)	**(65 622)**
	1 418	**15 199**	**25 088**	**1 606**	**7 008**	**50 319**
increase/(decrease) net						
Investment expenditures	-	1	-	1	6 874	**6 876**
Depreciation	-	(1 051)	(3 367)	(355)	-	**(4 773)**
Borrowing costs	-	-	-	-	22	**22**
Impairment allowances	-	16	38	(1)	(14)	**39**
Reclassifications	5	1 711	2 846	307	(4 916)	**(47)**
Sale	(1)	(1)	-	(1)	-	**(3)**
Liquidation	-	(26)	(88)	(2)	-	**(116)**
Other decreases	-	(3)	-	-	(26)	**(29)**
Foreign exchange differences	-	(3)	(1)	-	(3)	**(7)**
Net carrying amount at 31/12/2021	**1 422**	**15 843**	**24 516**	**1 555**	**8 945**	**52 281**

In 2021 investments expenditures were reduced by CZK 30 million received/due to penalties for delayed execution of the investment contracts.

Material additions

The major additions in 2022 to non-current assets were capitalized shut down costs in amount of CZK 1 023 million, capitalized maintenance costs in amount of CZK 571 million, capitalized spare parts in amount of CZK 479 million, expansion of pyrolytic section in amount of CZK 289 million and catalysts in amount of CZK 202 million.

The major additions in 2021 to non-current assets were capitalized maintenance costs in amount of CZK 644 million, construction of new DCPD unit in the amount of CZK 585 million, capitalized spare parts of CZK 416 million, implementation of Stop Café of CZK 402 million, capitalized shut down costs in the amount of CZK 387 million, expansion of pyrolytic section in amount of CZK 337 million, expansion of storage forces in amount of CZK 322 million and construction of boiler room in the amount of CZK 246 million.

Borrowing costs

According to IAS 23, the Group capitalizes those borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, as part of the cost of that asset. Borrowing costs capitalized in the year ended 31 December 2022 amounted to CZK 13 million (31 December 2021: CZK 22 million).

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

10.2. Changes in impairment allowances of property, plant and equipment

	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
01/01/2022	143	2 409	2 376	44	110	5 082
Recognition	-	1 643	2 106	-	33	**3 782**
Reversal	-	(37)	(7)	-	-	**(44)**
Disposal	-	(9)	(118)	-	-	**(127)**
Reclassifications	-	6	16	3	(23)	**2**
Other decreases	-	(1)	-	-	-	**(1)**
	143	**4 011**	**4 372**	**47**	**120**	**8 693**
increase/(decrease) net*	-	1 603	1 996	3	10	3 612
01/01/2021	143	2 425	2 414	43	96	5 121
Recognition	-	102	66	-	34	202
Reversal	-	(90)	(30)	-	-	(120)
Disposal	-	(12)	(80)	-	-	(92)
Reclassifications	-	(15)	6	1	(20)	(28)
Other decreases	-	(1)	-	-	-	(1)
	143	**2 409**	**2 376**	**44**	**110**	**5 082**
increase/(decrease) net*	-	(16)	(38)	1	14	(39)

*Increase/(decrease) net includes recognition, reversal, usage and reclasifications. Foreign exchange differences are recognized in Foreign exchange differences on subsidiaries from consolidation.

Detailed information related to impairment recognized in 2022 and 2021 is presented in note 14.

The Group reviews useful lives of property, plant and equipment and introduces adjustments to depreciation charges prospectively according to its accounting policy. Should the depreciation policy from the previous year be applied, the depreciation expense for 2022 would be higher by CZK 136 million.

10.3. Other information on property, plant and equipment

	31/12/2022	31/12/2021
The gross carrying amount of all fully depreciated property, plant and equipment still in use	9 308	9 379

11. INVESTMENT PROPERTY

	2022	2021
At the beginning of the year	535	517
Reclassification to property, plant and equipment	-	(1)
Transfer from property, plant and equipment	4	9
Fair value measurement	97	10
increase	152	20
decrease	(55)	(10)
Other	1	-
	637	**535**

Rental income amounted to CZK 61 million in 2022 (2021: CZK 56 million). Operating costs related to investment property amounted to CZK 5 million in 2022 (2021: CZK 5 million).

11.1. Fair value of investment property measurement

Investment property as at 31 December 2022 included the land and buildings owned by the Group and leased to third parties, which fair value was estimated depending on the characteristics based on comparison or revenue approach.

The comparison approach was applied assuming, that the value of the assessed property was equal to the market price of similar property (such assets belong to Level 2 as defined by IFRS 7).

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 average 7.82% was used for the calculation of the investment property fair value.
In the year ended 31 December 2022 and the comparative period there were no changes in measurement approach.

	Carrying amount	Fair value	Fair value hierarchy	
			Level 2	Level 3
31/12/2022	637	637	118	519
31/12/2021	535	535	118	417

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

11.2. 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:

	Level 3			
	Increase by	Total impact	Decrease by	Total impact
Change in discount rate	+1 pp	(32)	-1 pp	32

12. INTANGIBLE ASSETS

12.1. Changes in intangible assets

	Software	Licences, patents and trade marks	Assets under development	CO_2 emission allowance	Other intangible assets	Other internally generated assets	Total
Net carrying amount at 01/01/2022							
Gross carrying value	2 211	2 048	-	2 960	753	88	**8 060**
Accumulated amortization and impairment allowances	(1 554)	(1 605)	-	-	(299)	(80)	**(3 538)**
	657	**443**	**-**	**2 960**	**454**	**8**	**4 522**
increase/(decrease) net							
Investment expenditures	273	2	-		55	-	**330**
Amortization	(128)	(50)	-	-	(11)	(3)	**(192)**
Change in Group structure	21	-	-	1	-	-	**22**
Impairment allowances	(2)	(25)	-	-	1	-	**(26)**
Reclassifications	(346)	361	-	-	81	-	**96**
Other increases/(decreases)	1	-	-	(2 590)	-	-	**(2 589)**
Net carrying amount at 31/12/2022	**476**	**731**	**-**	**371**	**580**	**5**	**2 163**
Gross carrying value	2 130	2 432	-	371	889	88	**5 910**
Accumulated amortization and impairment allowances	(1 654)	(1 701)	-	-	(309)	(83)	**(3 747)**
	476	**731**	**-**	**371**	**580**	**5**	**2 163**
Net carrying amount at 01/01/2021							
Gross carrying value	2 129	2 070	339	120	316	88	**5 062**
Accumulated amortization and impairment allowances	(1 458)	(1 591)	(8)	-	(251)	(77)	**(3 385)**
	671	**479**	**331**	**120**	**65**	**11**	**1 677**
increase/(decrease) net							
Investment expenditures	109	1	-		85	-	**195**
Amortization	(123)	(37)	-	-	(12)	(3)	**(175)**
Impairment allowances	1	-	7	-	(34)	-	**(26)**
Reclassifications	-	-	(338)	-	349	-	**11**
Other increases/(decreases)	(1)	-	-	2 840	2	-	**2 841**
Net carrying amount at 31/12/2021	**657**	**443**	**-**	**2 960**	**454**	**8**	**4 522**

12.2. Changes in impairment allowances of intangible assets

	Software	Licences, patents and trade marks	Assets under development	CO_2 emission allowance	Other intangible assets	Other internally generated assets	Total
01/01/2022	22	19	-	-	34	-	75
Recognition	-	25	-	-	2	-	27
Reversal	-	-	-	-	-	-	-
Reclassifications	2	-	-	-	(3)	-	(1)
	24	**44**	**-**	**-**	**33**	**-**	**101**
increase/(decrease) net*	2	25	-	-	(1)	-	26
01/01/2021	23	19	7	-	-	-	49
Recognition	-	-	-	-	27	-	27
Reversal	(1)	-	-	-	-	-	(1)
Reclassifications	-	-	(7)	-	7	-	-
	22	**19**	**-**	**-**	**34**	**-**	**75**
increase/(decrease) net*	(1)	-	(7)	-	34	-	26

*Increase/(decrease) net includes recognition, reversal, usage and reclasifications. Foreign exchange differences are recognized in Foreign exchange differences on subsidiaries from consolidation.

Recognition and reversal of impairment allowances for intangible assets are recognized in other operating activities. Detailed information related to impairment recognized in 2022 and 2021 is presented in note 14.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

12.3. Other information on intangible assets

	31/12/2022	31/12/2021
The gross carrying amount of all fully depreciated intangible assets still in use	798	822
The net carrying amount of intangible assets with indefinite useful life	29	27

The major addition to intangible assets in 2022 was software Aspen ONE Engineering including it´s update till 2028 in the amount of CZK 99 million. The major addition in 2021 was software solutions CODO in the amount of CZK 48 million, new secure connectivity concept in the amount of CZK 17 million and CRM in the amount of CZK 13 million.

The Group reviews useful lives of intangible assets and introduces an adjustment to amortization charges prospectively according to its accounting policy. Should the amortization rates from the previous year be applied, the amortization expense for 2022 would be higher by CZK 22 million.

12.4. CO_2 emission allowances

Based on the Czech National Allocation Scheme for the years 2021-2030 the Group was to obtain CO_2 emission allowances free of charge. During the year ended 31 December 2022 the Group obtained CO_2 emission allowances in the amount of 1 786 845 tons (2021: 1 698 166 tons).

	Value	Quantity (in tonnes)
Net carrying amount at 01/01/2022	2 960	1 706 247
Granted free of charge for 2022	3 043	1 786 845
Settlement for 2021	(7 688)	(4 365 787)
Purchase	2 056	1 056 482
	371	**183 787**
Estimated annual consumption	8 018	4 261 272

The market value of owned EUA allowances exceeds their total carrying amount, therefore the Group does not identify impairment indicators.

As at 31 December 2022 the market value of one EUA allowance (European Union Emission Allowance) amounted to EUR 83.97 (31 December 2021: EUR 80.65).

CO_2 emission allowances acquired and sold by the Group are included in the statement of consolidated cash flows, under investing activities in Acquisition of property, plant and equipment and intangible assets and Proceeds from disposals of property, plant and equipment and intangible assets, respectively.

12.5. Upstream emission rights (UER)

The Company uses a new UER instrument to achieve a GHG emission reduction in the transport fuel supply chain. Upstream emissions are defined as all GHG emissions taking place before the raw material for the fuel enters a refinery plant. Projects reducing upstream emissions in any country in - or outside the European Union can generate UERs. The subsequent UER certificates may then be sold to fuel suppliers, to be counted towards their six percent reduction target. The rights in value lower than CZK 1 million was gained by acquisition of Normbenz Magyarország Kft. and was fully consumed as at 31 December 2022.

12.6. Goodwill

The goodwill in the amount of CZK 1 747 million arised from acquisition of Normbenz Magyarország Kft.

13. FINANCIAL DERIVATIVES AND OTHER NON-CURRENT ASSETS

	31/12/2022	31/12/2021
Financial derivatives		
Cash flow hedging instruments	2 649	344
currency forwards	*2 649*	*344*
	2 649	**344**

The information related to cash flow hedging instruments and derivatives not designed as hedge accounting is presented in note 28.4.

	31/12/2022	31/12/2021
Other non-current assets		
Other non-current receivables	60	14
Financial assets	**60**	**14**
Prepayments	325	222
Non-financial assets	**325**	**222**
	385	**236**

The non-current prepayments relate to the deposit for the purchase of natural gas in the amount of CZK 260 million as at 31 December 2022 (31 December 2021: CZK 187 million).

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

14. IMPAIRMENT OF PROPERTY, PLANT, EQUIPMENT, INTANGIBLE ASSETS, RIGHT OF USE ASSETS

Financial projections and assumptions for years 2022-2033 for purposes of impairment analysis as at 31 December 2022

As at 31 December 2022 in accordance with International Accounting Standard 36 "Impairment of assets" the ORLEN Unipetrol Group 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 ORLEN Unipetrol group CGUs are established at the level of operating activities: refining, petrochemical and retail. In retail segment the impairment tests are assessed at individual fuel stations.

As at 31 December 2022 the tests were carried out for all CGUs based on the most recent available financial projections for the years 2023-2033.

Impairment analysis on ORLEN Unipetrol group assets' as at 31 December 2022 was based on following financial data:

- non-audited financial statements as at 31 December 2022,
- financial projections for 2023 included in Business Plan 2023 and projections for the years 2024-2033 based on macroeconomic assumptions derived from PKN Orlen's strategy adjusted by the macro indicators observed at the end of 2022 year,
- necessary adjustments mainly relating to capital expenditures and effectiveness activities for years 2023-2033, corresponding with IAS 36 requirement of basing the analysis on projections excluding impact of development and restructuring (IAS 36.33 b) and maintenance of shareholding structure in the group as at 31 December 2022.

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 Group which would allow to reliably estimate 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 Group will be its value in use ("VIU").

The recoverable amounts of CGUs were estimated based on their value in use. The analyses were performed based on available projections for the years 2023-2033 adjusted to exclude the impact of planned capital expenditures enhancing the assets' performance.

The assets used in analyses: i.e. fixed assets (excluding lands and CO_2 allowances), right of use and net working capital were derived from non-audited financial statements as at 31 December 2022. The information related to CO_2 allowances is presented in note 28.4.

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 Group determines individual discount rates for each defined CGU using the so-called CAPM model-Capital Asset Pricing Model. For each CGU as at the date of impairment test, i.e. as at 31 December 2022, market risks specific to the Czech Republic and business segment were taken into account to reflect the current market assessment of the time value of money as at the balance sheet date and the risk associated with a given group of assets corresponding to the return that investors would require when making investment decisions that would generate cash flows in the amount, timing and type of risk corresponding to the flows that the Group expects to receive from a given CGU.

The discount rates as at 31 December 2022 for the estimation of value in use of assets were calculated using the peer-to-peer method as the weighted average cost of equity and debt. The sources of macroeconomic indicators necessary to estimate the cost of capital and the cost of debt were provided by the Bloomberg website and the publications of prof. Aswath Damodoran (source: http://pages.stern.nyu.edu) and government bond quotes available as of 31 December 2022.

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 2022

	Refinery CGU	Petchem CGU	Retail CGUs
Average cost of capital in years 2023 - 2033	11.69%	8.34%	8.76%
Average cost of debt after tax in years 2023 - 2033	3.78%	3.78%	3.78%
Capital structure	63.16%	72.99%	64.98%
Average nominal discount rate 2023 - 2033	**8.77%**	**7.84%**	**7.02%**
Long-term inflation rate	2.00%	2.00%	2.00%

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	Petchem CGU	Retail CGUs
Cost of capital	9.41%	8.30%	7.76%
Cost of debt after tax	3.25%	3.25%	3.25%
Capital structure	67.48%	73.42%	68.91%
Nominal discount rate	**7.41%**	**6.96%**	**6.36%**
Long-term inflation rate	2.00%	2.00%	2.00%

The results of impairment analysis as at 31 December 2022

Based on result of the impairment analysis impairment allowances were recognized for the Refinery CGU in the amount of CZK 3 153 million and the Petchem CGU in the amount of CZK 552 million. The impairment allowance in the amount of CZK 91 million was recognized and CZK 77 million was reversed in the Retail CGU, where the impairment test was performed on the level of each petrol station.

The main drivers for recognition of the impairment were worsening macroeconomic conditions and the Windfall tax established in the Czech republic for the years 2023-2025.

The Group's future financial performance is based on a number of factors and assumptions in respect of 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 Group'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 Group.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

14. IMPAIRMENT TO NON-CURRENT ASSETS (CONTINUED)

Sensitivity analysis of the value in use as at 31 December 2022

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.

Impact of changes in EBIDA by +/- 5% and change od the discount rate +/- 1.0 p.p. on the impairment charge:

		Refinery CGU EBITDA			Petchem CGU EBITDA		
	Change	-5%	0%	5%	-5%	0%	5%
Discount rate	-1.0 p.p.	(1 459)	1 136	3 153	174	552	552
	0.0 p.p.	(2 494)	-	2 494	(2 886)	-	552
	+1.0 p.p.	(3 401)	(997)	1 407	(5 574)	(2 899)	(224)

The results of impairment analysis as at 31 December 2021

Based on result of the impairment analysis no impairment allowances were recognized for the Refinery and Petchem CGU, however the Group performed the impairment analysis on assets in PARAMO, a.s. allocated to the Refinery CGU. Based on the test result the Group recognized an impairment charge in the amount of CZK 44 million.

The impairment allowance in the amount of CZK 267 million was recognized and CZK 140 million was reversed in the Retail CGU, where the impairment test was performed on the level of each petrol station.

15. INVENTORIES

	31/12/2022	31/12/2021
Raw materials	10 859	9 716
Work in progress	2 667	2 778
Finished goods	7 269	7 584
Merchandise	219	117
Spare parts	1 972	1 901
Inventories, net	**22 986**	**22 096**
Impairment allowances of inventories to net realizable value	602	423
Inventories, gross	**23 588**	**22 519**

15.1. Changes in impairment allowances of inventories to net realizable value

	2022	2021
At the beginning of the year	423	390
Recognition	640	246
Usage	(369)	(209)
Reversal	(92)	(4)
	602	**423**

Changes in the net realizable value allowances for inventories amount to CZK 548 million and are included in cost of sales (2021: CZK 242 million) presented in note 4.

16. TRADE AND OTHER RECEIVABLES

	31/12/2022	31/12/2021
Trade receivables	13 085	14 359
Trade receivables subject to full factoring within the granted limit	3 344	-
Rental of investment property	31	27
Other	74	234
Financial assets	**16 534**	**14 620**
Excise tax and fuel charge receivables	34	13
Other taxation, duty, social security receivables	20	15
Advances for construction in progress	159	45
Prepayments and deferred costs	750	787
Receivables from subsidies	207	-
Receivables from contribution to capital	2 081	-
Receivables from purchase of financial investment	1 481	-
Non-financial assets	**4 732**	**860**
Receivables, net	**21 266**	**15 480**
Expected credit loss	444	453
Receivables, gross	**21 710**	**15 933**

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 is 31 days. Trade receivables overdue bear an interest based on terms agreed in the selling contracts.

The Group exposure to credit and currency risk related to trade and other receivables is disclosed in note 28.5. and detailed information about receivables from related parties is presented in note 31.1.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

17. FINANCIAL DERIVATIVES AND OTHER FINANCIAL ASSETS

	31/12/2022	31/12/2021
Financial derivatives		
Cash flow hedging instruments	1 205	848
currency forwards	*1 205*	*848*
commodity swaps	-	-
Derivatives not designated as hedge accounting	351	415
commodity swaps	*351*	*415*
Fair value hedging instruments	3	-
commodity swaps	*3*	-
	1 559	**1 263**

Information regarding cash flow hedging instruments and derivatives not designed as hedge accounting is presented in note 28.4.

	31/12/2022	31/12/2021
Other financial assets		
Cash pool	1 400	1 549
Receivables on settled cash flow hedging instruments	345	672
	1 745	**2 221**

The Group had assets in the PKN group's cash pool system in the amount of CZK 1 400 million as at 31 December 2022 (31 December 2021: CZK 1 549 million). The interest rates were based on appropriate inter-bank rates and the fair value of the assets approximates their carrying amount.

The Group verified the conditions for presentation of cash pool assets as cash equivalents as present in IAS 7 Statement of cash flows and is in opinion that the criteria for such presentation are not met.

18. CASH AND CASH EQUIVALENTS

	31/12/2022	31/12/2021
Cash on hand and in bank	19 199	2 656
	19 199	**2 656**

19. SHAREHOLDERS' EQUITY

19.1. Share capital

The issued capital of the Company as at 31 December 2022 amounted to CZK 18 133 million (31 December 2021: CZK 18 133 million). This represents 181 334 764 (31 December 2021: 181 334 764) bearer ordinary shares, each with a nominal value of CZK 100. All issued shares have been fully paid and bear equal voting rights.

Shareholders' structure

	Number of shares	Nominal value of shares (in CZK)	Share in share capital
POLSKI KONCERN NAFTOWY ORLEN S.A.	181 334 764	18 133 476 400	100%
	181 334 764	**18 133 476 400**	**100%**

19.2. Statutory reserves

The Group established a reserve fund for possible future losses. The balance of the Statutory reserve fund as at 31 December 2022 amounted to CZK 44 million (31 December 2021: CZK 40 million).

19.3. Hedging reserve

The amount of the hedging reserve of CZK 2 872 million as at 31 December 2022 resulted from the valuation of derivatives meeting the requirements of cash flow hedge accounting (31 December 2021: CZK 764 million).

19.4. Revaluation reserve

Revaluation reserve comprises the difference between the net book value and the fair value of the property as at the date of reclassification of the property occupied by the Group and recognized as an investment property.

19.5. Foreign exchange differences on subsidiaries from consolidation

The amount of reserve is adjusted by foreign exchange differences resulting from translation of the financial statements of foreign entities belonging to the Group from foreign currencies into CZK. The balance of this reserve as at 31 December 2022 amounted to CZK (40) million (31 December 2021: CZK (13) million).

19.6. Retained earnings

In accordance with appropriate Czech law, dividends can be paid from unconsolidated profits of the parent company. The sole shareholder of ORLEN Unipetrol a.s. decided, pursuant to Article 8 (2) (k) of the Articles of Association of ORLEN Unipetrol a.s., to allocate the Company's profit generated on separate basis in 2021 in the amount of CZK 116 million to retained earnings.

On 24 October 2022 the sole shareholder of the Company decided on contribution to capital of the Company at the amount of CZK 5 606 million.
The decision regarding appropriation of 2022 profit will be made by the sole shareholder in 2023.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

19.7. 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 Group monitors the equity debt ratio (net financial leverage). As at 31 December 2022 and as at 31 December 2021 Group's financial leverage amounted to -19.53% and 2.36%, respectively.

Net financial leverage = net debt/equity (calculated as at the end of the period) x 100%
Net debt =non-current loans and borrowings + current loans and borrowings - cash and cash equivalents

19.7.1. Net debt

	31/12/2022	31/12/2021
Cash on hand and in bank	**19 199**	**2 656**
Loans and borrowings	**(3 481)**	**(3 990)**
Loans and borrowings non-current	(3 376)	(3 989)
Loans and borrowings current	(105)	(1)
	15 718	**(1 334)**

19.7.2. Changes in net debt

	Note	31/12/2022	31/12/2021
At the beginning of the year		**(1 334)**	**(2 253)**
Cash changes in net debt			
Cash and cash equivalents	*18.*	16 543	2 061
Loans and borrowings	*20.*	509	(1 142)
		15 718	**(1 334)**

19.7.3. Net working capital

	Inventories	Receivables	Liabilities	Working capital
31/12/2021	22 096	15 480	27 399	10 177
31/12/2022	22 986	21 266	25 450	18 802
Net working capital change in Statement of financial position	**(890)**	**(5 786)**	**(1 949)**	**(8 625)**
Adjustments				
Movements in prepayments for construction in progress	-	123	-	123
Movements in receivables from rental of investment property	-	3	-	3
Movements in investing liabilities	-	-	231	231
Movements in receivables from purchase of financial investment	-	1 481	-	1 481
Movements in receivables from contribution to capital	-	2 081	-	2 081
Movements in receivables from subsidies	-	207	-	207
Change in Group structure	65	60	(261)	(136)
Foreign exchange differences	(18)	(94)	100	(12)
Other	-	16	6	22
Change in working capital in Cash flow statement	**(843)**	**(1 909)**	**(1 873)**	**(4 625)**

19.8. Profit per share

	2022	2021
Profit for the year attributable to equity owners	16 176	3 202
Weighted average number of shares	181 334 764	181 334 764
Profit per share (in CZK per share)	**89.21**	**17.66**

20. LOANS AND BORROWINGS

	Non-current		Current		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Bank loans	1 929	3 989	103	1	2 032	3 990
Borrowings	1 447	-	2	-	1 449	-
	3 376	**3 989**	**105**	**1**	**3 481**	**3 990**

20.1. Bank loans

by currency (translated into CZK)/by interest rate

	31/12/2022	31/12/2021
CZK/PRIBOR	1	2 001
EUR/EURIBOR	1 929	1 989
HUF/BUBOR	102	-
	2 032	**3 990**

Disclosures relating to loans are included in note 28 and are presented together with other financial instruments.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

20.2. Borrowings

by currency (translated into CZK)/by interest rate

	31/12/2022	31/12/2021
CZK/PRIBOR	1 449	-
	1 449	**-**

Disclosures relating to borrowings are included in note 28 and are presented together with other financial instruments.

21. PROVISIONS

	Non-current		Current		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Environmental provision	1 929	777	133	138	1 220	915
Jubilee bonuses and retirement benefits provision	92	111	14	16	106	127
Shield programs provision	-	-	2	38	2	38
Provision for CO_2 emission allowances	-	-	8 018	8 302	8 018	8 302
Other provision	242	124	159	83	401	207
	1 421	**1 012**	**8 326**	**8 577**	**9 747**	**9 589**

Changes in provisions in 2022

	Environmental provision	Jubilee bonuses and retirement benefits provision	Shield programs provision	Provision for CO_2 emission allowances	Other provision	Total
01/01/2022	915	127	38	8 302	207	9 589
Recognition	64	2	-	8 021	264	8 351
Reclassification	370	-	-	-	-	370
Discounting	51	-	-	-	5	56
Usage	(62)	(9)	(36)	(8 305)	(37)	(8 449)
Reversal	(107)	(17)	-	-	(38)	(162)
Interest	-	3	-	-		3
	1 220	**106**	**2**	**8 018**	**401**	**9 747**

Changes in provisions in 2021

	Environmental provision	Jubilee bonuses and retirement benefits provision	Shield programs provision	Provision for CO_2 emission allowances	Other provision	Total
01/01/2021	860	135	-	1 964	78	3 037
Recognition	171	6	65	8 302	217	8 761
Reclassification	29	-	-	-	(30)	(1)
Discounting	6	-	-	-	-	6
Usage	(41)	(8)	(9)	(1 964)	(38)	(2 060)
Reversal	(110)	(7)	(18)	-	(20)	(155)
Interest	-	1	-	-	-	1
	915	**127**	**38**	**8 302**	**207**	**9 589**

21.1. Environmental provision

As at 31 December 2022 the Group had under environmental provisions mainly:

- provision for land restoration created as a result of the legal obligation to restore the fly-ash dump in Litvínov after it is discontinued, which is expected after 2032. The provision amounted to CZK 624 million (31 December 2021: CZK 306 million),
- provision for liquidation and restoration of production area in Kolín amounted to CZK 186 million (31 December 2021: CZK 200 million),
- provision in the amount of CZK 205 million in respect of remediation of historical ecological contamination in the Kralupy location recognized following the decision of the Czech Environmental Inspectorate (31 December 2021: CZK 167 million),
- provision for liquidation and restoration of an electrolysis facility which is expected to occur after the termination of the operation in the current amalgam electrolysis facility in 2022 in the amount of CZK 26 million (31 December 2021: CZK 45 million),
- provision for land restoration created as a result of the legal obligation to restore the fly-ash deposits and toxic waste dump in Neratovice after it is discontinued, which was after 2021 in case of fly-ash deposits and is expected after 2024 in case of toxic waste dump. The provision amounted to CZK 95 million (31 December 2021: CZK 113 million),
- provision for the compensation of damages to Lesy České republiky, s.p. (Forests of the Czech Republic) in the amount of CZK 33 million (31 December 2021: CZK 33 million).

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

21.2. Provision for jubilee bonuses and retirement benefits

The companies of the Group realize 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 the elapse of a defined number of years in service. Retirement benefits are paid as a one-time payment at retirement. The amount of retirement benefits as well as jubilee bonuses depends on the number of years of service. The base for the calculation of the provision for an employee is the expected benefit which the Group is obliged to pay in accordance with internal regulations.
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.
Employment benefit provisions for retirement and anniversary benefits received by employees were created using discount rates in the range 4.7% p.a. in 2022 (2021: 2.7%), assumptions used were based on the Collective Agreement.
Should the prior year's assumptions be used, the provision for the jubilee bonuses and retirement benefits would be higher by CZK 19 million.

21.2.1. Changes in employee benefits obligations

	Provision for jubilee bonuses		Retirement benefits		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
At the beginning of the year	38	32	89	103	127	135
Current service costs	2	3	3	4	5	7
Interest expenses	1	-	2	1	3	1
Actuarial gains and losses arising from changes	(4)	(2)	(15)	(18)	(19)	(20)
demographic assumptions	*-*	*-*	*(1)*	*(3)*	*(1)*	*(3)*
financial assumptions	*(4)*	*(4)*	*(13)*	*(13)*	*(17)*	*(17)*
other	*-*	*2*	*(1)*	*(2)*	*(1)*	*-*
Past employment costs	(1)	9	-	3	(1)	12
Payments under program	(4)	(4)	(5)	(4)	(9)	(8)
	32	**38**	**74**	**89**	**106**	**127**

The carrying amount of employee benefits liabilities is identical to their present value as at 31 December 2022 and as at 31 December 2021.

21.2.2. Division of employee benefits liabilities by employees

	Active employees		Pensioners		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Czech Republic	106	127	-	-	106	127
					106	**127**

21.2.3. Geographical division of employee benefits liabilities

	Provision for jubilee bonuses		Retirement benefits		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Czech Republic	32	38	74	89	106	127
					106	**127**

21.2.4. Sensitivity analysis to changes in actuarial assumptions

The Group 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 no higher than CZK 6 million. Therefore the Group does not present any detailed information.

21.2.5. Employee benefits maturity

	Provision for jubilee bonuses		Retirement benefits		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Less than one year	4	5	10	11	14	16
Between one and three years	7	7	9	10	16	17
Between three and five years	6	7	9	10	15	17
Later than five years	15	19	46	58	61	77
	32	**38**	**74**	**89**	**106**	**127**
Weighted average duration of liability (years)			8	9	8	9

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

21.2.6. Total employee benefits expenses recognized in the statement of profit or loss and other comprehensive income

	31/12/2022	31/12/2021
In profit and loss		
Current service costs	(5)	(7)
Interest expenses	(3)	(1)
Actuarial gains and losses arising from changes	4	2
demographic assumptions	-	-
financial assumptions	*4*	*4*
other	-	*(2)*
Past employment costs	1	(12)
Payments under program	9	8
	6	**(10)**
In components of other comprehensive income		
Gains and losses arising from changes	15	18
demographic assumptions	*1*	*3*
financial assumptions	*13*	*13*
other	*1*	*2*
	15	**18**
	21	**8**

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

	31/12/2022	31/12/2021
Cost of sales	(2)	(20)
Distribution expenses	(1)	(1)
Administrative expenses	12	12
Interest of provisions	(3)	(1)
	6	**(10)**

Based on current legislation, the Group is obliged to pay contributions to the national pension insurance. These costs are recognized as expenses for social security and health insurance. The Group does not have any other commitments in this respect. Additional information about the retirement benefits is in note 33.3.21.

21.3. Provision for CO_2 emission allowances

The provision for CO_2 emission allowances is created for estimated CO_2 emission allowances consumption in the reporting period. Further information regarding CO_2 emission allowances is presented in note 12.4.

21.4. Other provision

The Group created other provisions in respect of future liabilities related to dismantling costs connected with liquidation of unused assets and in respect of expected future outflows arising from legal disputes with third parties where the Group is the defendant.

22. FINANCIAL DERIVATIVES AND OTHER NON-CURRENT LIABILITIES

	31/12/2022	31/12/2021
Financial derivatives		
Cash flow hedging instruments	-	318
currency forwards	-	*318*
	-	**318**

Information about cash flow hedging instruments is presented in note 28.4.

	31/12/2022	31/12/2021
Other non-current liabilities		
Guarantee payment received	322	272
Financial liabilities	**322**	**272**
Other	3	2
Non-financial liabilities	**3**	**2**
	325	**274**

The Group has cash advances from business partners presented as guarantee payments received in connection with operation of fuel stations.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

23. TRADE AND OTHER LIABILITIES

	31/12/2022	31/12/2021
Trade liabilities	13 753	16 187
Investment liabilities	1 776	2 004
Other	23	217
Financial liabilities	**15 552**	**18 408**
Payroll liabilities	475	422
Excise tax and fuel charge	6 631	6 212
Value added tax	2 403	1 980
Other taxation, duties, social security and other benefits	172	172
Accruals	217	205
holiday pay accrual	*20*	*18*
wages accrual	*178*	*176*
other	*19*	*11*
Non-financial liabilities	**9 898**	**8 991**
	25 450	**27 399**

Management considers that the carrying amount of trade and other liabilities and accruals approximate their fair value.

24. DEFERRED INCOME

	31/12/2022	31/12/2021
Non-current	**376**	**404**
Grants received	376	404
Current	**180**	**7**
Grants received	177	6
Other	3	1
	556	**411**

24.1. Government grants

	31/12/2022	31/12/2021
Grants for assets	547	404
Grants for cost covering	6	-
Other	-	6
	553	**410**

The Group obtained in 2010 a support grant from the European Regional Development Fund (ERDF) and the Czech national budget for the new research and education centre UniCRE construction for CZK 584 million. The resources provided were used mainly for restoration of research laboratories, conference and education areas and the purchase of modern equipment and laboratory equipment. The carrying amount of the part of grant used for financing of fixed assets was CZK 193 million as at 31 December 2022 (as at 31 December 2021: CZK 229 million).

25. LIABILITIES FROM CONTRACTS WITH CUSTOMERS

	31/12/2022	31/12/2021
Prepayments for deliveries	471	391
	471	**391**

26. FINANCIAL DERIVATIVES AND OTHER FINANCIAL LIABILITIES

	31/12/2022	31/12/2021
Financial derivatives		
Cash flow hedging instruments	1	-
currency forwards	*1*	*-*
Derivatives not designated as hedge accounting	210	382
currency forwards	*44*	*81*
commodity swaps	*166*	*301*
Adjustment of hedged item for changes in fair value	3	-
	214	**382**

Information about cash flow hedging instruments and derivatives not designed as hedge accounting is presented in note 28.4.

	31/12/2022	31/12/2021
Other financial liabilities		
Cash pool	228	152
Liabilities on settled cash flow hedging instruments	306	198
	534	**350**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

27. LEASE

27.1. The Group as a lessee

Changes in right of use assets

	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Total
01/01/2022					
Net carrying amount					
Gross carrying amount	997	2 412	545	1 325	**5 279**
Accumulated depreciation and impairment allowances	(199)	(371)	(188)	(682)	**(1 440)**
	798	**2 041**	**357**	**643**	**3 839**
increase/(decrease), net					
New lease agreements, increase in leasing remuneration	155	921	9	658	**1 743**
Depreciation	(75)	(159)	(63)	(403)	**(700)**
Net impairment allowances	-	(49)	-	(7)	**(56)**
Recognition	-	*(81)*	-	*(7)*	***(88)***
Reversal	-	*32*	-	-	***32***
Change in Group structure	72	8	-	4	**84**
Other	(87)	(11)	(1)	(12)	**(111)**
31/12/2022					
Net carrying amount	**862**	**2 698**	**302**	**883**	**4 745**
Gross carrying amount	1 126	3 265	553	1 648	**6 592**
Accumulated depreciation and impairment allowances	(264)	(567)	(251)	(765)	**(1 847)**
	862	**2 698**	**302**	**883**	**4 745**
01/01/2021					
Net carrying amount					
Gross carrying amount	779	1 951	536	1 312	**4 578**
Accumulated depreciation and impairment allowances	(138)	(203)	(121)	(743)	**(1 205)**
	641	**1 748**	**415**	**569**	**3 373**
increase/(decrease), net					
New lease agreements, increase in leasing remuneration	288	550	5	540	**1 383**
Depreciation	(65)	(133)	(63)	(446)	**(707)**
Net impairment allowances	(7)	(52)	-	(7)	**(67)**
Recognition	*(15)*	*(52)*	-	*(7)*	***(74)***
Reversal	*8*	-	-	-	***7***
Other	(59)	(72)	-	(13)	**(143)**
31/12/2021					
Net carrying amount	**798**	**2 041**	**357**	**643**	**3 839**

The total value of expenses from lease agreements presented in financing and operating activities in the statement of cash flows in 2022 and 2021 amounted to CZK 1 133 million and CZK 768 million, respectively.

Lease liabilities

	Non-current		Current		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Lease liabilities	4 083	3 422	665	544	4 748	3 966
Financial liabilities	**4 083**	**3 422**	**665**	**544**	**4 748**	**3 966**

Maturity analysis lease liabilities

	2022	2021
up to 1 year	665	545
from 1 to 2 years	706	526
from 2 to 3 years	530	433
from 3 to 4 years	430	351
from 4 to 5 years	356	280
above 5 years	4 293	2 986
	6 980	**5 121**
Discount	(2 232)	(1 155)
	4 748	**3 966**

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

		2022	2021
Costs due to:		**(326)**	**(331)**
interest on lease	Finance costs	(138)	(97)
short-term lease	Cost by nature: External services	(186)	(227)
lease of low value assets that are not short-term lease	Cost by nature: External services	(2)	(7)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

27.2. The Group as a lessor

Lease receivables

	Non-current		Current		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Lease receivables	41	6	50	9	91	15
Financial assets	**41**	**6**	**50**	**9**	**91**	**15**

Operating leases relate to the investment property owned by the Group with lease terms for indefinite period usually. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew.

Rental income earned by the Group from its investment property and direct operating expenses arising on the investment property for the year are set out in note 11.

Maturity analysis for undiscounted lease payments

	2022	2021
up to 1 year	44	53
from 1 to 2 years	44	53
from 2 to 3 years	45	53
from 3 to 4 years	45	53
from 4 to 5 years	45	53
above 5 years	560	569
	783	**834**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

EXPLANATORY NOTES TO FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

28. FINANCIAL INSTRUMENTS

28.1. Financial instruments by category and class

Financial assets

31/12/2022

Financial instruments by class	Note	Financial instruments by category					
		Financial assets at fair value through profit of loss	Financial assets measured at amortized cost	Financial assets at fair value through other comprehensive income	Hedging financial instruments	Receivables excluded from the scope of IFRS 9	Total
Unquoted shares		-	-	1	-	-	1
Trade receivables	16.	-	13 085	-	-	-	13 085
Receivables subject to factoring	16.	-	3 344	-	-	-	3 344
Cash pool	17.	-	1 400	-	-	-	1 400
Financial derivatives	13.,17.	352	-	-	3 856	-	4 208
Cash and cash equivalents	18.	-	19 199	-	-	-	19 199
Receivables on settled cash flow hedging instruments	17.	-	345	-	-	-	345
Lease receivables	27.	-	-	-	-	91	91
Other	13., 16.	-	165	-	-	-	165
		352	**37 538**	**1**	**3 856**	**91**	**41 838**

31/12/2021

Financial instruments by class	Note	Financial instruments by category					
		Financial assets at fair value through profit of loss	Financial assets measured at amortized cost	Financial assets at fair value through other comprehensive income	Hedging financial instruments	Receivables excluded from the scope of IFRS 9	Total
Unquoted shares		-	-	1	-	-	1
Trade receivables	16.	-	14 359	-	-	-	14 359
Cash pool	17.	-	1 549	-	-	-	1 549
Financial derivatives	13.,17.	415	-	-	1 192	-	1 607
Cash and cash equivalents	18.	-	2 656	-	-	-	2 656
Receivables on settled cash flow hedging instruments	17.	-	672	-	-	-	672
Lease receivables	27.	-	-	-	-	15	15
Other	13., 16.	-	274	-	-	-	274
		415	**19 510**	**1**	**1 192**	**15**	**21 133**

Financial liabilities

31/12/2022

Financial instruments by class	Note	Financial instruments by category				
		Financial liabilities at fair value through profit of loss	Financial liabilities measured at amortized cost	Hedging financial instruments	Liabilities excluded from the scope of IFRS 9	Total
Borrowings	20.	-	1 449	-	-	1 449
Loans	20.	-	2 032	-	-	2 032
Trade liabilities	23.	-	13 753	-	-	13 753
Investment liabilities	23.	-	1 776	-	-	1 776
Cash pool	26.	-	228	-	-	228
Financial derivatives	26.	210	-	1	-	211
Liabilities on settled cash flow hedging instruments	26.	-	306	-	-	306
Hedged item adjustment	26.		3			3
Lease liabilities	27.	-	-	-	4 748	4 748
Other	23.,26.	-	345	-	-	345
		210	**19 892**	**1**	**4 748**	**24 851**

31/12/2021

Financial instruments by class	Note	Financial instruments by category				
		Financial liabilities at fair value through profit of loss	Financial liabilities measured at amortized cost	Hedging financial instruments	Liabilities excluded from the scope of IFRS 9	Total
Loans	20.	-	3 990	-	-	3 990
Trade liabilities	23.	-	16 187	-	-	16 187
Investment liabilities	23.	-	2 004	-	-	2 004
Cash pool	26.	-	152	-	-	152
Financial derivatives	26.	382	-	318	-	700
Liabilities on settled cash flow hedging instruments	26.	-	198	-	-	198
Lease liabilities	27.	-	-	-	3 966	3 966
Other	23., 26.	-	489	-	-	489
		382	**23 020**	**318**	**3 966**	**27 686**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

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

2022

	Financial instruments by category				
	Financial assets and liabilities at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Liabilities excluded from the scope of IFRS 9	Total
Interest income	-	438	-	-	438
Interest costs	-	-	(159)	(137)	(296)
Foreign exchange loss	-	(383)	(270)	-	(653)
Settlement and valuation of financial instruments	378	-	-	-	378
Loss allowance for trade receivables	-	(47)	-	-	(47)
Other	-	26	(28)	-	(2)
	378	**34**	**(457)**	**(137)**	**(182)**
other, excluded from the scope of IFRS 7					
Provisions discounting					(49)
					(49)

2021

	Financial instruments by category				
	Financial assets and liabilities at fair value through profit or loss	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Liabilities excluded from the scope of IFRS 9	Total
Interest income	-	35	-	-	35
Interest costs	-	-	(27)	(97)	(124)
Foreign exchange loss	-	(215)	(69)	-	(284)
Settlement and valuation of financial instruments	273	-	-	-	273
Loss allowance for trade receivables	-	(16)	-	-	(16)
Other	-	-	(53)	-	(53)
	273	**(196)**	**(149)**	**(97)**	**(169)**
other, excluded from the scope of IFRS 7					
Provisions discounting					(8)
					(8)

28.3. Fair value measurement

31/12/2022

	Note	Carrying amount	Fair value	Fair value hierarchy	
				Level 1	Level 2
Financial assets					
Financial derivatives	*13.,17.*	4 208	4 208	-	4 208
		4 208	**4 208**	**-**	**4 208**
Financial liabilities					
Borrowings	*20.*	1 449	1 450		1 450
Loans	*20.*	2 032	2 201	-	2 201
Financial derivatives	*22., 26.*	211	211		211
		3 692	**3 862**	**-**	**3 862**

31/12/2021

	Note	Carrying amount	Fair value	Fair value hierarchy	
				Level 1	Level 2
Financial assets					
Financial derivatives	*13.,17.*	1 607	1 607	-	1 607
		1 607	**1 607**	**-**	**1 607**
Financial liabilities					
Loans	*20.*	3 990	3 990	-	3 990
Financial derivatives	*22., 26.*	700	700	-	700
		4 690	**4 690**	**-**	**4 690**

Financial liabilities due to loans and borrowings are measured at fair value using discounted cash flows method. Discount rates are calculated based on fixed interest rate.
For other classes of financial assets and liabilities presented in note 28.1. fair value approximates their carrying amount.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

28.3.1. Methods applied in determining fair value of financial instruments (fair value hierarchy)

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

The Group measures derivative instruments at fair value using valuation models for financial instruments based on generally available exchange rates, interest rates, forward and volatility curves for currencies and commodities quoted on active markets. As compared to the previous reporting period the Group has not changed valuation methods concerning derivative instruments.

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

Derivative instruments are presented as assets, when their valuation is positive and as liabilities, when their valuation is negative. Gains and losses resulting from changes in the fair value of derivative instruments, for which hedge accounting is not applicable, are recognized in the current year statement of profit or loss. In the year ended 31 December 2022 and the comparative period there were no transfers between Levels 1, 2 and 3 in the Group.

28.4. Hedge accounting

In the field of hedge accounting, the Group applies the requirements of IFRS 9. Derivatives designated as hedging instruments whose fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item are accounted for in accordance with the principles of fair value or cash hedge accounting flows.

The Group hedges its cash flows resulting from the future transactions from sale of petrochemical and refinery products as well as operating expenses due to purchases of crude oil against changes in exchange rates (EUR/CZK for sale and USD/CZK for purchases and sale) and commodity prices risks. Foreign exchange forwards are used as hedging instruments.

The Group has derivative financial instruments, which serve as a hedging instrument pursuant to the Group's risk management strategy. Changes in the fair value of derivatives that do not meet the hedge accounting criteria are included in derivatives held for trading and their fair value changes are reported in profit or loss.

The fair value of derivative instruments are designated as hedging instruments according to the hedging cash flow planned realization date and the planned date of the influence on the result of the hedged cash flow as well as the net fair value which will be recognized in the profit or loss at the realization date:

Cash flows hedging instruments	31/12/2022	31/12/2021	Hedging strategies
currency forwards	3 853	874	operating and investing activity; sales of products and purchase of crude oil operational inventories; refining margin, time mismatch occurring on purchases of crude oil by sea, risk of crude oil prices on arbitrage transactions cash & carry, offering customers the goods for which price formulas are based on fixed price
commodity swaps	3	-	
	3 856	**874**	

Planned period of the influence on the result of the hedged cash flow:

Planned realization date of hedged cash flows	31/12/2022	31/12/2021
Currency operating exposure		
2022	-	848
2023	1 204	317
2024	1 860	(71)
2025	789	(220)
2026	-	-
Commodity risk exposure		
2022	-	-
2023	3	-
	3 856	**874**

Maturity structure
31/12/2022

Risk type/type of instrument	Unit of measure	Up to 1 year	From 1 to 3 years	From 3 to 5 years
Cash flow hedge				
Foreign exchange risk				
Currency forwards - long position hedge (buy)				
Nominal value		1 414 081		
Average exchange rate USD/CZK	USD	23.28		
Currency forwards - short position hedge (sell)				
Nominal value		474 000 000	916 000 000	419 000 000
Average exchange rate EUR/CZK	EUR	27.26	27.55	27.83
Fair value hedge				
Commodity risk				
Commodity swaps – future revenues hedge (buy)				
Crude Oil				
Volume	BBL	18 310		
Average price		77.23		

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

28.4. Hedge accounting (continued)

31/12/2021

Risk type/type of instrument	Unit of measure	Up to 1 year	From 1 to 3 years	From 3 to 5 years
Cash flow hedge				
Foreign exchange risk				
Currency forwards -short position hedge (sell)				
Nominal value		480 000 000	930 000 000	455 000 000
Average exchange rate EUR/CZK	EUR	27.27	27.29	27.26

Hedge accounting effects on financial situation and results

31/12/2022

Risk type/type of instrument	Buy (B)/ Sell (S)	Hedging strategies within the cash flow hedge	Unit of measure	Nominal value/volume 31/12/2022	Assets 31/12/2022	Liabilities 31/12/2022	Changes in fair value (as basis for determining an ineffective part in a given period)
Cash flow hedge							
Foreign exchange risk							
FX_EUR.CZK	S	sales of goods denominated in foreign currencies/indexed to foreign currencies	EUR	1 809 000 000	3 854	-	2 980
FX_USD.CZK	B	deliveries for purchases denominated in foreign currency/indexed to exchange rate of foreign currency	USD	1 414 081	-	1	(1)
					3 854	**1**	**2 979**
Fair value hedge							
Commodity risk							
Crude Oil	B	bitumen sale at fixed price	BBL	18 310	3	-	3
					3	**-**	**3**
					3 857	**1**	**2 982**

31/12/2021

Risk type/type of instrument	Buy (B)/ Sell (S)	Hedging strategies within the cash flow hedge	Unit of measure	Nominal value/volume 31/12/2021	Assets 31/12/2021	Liabilities 31/12/2021	Changes in fair value (as basis for determining an ineffective part in a given period)
Cash flow hedge							
Foreign exchange risk							
FX_EUR.CZK	S	sales of goods denominated in foreign currencies/indexed to foreign currencies	EUR	1 865 000 000	1 192	318	10
					1 192	**318**	**10**
Commodity risk							
Diesel	S	oversize inventories hedge	MT	-	-	-	1
Crude Oil	S	oversize inventories hedge	BBL	-	-	-	155
Crude Oil	B	oversize inventories hedge	BBL	-	-	-	(23)
					-	**-**	**133**
					1 192	**318**	**143**

Cash flow hedge

31/12/2022

Risk type/type of instrument	Changes in fair value of the hedged item (as basis for determining an ineffective part in a given period)	Hedging reserve (gross value) for relationships remains in hedge accounting
Cash flow hedge		
Foreign exchange risk (EUR)		
Future sales revenues	(672)	3 866
Foreign exchange risk (USD)		
Future manufacturing costs	1	(1)

31/12/2021

Risk type/type of instrument	Changes in fair value of the hedged item (as basis for determining an ineffective part in a given period)	Hedging reserve (gross value) for relationships remains in hedge accounting
Cash flow hedge		
Foreign exchange risk (EUR)		
Future sales revenues	2 237	1 889
Commodity risk		
Future sales revenues	(154)	-
Future manufacturing costs	24	-

Fair value hedge

31/12/2022

Risk type/type of instrument	Accumulated balance sheet adjustment due to fair value		Item in statement of financial position in which carrying amount was recognised	Change in value of hedged item adjustment in a given period	Changes in fair value (as basis for determining an ineffective part in a given period)	Difference between profit or loss due to hedge on hedging instrument and hedged item
	Assets	Liabilities				
Commodity risk						
Future sales revenues	-	3	Financial derivatives	(3)	3	-

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

28.4. Hedge accounting (continued)

Impact of cash flow hedge accounting on the statement of profit or loss and other comprehensive income

31/12/2022

Risk type/ type of instrument	Profits of losses from hedge for the reporting period recognised in other comprehensive income	Ineffectiveness of hedge recognized in profit or loss in the period	Item in the statement, where ineffectiveness of hedge was recognised	Amount reclassified from other comprehensive income to profit or loss as adjustment due to reclassification, because: Implementation of hedged item in the period (continued relationship)	Item in profit or loss, that includes reclassification adjustment
Foreign exchange risk					
EUR/CZK					
currency forwards	1 977	-		1 024	Sales revenues
currency forwards	-	-		(36)	Manufacturing costs (operations)
currency forwards	1 002	1	Other operating income and costs	341	Other operating income/expenses
USD/CZK					
currency forwards	(1)	-		-	
	2 978	**1**		**1 329**	
Commodity risk					
commodity swaps	-	-		402	Inventories
commodity swaps	-	-		(1 576)	Sales revenues
	-	**-**		**(1 174)**	
	2 978	**1**		**155**	

31/12/2021

Risk type/ type of instrument	Profits of losses from hedge for the reporting period recognised in other comprehensive income	Ineffectiveness of hedge recognized in profit or loss in the period	Item in the statement, where ineffectiveness of hedge was recognised	Amount reclassified from other comprehensive income to profit or loss as adjustment due to reclassification, because: Implementation of hedged item in the period (continued relationship)	Item in profit or loss, that includes reclassification adjustment
Foreign exchange risk					
EUR/CZK					
currency forwards	1 734	-		117	Sales revenues
currency forwards	-	-		8	Manufacturing costs (operations)
currency forwards	(1 725)	1	Other operating income and costs	413	Other operating income/expenses
	9	**1**		**538**	
Commodity risk					
commodity swaps	(23)	-		124	Inventories
commodity swaps	149	-		(339)	Sales revenues
commodity swaps	-	7	Other operating income and costs	-	Other operating income/expenses
	126	**7**		**(215)**	
	135	**8**		**323**	

Reconciliation of equity from hedge accounting

	Hedging reserve by: Effective part of change in fair value	Effective part due to settlement of instruments	Cost of hedging related to occurrence of transaction	Total
Foreign exchange risk				
01/01/2022	1 890	20	(967)	943
Cash flow hedge	**1 976**	**92**	**990**	**3 058**
Impact of valuation of hedging transactions (effective part)	2 950	-	1 292	4 242
Reclassification to profit or loss in connection with realization of hedged item, incl.:	(968)	(20)	(341)	(1 329)
reclassification of instruments from the previous year – no hedged item	-	(20)	(51)	(71)
Instruments for settlement	-	112	39	151
Settlement of ineffective part	(6)	-	-	(6)
31/12/2022	**3 866**	**112**	**23**	**4 001**
Commodity risk				
01/01/2022	-	-	-	-
Cash flow hedge	**-**	-	-	**-**
Impact of valuation of hedging transactions (effective part)	(1 196)	-	-	(1 196)
Reclassification to profit or loss in connection with realization of hedged item	1 174	-	-	1 174
Settlement of ineffective part	22	-	-	22
31/12/2022	**-**	**-**	**-**	**-**
Hedging reserve, gross 01/01/2022	**1 890**	**20**	**(967)**	**943**
Deferred tax from hedging instruments settlement and valuation	(359)	(4)	184	(179)
Hedging reserve, net 01/01/2022	**1 531**	**16**	**(783)**	**764**
Hedging reserve, gross 31/12/2022	**3 866**	**112**	**23**	**4 001**
Deferred tax from hedging instruments settlement and valuation	(1 104)	(21)	(4)	(1 129)
Hedging reserve, net 31/12/2022	**2 762**	**91**	**19**	**2 872**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

28.4. Hedge accounting (continued)

	Hedging reserve by			
	Effective part of change in fair value	Effective part due to settlement of instruments	Cost of hedging related to occurrence of transaction	Total
Foreign exchange risk				
01/01/2021	156	6	723	885
Cash flow hedge	**1 734**	**14**	**(1 690)**	**58**
Impact of valuation of hedging transactions (effective part)	1 853	-	(1 328)	525
Reclassification to profit or loss in connection with realization of hedged item, incl.:	(119)	(6)	(413)	(538)
reclassification of instruments from the previous year - no hedged item	-	(23)	(15)	(21)
Instruments for settlement	-	6	51	71
31/12/2021	**1 890**	**20**	**(967)**	**943**
Commodity risk				
01/01/2021	(126)	-	-	(126)
Cash flow hedge	**126**	**-**	**-**	**126**
Impact of valuation of hedging transactions (effective part)	(96)	-	-	(96)
Reclassification to profit or loss in connection with realization of hedged item	215	-	-	215
Settlement of ineffective part	7	-	-	7
31/12/2021	**-**	**-**	**-**	**-**
Hedging reserve, gross 01/01/2021	**30**	**6**	**723**	**758**
Deferred tax from hedging instruments settlement and valuation	(6)	(1)	(137)	(144)
Hedging reserve, net 01/01/2021	**24**	**5**	**585**	**614**
Hedging reserve, gross 31/12/2021	**1 890**	**20**	**(967)**	**943**
Deferred tax from hedging instruments settlement and valuation	(359)	(4)	184	(179)
Hedging reserve, net 31/12/2021	**1 531**	**16**	**(783)**	**764**

28.5. Financial risks management

The Group'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 Group'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. The Group seeks to minimize the effects of these risks by using natural hedging and derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess funds. Compliance with policies and exposure limits is reviewed by the internal auditors on a regular basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

28.5.1. Commodity risks

As part of its operating activity the Group is exposed mainly to the following commodity risks:

- risk of changes in refining and petrochemical margins on the sale of products and Ural/Brent differential fluctuations – hedges on an irregular basis as a part of hedging strategies;
- risk of changes in crude oil and products prices related to the time mismatch between the date of the crude oil and/or products, as well as future sales transactions – identified and hedged in a systematic and regular manner;
- risk of changes in CO_2 emission allowances prices – hedged on regular basis through periodic verification of numbers of owned and required rights to CO_2 emission with determining the method of balancing of the future shortages or surpluses. In 2022 and in 2021, the Group concluded forward and spot transactions for purchase of rights which in the future will be amortized as a settlement of CO_2 emissions. Valuations of these transactions are no subject to recognition in the financial statements, as purchased emission rights will be used for own purposes.

Sensitivity analysis for commodity risk

Analysis of the influence of potential changes in the book values of financial instruments on the hedging reserve in relation to a hypothetical change in prices of crude oil:

31/12/2022

	Influence on hedging reserve			
	Increase of price by	Total influence, USD	Decrease of price by	Total influence, USD
Crude oil USD/bbl	47%	697 607	(47%)	(697 607)
		697 607		**(697 607)**

	Influence on profit before tax			
	Increase of price by	Total influence, USD	Decrease of price by	Total influence, USD
Crude oil USD/bbl	47%	(125 617 360)	(47%)	125 617 360
Margin USD/bbl	52%	(24 802 046)	(52%)	24 802 046
		(150 419 406)		**150 419 406**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

28.5.1. Commodity risks (continued)

31/12/2021

	Influence on hedging reserve			
	Increase of price by	Total influence, EUR	Decrease of price by	Total influence, EUR
Crude oil USD/bbl	31%	-	(31%)	-
		-		**-**

	Influence on profit before tax			
	Increase of price by	Total influence, USD	Decrease of price by	Total influence, USD
Crude oil USD/bbl	31%	(84 213 360)	(6%)	84 213 360
		(84 213 360)		**84 213 360**

28.5.2. The risk of exchange rates changes

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

Currency structure of financial instruments denominated in main foreign currencies as at 31 December 2022

Financial instruments by class	EUR	USD	Total after translation to CZK
Financial assets			
Trade receivables	259	37	7 087
Cash pool	33	27	1 399
Financial derivatives	160	16	4 208
Receivables on settled cash flow hedging instruments	-	15	345
Cash and cash equivalents	63	3	1 597
Other	1	-	19
	516	**98**	**14 655**
Financial liabilities			
Loans	80	-	1 929
Borrowings	60	-	1 447
Lease liabilities	75	-	1 803
Trade liabilities	172	198	8 630
Investment liabilities	11	4	343
Financial derivatives	2	7	211
Liabilities on settled cash flow hedging instruments	-	14	306
Hedged item adjustment	-	-	3
Other	-	-	11
	400	**223**	**14 683**

Currency structure of financial instruments denominated in main foreign currencies as at 31 December 2021

Financial instruments by class	EUR	USD	Total after translation to CZK
Financial assets			
Trade receivables	273	37	7 580
Cash pool	2	68	1 548
Financial derivatives	48	19	1 607
Receivables on settled cash flow hedging instruments	-	31	672
Cash and cash equivalents	6	7	310
Other	2	-	47
	331	**162**	**11 764**
Financial liabilities			
Loans	80	-	1 989
Lease liabilities	59	-	1 463
Trade liabilities	110	364	10 732
Investment liabilities	9	1	240
Financial derivatives	16	14	700
Liabilities on settled cash flow hedging instruments	-	9	198
Other	1	-	41
	275	**388**	**15 363**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

28.5.2. The risk of exchange rates changes (continued)

Sensitivity analysis for exchange rate changes risk
The influence of potential changes in carrying amounts of financial instruments as at 31 December 2022 and as at 31 December 2021 arising from hypothetical changes in exchange rates of relevant currencies in relation to functional currency on profit before tax and hedging reserve:

	EUR/CZK		USD/CZK		Total	
	2022	2021	2022	2021	2022	2021
	variation of exchange rates +15%					
Influence on profit before tax	(6 475)	(7 330)	(418)	(744)	(6 893)	(8 074)
Influence on hedging reserve	6 894	7 534	(5)	-	6 889	7 534
Total influence	**419**	**204**	**(423)**	**(744)**	**(4)**	**(540)**

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 the historical volatility of particular currency rates and analysts' forecasts.

Sensitivity of financial instruments for currency risk was calculated as the 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. In the case of derivative instruments, the influence of currency rate variations on fair value was examined at a constant level of interest rates. The fair value of foreign currency forward contracts is determined based on the discounted future cash flows of the transactions, calculated based on the difference between the forward rate and the transaction price.

28.5.3. The risk of interest rates changes

The Group is exposed to the risk of volatility of cash flows arising from interest rate loans, bank loans and cash pool based on floating interest rates.

Interest rate structure of financial instruments:

	PRIBOR		EURIBOR		LIBOR USD		Total	
Financial instruments by class	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Financial assets								
Cash pool	1	1	791	58	608	1 490	1 400	1 549
	1	**1**	**791**	**58**	**608**	**1 490**	**1 400**	**1 549**
Financial liabilities								
Loans	1	2 001	1 929	1 989	-	-	1 930	3 990
Borrowings	2	-	1 447	-	-	-	1 449	-
Cash pool	228	152	-	-	-	-	228	152
	231	**2 153**	**3 376**	**1 989**	**-**	**-**	**3 607**	**4 142**

The interest rate benchmark reform
The Financial Stability Board (the FSB) has advised to reform the IBOR with two goals: a) make larger impact of real transactions in the calculation of IBOR and b) create alternative interest rates which will embrace the need of transparency and independence.
As a reaction to the FSB advice the EU has implemented regulation 2016/1011 about indices which led to the amendment of methodology the EURIBOR calculation. The EURIBOR rates are now based on real past transaction. Despite of the EURIBOR reform the possibility of another change or even termination of its quotes cannot be eliminated. Impact of future potential changes in EURIBOR to the Group is not possible to be estimated at present.
The LIBOR reference rate was not reformed and currently is by the end of its service. LIBOR will be replaced by alternative rates. The end of LIBOR quotes is settled on 30 June 2023, a new risk of transition to alternative rates appears. The Group cooperates with its counterparties to eliminate the risk and assesses the probability of such risk as low.

Sensitivity analysis for interest rate risk
The influence of financial instruments on profit before tax due to changes in significant interest rates:

	Assumed variation		Influence on profit before tax	
Interest rate	31/12/2022	31/12/2021	2022	2021
PRIBOR	+0.5pp	+0.5pp	(1)	(11)
EURIBOR	+0.5pp	+0.5pp	(13)	(10)
LIBOR USD	+0.5pp	+0.5pp	3	7
			(11)	**(14)**
PRIBOR	-0.5pp	-0.5pp	1	11
EURIBOR	-0.5pp	-0.5pp	13	10
LIBOR USD	-0.5pp	-0.5pp	(3)	(7)
			11	**14**

The above interest rate variations were calculated based on observations of interest rate 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 2022 and as at 31 December 2021. The influence of interest rate changes was presented on annual basis.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

28.5.4. Liquidity and credit risk

Liquidity risk

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

Maturity analysis of financial liabilities

	Note	Up to 1 year	From 1 to 3 years	31/12/2022 From 3 to 5 years	Above 5 years	Total	Carrying amount
Borrowings - undiscounted value	20.	2	1 715			1 717	1 449
Loans - undiscounted value	20.	104	1 946	-	-	2 050	2 032
Cash pool - undiscounted value	26.	228	-	-	-	228	228
Trade liabilities	23.	13 753	-	-	-	13 753	13 753
Investment liabilities	23.	1 776	-	-	-	1 776	1 776
Financial derivatives	22., 26.	211	-	-	-	211	211
Liabilities on settled cash flow hedging instruments	26.	306	-	-	-	306	306
Lease liabilities	27.	665	1 236	786	4 293	6 980	4 748
Hedged item adjustment	26.	3	-	-	-	3	3
Other	23.,26.	23	-	-	322	345	345
		17 071	**4 897**	**786**	**4 615**	**27 369**	**24 851**

	Note	Up to 1 year	From 1 to 3 years	31/12/2021 From 3 to 5 years	Above 5 years	Total	Carrying amount
Loans - undiscounted value	20.	1	3 989	-	-	3 990	3 990
Cash pool - undiscounted value	26.	152	-	-	-	152	152
Trade liabilities	23.	16 187	-	-	-	16 187	16 187
Investment liabilities	23.	2 004	-	-	-	2 004	2 004
Financial derivatives	22., 26.	382	318	-	-	700	700
Liabilities on settled cash flow hedging instruments	26.	198	-	-	-	198	198
Lease liabilities	27.	544	959	631	2 987	5 121	3 966
Other	23.,26.	217	-	-	272	489	489
		19 685	**5 266**	**631**	**3 259**	**28 841**	**27 686**

A financial liquidity risk is the loss of ability to settle current liabilities on time. The Group is exposed to liquidity risk resulting from the relation between current assets and current liabilities. As 31 December 2022 and 31 December 2021, the current liquidity indicator amounted to 1.66 and 1.15 respectively.

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 Group's short, medium and long-term funding and liquidity management requirements. The Group 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 Group concluded agreements with banks, based on which may draw loans. As at 31 December 2022 and as at 31 December 2021 the maximum available credit facilities amounted to CZK 15 491 million and CZK 15 938 million respectively. Unused part of the credit facilities for bank loans amounted to CZK 11 821 million as at 31 December 2022 and CZK 11 744 million as at 31 December 2021 respectively, the drawn is also affected by granted guarantees. The description of the loans and guarantees drawn from credit facilities is presented in notes 20 and 30.

Credit risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group'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 Group's management based on prior experience and their assessment of the credit status of its customers.

The Group 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 a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group 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 Group uses other publicly available financial information and its own trading records to rate its major customers.

The Group'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 Group uses its own or an external credit scoring system to assess a potential customer's credit quality and defines credit limits by customer. As at 31 December 2022, the Group had no customer with balance of the trade receivables that represented more than 10% of the total balance of the consolidated trade receivables.

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 Group uses non-recourse factoring.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

28.5.4. Liquidity and credit risk (continued)

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Information about financial assets valuation is presented in note 33.3.24.

Changes in expected credit loss of trade receivables

	31/12/2022	31/12/2021
At the beginning of the year	453	460
Recognition	64	21
Change in Group structure	2	-
Reversal	(16)	(5)
Usage	(59)	(22)
Foreign exchange differences	-	(1)
	444	**453**

Ageing analysis of trade receivables and expected credit loss as at 31 December 2022

	Trade receivables, gross value	Expected credit loss (in horizon of whole life)	Weighted average rate of expected credit loss	Trade receivables, net value
current	12 417	4	0.0003	12 413
from 1 to 30 days	637	-	0.0002	637
from 31 to 60 days	12	1	0.0423	11
from 61 to 90 days	4	1	0.2468	3
more than 90 days past due	459	438	0.9538	21
	13 529	**444**		**13 085**

Ageing analysis of trade receivables and expected credit loss as at 31 December 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	13 939	6	0.0004	13 933
from 1 to 30 days	379	-	0.0009	379
from 31 to 60 days	17	-	0.0123	17
from 61 to 90 days	2	-	0.2581	2
more than 90 days past due	475	447	0.9394	28
	14 812	**453**		**14 359**

Group management believes that the risk of impaired financial assets is reflected by recognition of an impairment. Information about impairment allowances of particular classes of assets is disclosed in note 6.

The Group sets impairment charges based on analysis of customers' creditworthiness and ageing of receivables. In determining the recoverability of trade receivable, the Group considers any change in the credit quality of the debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. 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 finance costs or income.

28.5.5. Emission allowances risk

The Group monitors the emission allowances granted to the Group under the National Allocation Plan and CO_2 emissions planned. The Group might enter into transactions on the emission allowances market in order to cover shortages or utilize any excess of emission allowances over the required amount.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

OTHER EXPLANATORY NOTES

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

The total value of investment expenditures including borrowing costs amounted to CZK 9 343 million as at 31 December 2022 and CZK 8 474 million as at 31 December 2021, including environmental expenditures in the amount of CZK 619 million and CZK 320 million, respectively and additions to right of use assets CZK 1 743 million (31 December 2021: CZK 1 383 million).

As at 31 December 2022 the value of future commitments resulting from contracts signed to this date amounted to CZK 2 710 million (31 December 2021: CZK 3 319 million). As at 31 December 2022 the major item related to the new oxygen compressor P-101 in the amount of CZK 197 million (31 December 2021: the expansion of warehouse forces for PP – implementation in the amount of CZK 326 million).

30. GUARANTEES AND SECURITIES

Guarantees

Based on the Group's request the bank guarantees relating to the security of customs debt, excise tax at customs offices and other purposes were issued. The total balance of guarantees related to excise tax amounted to CZK 1 609 million as at 31 December 2022 (31 December 2021: CZK 1 477 million) and to other purposes amounted to CZK 77 million (31 December 2021: CZK 57 million).

The Group is the beneficiary of guarantees in the amount of CZK 547 million as at 31 December 2022 (31 December 2021: CZK 489 million).

Past environmental liabilities

The Group is the recipient of funds provided by the National Property Fund of the Czech Republic for settling environmental liabilities relating to historic environmental damage. Funds up to CZK 22 886 million are provided to cover cost actually incurred in relation to settlement of 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:

2022	Total amount of funds to be provided	Used funds as at 31/12/2022	Unused funds as at 31/12/2022
ORLEN Unipetrol a.s. / premises in Litvínov	6 012	4 456	1 556
ORLEN Unipetrol a.s. / premises in Kralupy nad Vltavou	4 244	66	4 178
ORLEN Unipetrol RPA s.r.o. - BENZINA odštěpný závod	1 323	806*	517
PARAMO, a.s. / premises in Pardubice	1 241	1 108	133
PARAMO, a.s. / premises in Kolín	1 907	1 903	4
SPOLANA s.r.o.	8 159	5 665	2 494
	22 886	**14 004**	**8 882**

2021	Total amount of funds to be provided	Used funds as at 31/12/2021	Unused funds as at 31/12/2021
ORLEN Unipetrol a.s. / premises in Litvínov	6 012	4 393	1 619
ORLEN Unipetrol a.s. / premises in Kralupy nad Vltavou	4 244	65	4 179
ORLEN Unipetrol RPA s.r.o. - BENZINA odštěpný závod	1 323	786*	537
PARAMO, a.s. / premises in Pardubice	1 241	993	248
PARAMO, a.s. / premises in Kolín	1 907	1 903	4
SPOLANA a.s.	8 159	5 660	2 499
	22 886	**13 800**	**9 086**

* Without the costs of the already completed rehabilitation of the petrol stations network of the former K-Petrol 1995-1999 of CZK 40 million and clean-up costs spent before 1997 in the amount of approximately of CZK 500 million.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

31. RELATED PARTY TRANSACTIONS

31.1. Material transactions concluded by the Group companies with related parties

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

31.2. Transactions with key management personnel

In 2022 and in 2021 the Group companies 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 Group companies and related parties. As at 31 December 2022 and as at 31 December 2021 there were no significant transactions concluded with members of the Board of Directors, the Supervisory Board, their spouses, siblings, descendants, ascendants or their other relatives.

31.3. Transactions with related parties concluded by key management personnel of the Group companies

As at 31 December 2022 and as at 31 December 2021 members of the key management personnel of the parent company and the Group companies submitted statements that they have not concluded any transaction with related parties.

31.4. Transactions and balances of settlements of the Group companies with related parties

Parent and ultimate controlling party
As at 31 December 2022 100% (2021: 100%) of the Company's shares were in possession of POLSKI KONCERN NAFTOWY ORLEN S.A.

2022	PKN Orlen	Joint operations*	Entities under control or significant influence of PKN Orlen
Sales	6 291	1 319	16 453
Purchases	121 734	762	4 202
Finance income	1 074	11	-
Finance costs	730	-	25
Other operating expenses	4 081	-	1
Other operating costs	10 339	-	-

31/12/2022	PKN Orlen	Joint operations*	Entities under control or significant influence of PKN Orlen
Intangible assets	2 057	-	-
Long term receivables	2 649	-	59
Other financial assets	3 304	-	-
Trade and other receivables	2 581	106	1 027
Trade and other liabilities	5 762	88	1 171
Other financial liabilities	517	-	228

2021	PKN Orlen	Joint operations*	Entities under control or significant influence of PKN Orlen
Sales	6 119	962	12 593
Purchases	83 101	561	3 542
Finance income	580	128	-
Finance costs	309	-	-
Other operating expenses	5 882	-	-
Other operating costs	8 360	-	-

31/12/2021	PKN Orlen	Joint operations*	Entities under control or significant influence of PKN Orlen
Intangible assets	1 810	-	-
Long term receivables	344	-	13
Other financial assets	3 483	-	-
Trade and other receivables	499	63	1 019
Trade and other liabilities	7 924	106	1 156
Other financial liabilities	581	-	152

*as the Joint operation are present uneliminated transactions with Butadien Kralupy a.s.

32. 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's, 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.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

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

	2022	2021
Parent Company		
Short-term employee benefits	80	70
Termination benefits	1	-
Subsidiaries		
Short-term employee benefits	300	273
Termination benefits	5	3
	386	**346**

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

32.2. Bonus system for key executive personnel of the Group

In 2022 the key executive personnel was participating in the annual MBO bonus system (management by objectives). The regulations applicable to the Management Board (members of Board of Directors and Executives), directors directly reporting to the 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 Group. 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 the achieved results generated by the Group.

32.3. The entitlements upon the termination of employment

The entitlements arising from contracts with key management personnel upon the termination of employment contained both a competition and a stabilization clause. The competition and stabilization clause ranges between three and six average monthly earnings or monthly base salary respectively.

33. ACCOUNTING PRINCIPLES

33.1. Impact of IFRS amendments and interpretations on consolidated financial statements of the Group

33.1.1. Binding amendments to IFRSs and interpretations

Standards and Interpretations adopted by the EU, effective from 01/01/2022	Impact on financial statements
Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework with amendments to IFRS 3	no impact
Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use	no impact
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract	no impact
Amendments to various standards due to "Improvements to IFRSs (cycle 2018-2020)"-amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	no impact

33.1.2. 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, effective from 01/01/2023	Possible impact on financial statements
IFRS 17 Insurance Contracts including amendments to IFRS 17	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 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

33.1.3. 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 not yet adopted by the EU	Effective from	Possible impact on financial statements
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments	Effective date deferred	no impact expected
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	01/01/2024	no impact expected
Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	01/01/2024	no impact expected
Amendments to IAS 1 Non-current Liabilities with Covenants	01/01/2024	no impact expected

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

33.2. Functional currency and presentation currency of financial statements and methods applied to translation of financial data for consolidation purposes

These consolidated financial statements are presented in Czech crowns (CZK), which is the Group's presentation and Company's functional currency. All financial information presented in CZK has been rounded to the nearest million.
Financial statements of foreign entities, for consolidation purposes, are translated into CZK using the following methods:
- assets and liabilities of each presented statement of financial position are translated at the closing rate published by the Czech National Bank (CNB) at the end of the reporting period;
- respective items in the statement of profit or loss and other comprehensive income and statement of cash flows are translated at average exchange rates published by the CNB.

Foreign exchange differences resulting from the above calculations are recognized in equity as exchange differences on translating foreign operations.

Currency	Average exchange rate for the reporting period 2022	2021	Exchange rate as at the end of reporting period 2022	2021
CZK/EUR	24.565	25.645	24.115	24.86
CZK/USD	23.360	21.682	22.616	21.951
CZK/100 HUF	6.301	7.156	6.015	6.734

33.3. Applied accounting policies

33.3.1. 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 control of ownership of assets (IFRS 15) or in the case of financial instruments, the day on which the Group 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 Group 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. Additional information is presented in note 33.2.

33.3.2. Principles of consolidation

The consolidated financial statements of the Group include financial statements of a group in which assets, liabilities, equity, income, expenses and cash flows of the parent company and its subsidiaries and joint operations are presented as those of a single economic entity and are prepared as at the same reporting period as separate financial statements of the parent and using uniform accounting principles in relation to similar transactions and other events in similar circumstances. Data of subsidiaries and joint operations that together do not significantly impact the financial statements of the Group may not be consolidated.
The subsidiaries are consolidated using the full consolidation method and joint operations by recognition of respective share in assets, liabilities, revenues and cost. The joint ventures as well as investments in associates are accounted for under the equity method.
In preparing consolidated financial statements using the full consolidation method, the Group combines the assets, liabilities, revenue and cost of the parent company and its subsidiaries line by line and then performs adequate consolidation procedures, in particular:
- non-controlling interests in the net financial result of subsidiaries for the reporting period are identified;
- non-controlling interests in the net assets of subsidiaries are identified and presented separately from the parent's ownership interests in them;
- intra group balances are eliminated;
- intra group revenues, expenses and cash flow as well as any profits or losses are eliminated

A joint operator recognizes:
- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenues from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost and the carrying amount is increased or decreased in order to recognize the Group's share in the financial result of the investee from the date of acquisition. The Group's share in the financial result of the investee is recognized in the Group's financial result as other operating activity.

33.3.2.1. Investments in subsidiaries

Subsidiaries are entities under the parent's control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.
Non-controlling interests are included in the consolidated statement of financial position within equity attributable to non-controlling interests, separately from the equity of the owners of the parent.
If a parent loses control of a subsidiary, it:
derecognizes:
- the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them);

recognises:
- the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; and
- if the transaction that resulted in the loss of control involves a distribution of shares of the subsidiary to owners in their capacity as owners, that distribution;
- any investment retained in the former subsidiary at its fair value at the date when control is lost;

reclassifies to financial result, or transfers directly to retained earnings if required in accordance with other IFRSs,
the amount included in other comprehensive income related to former subsidiary; and recognises any resulting difference as a gain or loss in financial result attributable to the parent.
Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

33.3.2.2. Investments in joint arrangements (jointly controlled entities)

A joint arrangement (jointly controlled entity) is a joint venture or a joint operation, in which the contractually agreed sharing of control of an arrangement, which exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.
An arrangement can be a joint arrangement even though not all of its parties have joint control of the arrangement, for this reason it is distinguished between parties that have joint control of a joint arrangement (joint operators or joint ventures) and parties that participate in, but do not have joint control of, a joint arrangement.
A joint arrangement is a contract within which 2 or more parties exercise joint control.
A joint arrangement is an arrangement of which two or more parties have joint control. A joint venture requires the establishment of a legal person, partnership or other entity in which each venture has participated.
Such an entity operates on the same basis as other entities, except that the contractual arrangements between the operators of the arrangement establish joint control over the economic activity of the entity.
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

33.3.3. Business combinations

Business combinations under common control, including the acquisition of an organized part of the enterprise and mergers are recognized by summarizing separate assets and liabilities and revenues and costs of combinations as at the acquisition date. The effect of business combinations under common control has no impact on the consolidated financial data. In the separate financial statements the difference (positive / negative) between the price paid and the carrying amount of the acquired venture/company is included in the item retained earnings.
The financial statements of the company to which the assets of the combined companies or the assets of the newly-formed company are transferred, prepared as at the end of the reporting period in which combination took place, include comparative data for the prior financial year from the date of the transaction.
Other business combinations are accounted for by applying the acquisition method. Applying the acquisition method requires:
- identifying the acquirer,
- determining the acquisition date,
- recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquire, and
- recognising and measuring goodwill or a gain from a bargain purchase.

Acquisition-related costs are costs the acquirer incurs to effect a business combination. Those costs may include; advisory, legal, accounting, valuation and other professional or consulting fees; general administrative costs, including the costs of maintaining an internal acquisitions department. The acquirer accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received.

33.3.4. Revenues

The Group 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 Group can identify each party's rights regarding goods or services to be transferred; the Group can identify the payment terms for the goods or services to be transferred; the contract has commercial substance and it is probable that the Group 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 Group assesses the goods or services promised in the contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

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

Determination of the transaction price
The Group 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 Group 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 Group 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 Group 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 Group 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 Group recognises revenue when (or as) the Group 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 Group 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 Group 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 Group is not created, and the Group has an enforceable right to payment for performance completed to date.

33.3.5. Costs

Costs (relating to operating activity) include costs that relate to core activities, i.e. activities for which the Group 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 Group recognizes costs in accordance with the principle of proportionality of revenues and costs. In line with matching concept, cost that relate to the earned revenues are:
- costs that may be directly attributed to the revenues of the reporting period,
- costs that are not directly attributable to the revenues, for which there is evidence that they led to the economic benefits received in the reporting period.

Cost of sales comprises costs of finished goods, services, merchandise and raw materials sold and adjustments related to inventories written down to net realizable value.
The Company recognises as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. Additional costs of contract inception are recognized as costs when they are incurred, if the depreciation period of the asset that would otherwise were recognized by the Company is one year or less.

Distribution expenses include trading expenses, advertising and promotion expenses as well as distribution expenses.
General and administrative expenses include expenses relating to management and administration of the Group as a whole.

33.3.6. Other operating income and expenses

Other operating revenues and expenses indirectly refer to operating activity and are incidental.
Other operating income includes, in particular net gain 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, 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).

33.3.7. 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).

33.3.8. Impairment of financial instruments

The losses due to impairment of financial instruments include in particular:
- losses due to impairment of receivables and interest on receivables,
- reversal of losses due to impairment of receivables and interest on receivables,
- losses due to impairment of loans granted,
- reversal of losses due to impairment of loans granted.

33.3.9. 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, and only if, the Company has a legally enforceable right to offset the recognized amounts, and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.
The transactions settled directly in equity are recognized in equity.

33.3.10. 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 Group has no potential dilutive shares.

33.3.11. Property, plan 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 34.3.24 – 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 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.

33.3.12. Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.
Investment property shall be recognized as an asset only when:
- it is probable that the future economic benefits that are associated with the investment property will flow to the Group, and
- the cost of the investment property can be measured reliably.

An investment property is measured initially at its cost. Transaction costs are included in the initial measurement. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs. For internally constructed investment property the final cost is set at the date of construction completion when the asset is brought into use, in accordance with rules set for property, plant and equipment.
After initial recognition investment property shall be measured at fair value applying comparative and income methods depending on the nature of the investments. Gains and losses resulting from changes in fair value of investment property are presented in the statement of profit or loss and other comprehensive income in the period which they arise. The Group determines fair value without any deduction for transaction costs it may incur on sale or other disposal.
If the Group determines that the fair value of an investment property is not reliably determinable on a continuing basis, the Group 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.

33.3.13. 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 Group and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Group intends to do so, or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Group 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 Group 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 Group 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 Group can demonstrate the existence of a market for the output of the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, its ability to measure reliably the expenditure attributable to the intangible asset during its development.
If the definition criteria of an intangible asset are not met, the cost incurred to acquire or self develop an asset are recognized in profit or loss when incurred. An intangible asset that is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date.
An intangible asset is measured initially at cost (without including the grants related to assets).
After initial recognition, an intangible asset shall be presented in the financial statements at its net carrying amount, without including grants related to assets.
Intangible assets are measured at acquisition or at construction cost less amortization and impairment allowances. Intangible assets with a finite useful life are amortized when they become available for use that is when they are in the location and condition necessary for them to be capable of operating in the manner intended by the management over their estimated useful life. The depreciable amount of an asset with a finite useful life is determined after deducting its residual value. Excluding particular cases, the residual value of an intangible asset with a finite useful life shall be assumed to be zero.
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, e.g. interest, commissions, are part of the initial cost.
The following standard useful lives are used for intangible assets:

Acquired licenses, patents, and similar intangible assets	2-15 years
Acquired computer software	2-10 years

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

33.3.13.1. Carbon dioxide emission allowances

CO_2 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 recognized 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_2 emission during the reporting period, a provision is created in costs of operating activity (taxes and charges).
Grants should be recognised as income 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_2 emission allowances are amortized against the book value of provision, as its settlement. Outgoing of allowances is recognized using the average weighted method.

33.3.14. Right of use assets

At the commencement date, the Group 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 Group measures the right of use asset applying the cost model.
- in applying the cost model, the Group measures 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 Group 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 Group 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 Group 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 Group shall consider all important facts and incidents behind the economic incentives to make use of the option to extend the lease or not to exercise the option of its termination. The useful life of right of use assets is shall be determined in the same manner as for tangible fixed assets.
The Group 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.

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

At the end of the reporting period the Group 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 Group 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.

33.3.16. Inventories

Inventories are assets held for sale in the ordinary course of business, or in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services.
Inventories comprise products, semi-finished products and work in progress, merchandise and materials.
Finished goods, semi-finished products and work in progress are measured initially at production cost. Production costs include costs of materials and costs of conversion for the production period. Costs of production also include a systematic allocation of fixed and variable production overheads estimated for normal production level.
Finished goods, semi-finished products and work in progress shall be measured at the end of the reporting period at the lower of cost or net realizable value, after deducting any impairment losses.
Disposals of finished goods, semi-finished products and work in progress are determined based on the weighted average cost formula, the cost of each item is determined from the weighted average of the cost of similar items produced during the reporting period.
Merchandise and materials are measured initially at acquisition cost.
As at the end of the reporting period merchandise and raw materials are measured at the lower of cost or net realizable value, considering any impairment allowances. Disposals of merchandise and raw materials are determined based on the weighted average acquisition cost or production cost formula except for inventories which, due to technical parameters and/or the specifics of the production process, are issued from the warehouse according to the order in which they are received (e.g. materials, printing materials) –outgoing according to FIFO method. Impairment tests for specific items of inventories are carried out on a current basis during an annual reporting period. Write-down to net realizable value concerns raw materials and merchandise that are damaged 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.

33.3.17. 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 Group 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 Group applies simplified method of valuation of receivables measured at amortized cost.
Receivables accounted at amortised cost, where the Group 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 Group 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 Group uses the provision matrix, which was estimated based on historical levels of repayment and recoveries from receivables from customers. The Group 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 Group does not monitor changes in the credit risk during life of instrument. The Group 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.

33.3.18. 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.

33.3.19. Equity

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

33.3.19.1. 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.

33.3.19.2. Hedging reserve

The hedging reserve relates to valuation and settlement of hedging instruments that meet the criteria of cash flow hedge accounting. The Group 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.

33.3.19.3. Revaluation reserve

The revaluation reserve includes revaluation of items, which, according to the Group's regulations, relates to the revaluation reserve, including particularly:
- change in the fair value of the assets measured at fair value through other comprehensive income;
- differences between the net book value and the fair value of an investment property at the date of reclassification from the property occupied by the Group to an investment property.

33.3.19.4. Exchange differences on translating foreign operations

Exchange differences on translating foreign operations result mainly from translation of financial statements of subsidiaries into the presentation currency of the Group.

33.3.19.5. 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.

33.3.20. 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 Group applies simplified methods of valuation of liabilities measured at amortized cost if it does not distort information included in the statement of financial position.
Accruals are liabilities due for goods received or services provided, but not paid, invoiced or formally agreed with the seller, together with amounts due to employees.
Although it is sometimes necessary to estimate the amount or timing of accruals, the related uncertainty is generally much lower than it is for provisions.

33.3.21. Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Group 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.

33.3.21.1. Environmental provision

The Group 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.

33.3.21.2. Jubilee bonuses and retirement benefits

Under the Group'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.

33.3.21.3. Shield programs

Shield programs provision (restructuring provision) is created when the Group 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.

33.3.21.4. CO_2 emissions costs

The Group creates a provision for the estimated CO_2 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.

33.3.21.5. 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 Group recognizes a provision (if the recognition criteria are met).
If it is more probable that no present obligation exists or when the reliable estimate of the amount of obligation cannot be made at the end of the reporting period, the Group discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.

33.3.22. Government grant

Government grants are transfers of resources to the Group 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 Group 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_2 emission allowances granted is described in note 33.3.21.4.

33.3.23. Consolidated statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method.
Cash and cash equivalents included in the consolidated statement of cash flows and in the consolidated statement of financial position are identical.
Dividends received are included under investing activities.
Dividends paid are included under 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 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 operating activities.

33.3.24. Financial instruments

33.3.24.1. Measurement of financial assets and liabilities

At initial recognition, the Group 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 Group does not classify instruments as measured at fair value through profit or loss upon initial recognition, i.e. does not apply the fair value option.
The Group 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.
Financial assets measured at amortized cost, where the Group applies simplifications, in particular when the period until the repayment date is not long, 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.

33.3.24. Financial instruments (continued)

Financial liabilities for which the Group 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. 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 Group 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.

The Group 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 Group as assets measured at amortized cost classifies trade receivables, loans granted, other financial receivables as well as cash and cash equivalents.
The Group 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 Group classifies financial liabilities into one of the following categories:
- measured at amortized cost,
- measured at fair value through profit or loss.

The Group 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 Group as measured at fair value through profit or loss.
The Group 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 Group 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 Group recognizes impairment allowances due to expected credit losses on financial assets measured at amortized cost or measured at fair value through other comprehensive income (with the exception of investments in equity instruments).
The Group uses the following models for determining impairment allowances:
- general model (basic),
- simplified model.

The general model is applied by the Group 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 Group 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 Group considers the indications resulting in the classification of financial assets to particular stages of determining impairment allowances.
For the purpose of estimating the expected credit loss, the Group applies default probability levels based on market credit quotes of derivatives for entities with a given rating and from a given sector.
The Group 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 Group for trade receivables.
In the simplified model, the Group 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 Group 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 Group applies the provision matrix estimated on the basis of historical levels of repayment and recoveries from receivables from contractors.

33.3.24. Financial instruments (continued)

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. 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 Group 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.

33.3.24.2. Transfers

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

33.3.24.3. Hedge accounting

Derivatives designated as hedging instruments whose fair value or cash flows are expected to offset changes in fair value or in the cash flows of a hedged item are accounted for in accordance with fair value or cash flow hedge accounting, if all of the following conditions are met:

- at the inception of the hedge, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge,
- the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistent with the originally documented risk management strategy for that particular hedging relationship,
- a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately impact profit or loss,
- the hedging relationship meets all of the following requirements for hedge effectiveness:
  - there is an economic relationship between the hedging instrument and the hedged item;
  - the credit risk effect is not dominant in the change of the hedging instrument and the hedged item;
  - the hedge ratio illustrates the actual size of the hedging instrument and the hedged item that the Company secures (the determination of the hedge ratio is not a deliberate attempt to generate an accounting effect that is not consistent with the hedge accounting objective),
- the effectiveness of the hedge can be reliably measured on the basis of the reliably determined fair value of the hedged item or related cash flows and the fair value or cash flows of the hedging instrument,
- the hedge is assessed on an ongoing basis and actually determined to have been highly effective throughout the financial reporting periods for which the hedge was designated.

The Group has two types of hedging relation: cash flow and fair value hedge.
The Group assesses effectiveness of cash flow hedge at the inception of the hedge and later, at minimum, at each reporting date. In case of cash flow hedge accounting, the Group recognizes in other comprehensive income part of profits and losses connected with the effective part of the hedge, whereas profits or losses connected with the ineffective part-under profit or loss.
In addition (in case of currency risk hedge-sport rate risk element), as part of equity in a separate item, the Group recognizes a change in the fair value due to the hedge costs.
To assess the effectiveness of hedge the Group uses statistical methods, including in particular the direct compensation method. The verification of fulfilment of conditions in the scope of binding effectiveness is made on a prospective basis, based on a qualitative analysis. If it is necessary, the Group uses quantitative analysis (linear regression method) to confirm the existence of an economic link between the hedging instrument and the hedged item.
In case of applying fair value hedge accounting, the Group recognizes profits or losses resulting from the revaluation of fair value of derivative financial instrument in financial result, and adjust carrying amount of hedged item by profit or loss related to the hedged item, resulting from the risk being hedged and recognizes it in the profit or loss (in the same item in which hedging derivatives are recognized).
If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. However, if the Group expects that all or a portion of a loss recognized in other comprehensive income will not be recovered in one or more future periods, it reclassifies the amount that is not expected to be recovered to profit or loss.
If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment , the Group removes the associated gains and losses that were recognized in the other comprehensive income and includes them in the initial cost or other carrying amount of the asset or liability.

33.3.24. Financial instruments (continued)

If a hedge of a forecast transaction results in recognition of revenues from sales of products, merchandise, materials and services, the Group removes the associated gains and losses that were recognized in other comprehensive income and adjusts these revenues.
In case of applying fair value hedge accounting, cumulated adjustment of hedged item valuation for hedged risk is transferred to the financial result at the moment when the realization of hedged item affects the result.
Derivatives are recognized as assets when their valuation is positive and as liabilities in case of negative valuation.

33.3.25. Fair value measurement

Hedging financial instruments are measured in accordance with the principles of hedge accounting.
The Group maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs to estimate the fair value, i.e. the price at which an orderly transaction to transfer the liability or equity instrument would take place between market participants as at the measurement date under current market conditions.
The Group measures derivatives at fair value using valuation models for financial instruments based on generally available exchange rates, interest rates, forward and volatility curves for currencies and commodities quoted on active markets.
The fair value of derivatives is based on discounted future flows related to contracted transactions as the difference between term price and transaction price.
Forward exchange rates are not modelled as a separate risk factor, but derive from spot rate and the respective forward interest rate for foreign currency in relation to CZK.

33.3.26. Lease

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

Lease payments included in the evaluation of lease liability include:
- fixed lease payments;
- variable lease payments, which depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts that are expected to be paid by the lessee as part of the guaranteed residual value;
- the call exercise price, should it be assumed with reasonable certainty that the Group shall decide to exercise the call option;
- penalty payments for termination of a lease, unless it can be assumed with reasonable certainty that the Group 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 Group does not discount lease liabilities by the interest rate implicit in the lease as the calculation of such rates requires information known only to the lessor (the non-guaranteed final value of the leased asset as well as the direct costs incurred by the lessor).
Determining the lessee’s incremental borrowing rate
Lessee’s incremental borrowing rates were specified as the sum of:
- the risk free rate, based on the Interest Rate Swap (IRS) in accordance with the maturity of the discount rate, and the relevant basic rate for the given currency, as well as
- the PKN group's matrix set credit risk premium based on the credit margin calculated inclusive of the credit risk segmentation of all companies which have entered into lease agreements.

Subsequent measurement
After the commencement date, the Group measures the right of use asset applying the cost model.
In applying the cost model, the Group shall measure the cost of the right of use asset:
- less any accumulated depreciation and accumulated impairment losses; and
- adjusted in respect of any updates to the measurement of lease liability not resulting in the necessity for recognition of a separate asset.

33.3.26. Lease (continued)

After the date of commencement the Group shall measure the lease liability by:
- increasing the carrying amount to reflect interest on the lease liability,
- decreasing the carrying amount to reflect any lease payments made, and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to revise in-substance fixed lease payments.

The Group 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 Group to be payable under the residual amount guarantee, or if the Group 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 Group in the statement of profit or loss.

Depreciation

The right of use asset is depreciated linearly over the shorter of the following two periods: the period of lease or the useful life of the underlying asset. However in cases where the Group 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 Group has leases agreements regarding mainly:

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.

Buildings and construction, including petrol stations, storage tank, office spaces for a fixed period up to 30 years.

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 Group 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

Exemptions

Following agreements within the Group 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 Group does not apply IFRS 16 to lease agreements or similar for intangible assets.

Simplifications and practical solutions

Short-term lease

The Group 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 Group 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 Group includes for example: gas cylinders, coffee machines, and small items of furniture.

The underlying asset may have a low-value only if:
- the Group lessee may benefit from use of the underlying asset itself or in conjunction with other resources which are readily available to him, and
- the underlying asset is not highly dependent on or related to other assets.

If the Group 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.

33.3.26. Lease (continued)

Determining the lease term: indefinite contracts
When establishing the term for indefinite leases contracts, the Group 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 Group'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 more than insignificant, the lease term adopted is equal to that of the expected period of economic benefits derived from the incurred expenses.
The value of the incurred expenses represents a separate asset to the right of use asset.
Separating non-lease components
From contracts, that include lease and non-lease components, the Group 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 Group considers all important facts and events resulting in existence of the economic incentives to make use of the option to extend the lease or not to exercise the option of its termination.
The Group 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 Group 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 Group as a Lessor
When the Group is the lessor, the lease is classified as finance or operating lease at the inception date of the lease.
In order to classify a lease as described above, the Group 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 Group 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 Group shall allocate the consideration in the contract to each lease component in accordance with IFRS 15.
On the date of commencement of the lease the lessor recognizes any assets leased as part of a financial lease in its statement of financial position and includes them as receivables equal to the value of the net investment in the lease. Net investment in the lease is gross investment in the lease discounted at the interest rate implicit in the lease.
On the date of commencement of the lease, lease payments included in the measurement of the net investment in the lease comprise of the following payments for the right of use of the underlying assets, which have not yet been received on the date of commencement.
- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments, that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- all guaranteed residual values awarded to the lessor by the lessee, an entity connected to the lessee or an independent third party;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

33.3.26. Lease (continued)

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

i) the fair value of the leased asset and

ii) any initial direct costs of the lessor.

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

Subleases

In respect of subleases, the Group 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 Group classifies the sublease as an operational lease.

33.3.27. Contingent assets and liabilities

The Group 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 Group estimates the financial impact of contingent assets valuing them according to the principles of valuation provisions.
At the end of reporting period the Group 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 Group, 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 Group is not able to valuate liabilities reliably enough.

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

33.3.28. Events after the reporting period

Subsequent events after the reporting date are those events, favourable and unfavourable that occur between the end of the reporting period and date when the financial statements are authorized for issue. Two types of subsequent events can be identified:

- those that provide evidence of conditions that existed as at the end of the reporting period (events after the reporting period requiring adjustments) and
- those that are indicative of conditions that arose after the reporting period (events after the reporting period not requiring adjustments).

34. APPLICATION OF PROFESSIONAL JUDGEMENT AND ASSUMPTION

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, equity, revenues 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 matters of considerable weight, the Group'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:

8. Tax expense – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used,

10. Property, plant and equipment – assessment of remaining useful lives of the property plant and equipment,

11. Investment property – estimation of periods for the assets will be rented,

12. Intangible assets – assessment of remaining useful lives of the intangible assets,

14. Impairment of property, plant and equipment and intangible assets – the management assesses whether there is any indicator for impairment of an assets or cash generating unit. As part of the analysis of indications, both external factors - including primarily the macroeconomic environment as well as internal environment are analysed - including strategic decisions, financial projections and operational plans. If there is any indicator for impairment, the estimation of recoverable amount of an asset is made,

34. APPLICATION OF PROFESSIONAL JUDGEMENT AND ASSUMPTION (CONTINUED)

15.1. Changes in impairment allowances of inventories to net realizable value – estimation of the net realizable value based on the most recent sales prices at the moment of estimations,

16. Impairment of trade and other receivables - the Group does not monitor changes in the credit risk during life of instrument and estimates the expected credit loss until maturity of instrument. For the purpose of estimating the expected credit loss, the Group uses the provision matrix, which was estimated based on historical levels of repayment and recoveries from receivables from customers. The Group includes information on the future in parameters used in the expected loss estimation model, through the management adjustment of the basic default probability rates.
Expected credit loss is calculated at the moment of recognition of receivables 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 a given receivable.
Recognition and reversal of the expected impairment allowances for main receivables is recognized under other operating income/expenses in the line (loss)/reversal of loss due to impairment of financial instruments and for interest on late payment under finance income/costs in the line (loss)/reversal of loss due to impairment of financial instruments.

21. Provisions – recognition of provisions requires estimates of the probable outflow of resources embodying economic benefits and defining the best estimate the expenditure required to settle the present obligation at the end of the reporting period. Provisions are recognized when the probability of outflow of resources embodying economic benefits is higher than 50%,

27. Lease – in the field of contracts in which the Group is a lessee, when the assessment or the contract contains a lease is not clear, the Group makes a professional judgment whether the definition of lease in accordance with IFRS 16 is fulfilled.

In the field of contracts in which the Group is a lessor, the Group makes a judgment classified lease contracts as finance lease or operating lease based on the analysis of the economic content of the transaction.

28. Financial instruments – the classification of financial instruments, nature and extent of risk related to financial instruments and application of the cash flow hedge accounting. The financial instruments are classified into different categories depending on the purpose of the purchase and nature of acquired assets,

37. The parent company and structure of the consolidated Group – the Group, regardless of the nature of its involvement in the entity (the entity in which it invested) defines its status by assessment, whether it controls the entity in which the investment was made, and whether it has a joint control in a joint venture, after consideration of all the facts and circumstances.

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

35. INFORMATION CONCERNING SIGNIFICANT PROCEEDINGS IN FRONT OF COURT OR IN FRONT OF PUBLIC ADMINISTRATION BODIES

As at 31 December 2022 the Group entities were parties in the following significant proceedings in front of court or in front of public administration bodies:

35.1. Proceedings in which the Group entities acts as a plaintiff

Tax proceeding

ORLEN Unipetrol RPA s.r.o., acting as legal successor of CHEMOPETROL, a.s., is a party in a tax proceeding related to the validity of investment tax relief for 2005. ORLEN Unipetrol RPA s.r.o. claims the return of income tax paid in 2006 for the fiscal year 2005 by CHEMOPETROL, a.s. The claim concerns unused investment relief attributable to CHEMOPETROL, a.s. The total value of the claim amounts to approximately CZK 325 million.

On 14 October 2015, the Czech Supreme Administrative Court annulled the Regional Court in Ústí nad Labem judgment and decided to return the case back to the Regional Court in Ústí nad Labem for re-examination. The Supreme Administrative Court commented that the Regional Court did not correctly deal with the legitimate expectations objection raised by ORLEN Unipetrol RPA s.r.o. On 30 November 2016 the Regional Court in Ústí nad Labem resolved to annul the Appellate Financial Directorate decision dated 27 October 2010.

On 22 November 2018, the Appellate Financial Directorate resolved to dismiss the ORLEN Unipetrol RPA s.r.o. appeal and confirmed the Tax Office in Litvínov decision of 27 May 2010 on the corporate income tax obligation of ORLEN Unipetrol RPA s.r.o. of approximately CZK 325 million. On 25 January 2019 ORLEN Unipetrol RPA s.r.o. filed a complaint for a court review of the decision of the Appellate Financial Directorate.

On 28 June 2022 the Regional Court in Ústí nad Labem resolved to annul the Appellate Tax Authority decision. The matter was returned to the Appellate Tax Authority for review and a new decision. On 13 July 2022, the Appellate Tax Authority filed a cassation appeal against the decision of the Regional Court in Ústí nad Labem – consequently, the case is now pending with the Czech Supreme Administrative Court.

On 21 December 2022 the Appellate Financial Directorate issued a decision on reducing the ORLEN Unipetrol RPA s.r.o. income tax for 2005 from CZK 336 million to CZK 11 million. In January 2023 Appellate Financial Directorate resolved to award a total of CZK 701 million representing interest on the overpaid corporate income tax payable by the Appellate Financial Directorate to ORLEN Unipetrol RPA s.r.o. This decision can still be changed after the ruling on the cassation complaint filed by the Appellate Tax Authority.

Claim for unjustified enrichment against ČEZ Distribuce, a.s.

On 31 August 2015 ORLEN Unipetrol RPA s.r.o., as petitioner, submitted its action to the District Court in Děčín requesting issuance of a payment order ordering ČEZ Distribuce, a.s., as respondent, to pay an unjustified enrichment to ORLEN Unipetrol RPA s.r.o. in the amount of CZK 303 million including interest and legal fees. The unjustified enrichment of ČEZ Distribuce, a.s. results from ČEZ Distribuce, a.s., during the period from 1 January 2013 until 30 September 2013, charging ORLEN Unipetrol RPA s.r.o. a monthly fee for renewable sources of energy and combined heat and power production with respect to the electricity produced and distributed by ORLEN Unipetrol RPA s.r.o. itself. The Group is of the opinion that ČEZ Distribuce, a.s., as distribution system provider, is not entitled to charge a fee to its customers with respect to electricity which was produced and consumed by the customers themselves, i.e. for electricity for which no distribution service was provided.

On 25 November 2016 ORLEN Unipetrol RPA s.r.o. filed action, same as the one filed against ČEZ Distribuce, a.s., against OTE, a.s. (Czech operator of energy market responsible for, among others collecting (POZE) fees from energy distributors including ČEZ Distribuce, a.s.) The action was filed as a precaution.

On 18 July 2017 the District Court in Děčín resolved to dismiss ORLEN Unipetrol's petition against ČEZ Distribuce, a.s. On 2 November 2017 ORLEN Unipetrol a.s. filed an appeal against the district court's decision. By a notice dated 13 February 2019, the Regional Court in Ústí nad Labem informed ORLEN Unipetrol a.s. that the case was suspend and the Supreme Court was requested to establish whether the jurisdiction in this case is with the courts or Energetický regulační úřad (Energy Regulatory Authority).

The Czech Supreme Court ruled that Energetický regulační úřad has jurisdiction over this case (and therefore there is no jurisdiction of neither District Court in Děčín nor Regional Court in Ústí nad Labem to resolve in this case).

Based on this resolution of Czech Supreme Court ORLEN Unipetrol RPA s.r.o. applied for recovery court fees paid. Both courts ruled that ORLEN Unipetrol RPA s.r.o. is entitled for full recovery of the court fees. The case was transferred to Energetický regulační úřad.

On 26 August 2019 the Supreme Court of the Czech Republic issued a ruling in a similar case held by another customer of ČEZ Distribuce – E.ON a.s. The Supreme Court formulated its opinion that, in simple terms, even though the wording of the Act No. 165/2012 Coll., on supported sources of energy, as amended did not expressly state a right of ČEZ Distribuce to collect (POZE) fees also from electricity which was produced and consumed by the producer itself (in our case ORLEN Unipetrol RPA s.r.o.) – so called "own consumption" – intention of the legislator was to collect (POZE) fees also from this own consumption. In the context of our case, this Supreme Court ruling may preclude and determine decision of Energetický regulační úřad in our case.

On 6 November 2020 Energetický regulační úřad dismissed ORLEN Unipetrol RPA s.r.o. claim in full. ORLEN Unipetrol RPA s.r.o. appealed the decision – Board of Energetický regulační úřad shall decide about the appeal.

ORLEN Unipetrol RPA s.r.o. submitted an administrative action (in Czech: správní žaloba) to the District Court in Děčín claiming return of the unjust enrichment in amount of CZK 303 million. A case hearing took place on 15 June 2022. On 24 June 2022 the District Court in Děčín resolved to dismiss ORLEN Unipetrol RPA s.r.o. administrative action in full. On 23 August 2022 ORLEN Unipetrol RPA s.r.o. appealed the court´s decision. The case is now pending at the Regional Court in Ústí nad Labem. The Group created a provision in amount of CZK 72 million to this claim.

35.2. Proceedings in which the Group entities acts as the defendant

Purchase of shares of PARAMO, a.s.

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

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

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

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

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

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

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

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

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

On 12 January 2022 the Regional Court in Hradec Králové again resolved to dismiss the petition of the minority shareholders in full. The minority shareholders filed an appeal against the decision of the Regional Court in Hradec Králové.

Claim of KOOPERATIVA pojišťovna, a.s., Vienna Insurance Group

On 21 November 2018 ORLEN Unipetrol RPA s.r.o. received from the District Court Most a petition (request for issue of a payment order) filed by KOOPERATIVA pojišťovna, a.s., Vienna Insurance Group for CZK 134 million plus appurtenances.

The claim is based on the insurer recourse claims and it relates to insurance proceeds paid by KOOPERATIVA pojišťovna, a.s., Vienna Insurance Group to Butadien Kralupy a.s. and SPOLANA s.r.o. KOOPERATIVA pojišťovna, a.s., Vienna Insurance Group provided insurance coverage to Butadien Kralupy a.s. and SPOLANA s.r.o. for their business interruption relating to ORLEN Unipetrol RPA s.r.o. failure to supply feedstock due to the 2015 Steam Cracker accident.

On 8 June 2022, District Court in Most resolved to terminate the proceedings with respect to the Butadien Kralupy a.s. related damages claim (amounting to approx. CZK 96 million) because the matter shall be heard by an arbitration court in Prague since ORLEN Unipetrol RPA, s.r.o. and Butadien Kralupy a.s. agreed an arbitration clause.

On 27 June 2022, KOOPERATIVA pojišťovna, a.s. appealed the decision of the District Court in Most.

ORLEN Unipetrol RPA s.r.o. does not recognize the claim and considers the claim as unjustified and unfounded. ORLEN Unipetrol RPA s.r.o. will take all legal actions to defend itself against this claim.

This case is pending with the first instance court and it was stayed based on request of the parties.

Claim of Česká pojišťovna, a.s.

On 14 January 2019 ORLEN Unipetrol RPA s.r.o. received from the District Court Most a petition filed by Česká pojišťovna, a.s., for CZK 88 million plus appurtenances and payment order issued by the court for payment of the same amount.

The claim is based on the insurer recourse claim and it relates to insurance proceeds paid by Česká pojišťovna, a.s., to DEZA a.s. Česká pojišťovna, a.s. provided insurance coverage to Deza a.s. for its business interruption relating to ORLEN Unipetrol RPA s.r.o. failure to supply feedstock due to the 2015 Steam Cracker accident.

On 18 April 2019 the District Court in Most resolved to discontinue the proceedings reflecting an arbitration clause objection raised by ORLEN Unipetrol RPA s.r.o.

On 22 May 2019 Česká pojišťovna, a.s. filed a complaint for CZK 47 million plus appurtenances with Arbitration Court attached to Czech Chamber of Commerce and Agricultural Chamber of the Czech Republic.

On 2 March 2021 the arbitration panel issued a resolution and presented their preliminary opinion on merit of the case:

a) Česká pojišťovna, a.s. damages claim is justified: The arbitration panel refers to decisions of relevant Labour Inspectorate Authorities in which the authorities conclude that ORLEN Unipetrol RPA s.r.o. committed a number of administrative offences in the labour health and safety area, more or less related to the 2015 steam cracker incident. Consequently, the arbitration panel states that ORLEN Unipetrol RPA s.r.o. breached its obligation and caused the other party (DEZA, a.s.) to incur damages.
b) The arbitration panel preliminary believe there are circumstances which lead to the damages that justify reduction of quantum of damages awarded to Česká pojišťovna, a.s.

ORLEN Unipetrol RPA s.r.o. responded by a motion to stay the arbitration proceedings until final resolution on an administrative complaint filed by ORLEN Unipetrol RPA s.r.o. against the decisions of the Labour Inspectorate Authorities.

On 25 March 2021 the arbitration panel resolved to dismiss ORLEN Unipetrol RPA s.r.o. motion to stay the arbitration proceedings.

35.2. Proceeding in which the Group entities acts as a defendant (continued)

On 8 April 2021 the arbitration panel issued an arbitration award:

a) ordering ORLEN Unipetrol RPA s.r.o. to pay Česká pojišťovna a.s. CZK 28 391 400 plus interest on late payment of 8.05% per annum on this principal amount;
b) dismissing part of Česká pojišťovna a.s. claim amounting to CZK 18 927 600.

ORLEN Unipetrol RPA s.r.o. paid the amounts awarded to Česká pojišťovna a.s.

On 23 July 2021 ORLEN Unipetrol RPA s.r.o. filed a request to annul the arbitration court award and requested the court to stay the court proceedings until Regional Court in Ústí nad Labem decides on ORLEN Unipetrol RPA s.r.o. administrative complaint against the decisions of District Labour Inspectorate and State Labour Inspectorate Authority.

On 23 September 2021 the Regional Court in Ústí nad Labem resolved to annul the State Labour Inspectorate Authority's decision. The Regional Court in Ústí nad Labem returned the matter back to the State Labour Inspectorate Authority.

On 18 May 2022, the Municipal Court in Prague resolved to annul the arbitral award issued by the arbitration court in full.

Česká pojišťovna a.s. submitted an appeal against the decision of the Municipal Court in Prague dated 28 June 2022 and requested the appellate court to annul the court´s decision.

On 6 December 2022, the High Court in Prague (the appellate court) resolved to confirm the Municipal Court in Prague decision; Česká pojišťovna a.s. has a right to submit a cassation appeal against the High Court decision.

Arbitration with Technip Italy S.p.A.

Technip Italy S.p.A. ("Technip") was a contractor under an EPC Contract with ORLEN Unipetrol RPA s.r.o. ("Company") for construction of a major Polyethylene Plant located in Litvínov.

Technip was obliged to achieve issuance of Provisional Acceptance Certificate for the Polyethylene Plant by 26 February 2019 at latest. Technip did not deliver the Plant with a status of Provisional Acceptance by this date. There has been a delay to the achievement of Provisional Acceptance of almost 13 months. Technip remains liable for the maximum delay penalties appertaining to the delayed achievement of Provisional Acceptance for the Polyethylene Plant of EUR 23 257 thousand.

Technip did not pay the contractual penalties for delay to ORLEN Unipetrol RPA s.r.o. and consequently, ORLEN Unipetrol RPA s.r.o. drew down Performance Security (a bank guarantee securing Technip´s financial obligations towards the Company) and collected EUR 21 302 thousand. Amount of EUR 1 955 thousand representing a balance between the contractual penalties for delay and the amount of the Performance Security was a debt owing from Technip to ORLEN Unipetrol RPA s.r.o. In November 2020 the Company off-set the remaining contractual penalty amount with Technip´s invoice for the remaining part of the Final Payment of the Contract Price; thus the outstanding amount of the contractual penalty for delay is EUR 1 771 thousand.

In the Request for Arbitration, subject to subsequent amendment, Technip seeks:

a) payment of EUR 21 302 thousand representing amount of unjust enrichment that was reached by unjustified withdrawal of Performance Security by the Company;
b) payment of EUR 10 535 thousand representing the Technip additional claims based on various circumstances and legal grounds mainly relating additional activities, works and services carried out by Technip within the Polyethylene Plant construction project;
c) payment of EUR 184 thousand representing Technip invoice for the remaining part of the Final Payment of the Contract Price (which was off-set by the Company in November 2020);
d) payment of legal interest from all due and payable amounts;
e) dismissing of ORLEN Unipetrol RPA s.r.o. counterclaims.

On 30 November 2020 ORLEN Unipetrol RPA s.r.o. submitted a response to the Request for Arbitration and a counterclaim for the outstanding amount of the contractual penalty for delay is EUR 1 771 thousand.

End of January 2021 the partiers and the arbitration panel discussed, agreed and signed the key procedural documents, in particular the Terms of Reference and Procedural.

In line with the Procedural Timetable, on 31 March 2021 Technip submitted their full Statement of Claim. Pursuant to the timetable, ORLEN Unipetrol RPA s.r.o. submitted a Full Statement of Defence on 20 August 2021. Further replications were submitted by both, Technip and ORLEN Unipetrol RPA. Hearing took place on 22 and 23 February 2022.

Parties submitted their post-hearing briefs and costs submissions as ordered by the Tribunal. The Tribunal declared the arbitration proceedings closed as of 9 May 2022 and informed that it anticipates submitting the draft award to the Court until 9 August 2022.

In a final award dated 9 November 2022, the Arbitral Tribunal rendered the following:

a) ORLEN Unipetrol RPA s.r.o. shall pay to Technip EUR 7 178 plus interest.
b) All other Technip claims are dismissed.
c) Technip shall pay to ORLEN Unipetrol RPA s.r.o. EUR 1 589 008 plus interest – this amount represents the remainder of the contractual penalty for delay payable by Technip.
d) Technip shall bear the ICC costs of USD 510 000. Technip shall reimburse ORLEN Unipetrol RPA for its share on the costs advance of USD 255 000.
e) Technip shall pay to ORLEN Unipetrol RPA EUR 1 258 372 - this amount represents Company's legal and consultant costs.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

36. THE PARENT COMPANY AND STRUCTURE OF THE CONSOLIDATED GROUP

36.1. 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 2022).

Name and place of business	Ownership interest of the parent company in share capital	Ownership interest in share capital through subsidiaries	Operating segment	Website
Parent company				
ORLEN Unipetrol a.s. Milevská 2095/5, 140 00 Praha 4, Czech Republic			Corporate Functions	www.orlenunipetrol.cz
Subsidiaries consolidated in full method				
HC VERVA Litvínov, a.s. Litvínov, S.K. Neumanna 1598, Czech Republic	--	70.95%	Corporate Functions	www.hokej-litvinov.cz
Nadace ORLEN Unipetrol Milevská 2095/5, 140 00 Praha 4, Czech Republic	--	100.00%	Corporate Functions	www.nadaceorlenunipetrol.cz
Normbenz Magyarország Kft. Benczúr utca 13. B. ép., 1068 Budapest, Hungary	--	100.00%	Retail	www.orlen.hu
PARAMO, a.s. Přerovská 560, Svítkov, 530 06 Pardubice, Czech Republic	100.00%	--	Refining	www.paramo.cz
PETROTRANS, s.r.o. Střelničná 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.orlenunipetrol.de
ORLEN Unipetrol Doprava s.r.o. Litvínov - Růžodol č.p. 4, 436 70 Litvínov, Czech Republic	0.12%	99.88%	Refining	www.orlenunipetroldoprava.cz
ORLEN Unipetrol RPA s.r.o. Litvínov - Záluží 1, 436 70 Litvínov, Czech Republic	100.00%	--	Refining Petrochemical Energy Corporate Functions Retail	www.orlenunipetrolrpa.cz
ORLEN Unipetrol Hungary Kft. 2040 Budaörs, Puskás Tivadar utca 12, Hungary	--	100.00%	Refining	www.orlenunipetrol.hu
ORLEN Unipetrol Slovakia s.r.o. Kalinčiakova 14083/33A, 831 04 Bratislava, Slovak Republic	13.04%	86.96%	Refining Retail	www.orlenunipetrol.sk
ORLEN Unicre a.s. Revoluční 1521/84, 400 01 Ústí nad Labem, Czech Republic	100.00%	--	Corporate functions	www.unicre.cz
Joint operations consolidated based on shares in assets and liabilities				
Butadien Kralupy a.s. O. Wichterleho 810, 278 01 Kralupy nad Vltavou, Czech Republic	51.00%	--	Petrochemical	www.butadien.cz

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

36.2. Joint operations

	Place of business	Ownership interest of the parent company in share capital	Principal activities	Method of consolidation
Butadien Kralupy a.s.	Czech Republic	51.00%	Production of butadiene	Share in assets and liabilities

The Group in accordance with IFRS 11 classified Butadien Kralupy a.s. in as joint operations. Based on Article of association of Butadien Kralupy a.s., the Group has the right to proportionate share of the income and bears a proportionate share in the costs of joint operations.

36.3. Change in Group structure

On 1 December 2022 ORLEN Unipetrol RPA s.r.o. acquired 100% of shares in Normbenz Magyarország Kft.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

36.4. Settlement of acquisition of Normbenz Magyarország Kft. shares in accordance with IFRS 3 Business Combinations

On 1 December 2022 ORLEN Unipetrol RPA s.r.o. acquired 100% of shares in Normbenz Magyarország Kft. (Normbenz) with its headquarter in Budapest.
The ORLEN Unipetrol Group entered Hungary because of the corrective measures related to PKN Orlen Group´s acquisition of Grupa LOTOS and an agreement with the MOL Group to take ove some of its outlets.
Normbenz is one of the biggest petrol stations network in Hungary. As of 1 December 2022, the ORLEN Unipetrol Group assumed the ownership of 79 petrol stations that had until now been operated under the Lukoil brand. The remaining 64 petrol stations in Hungary will then be taken over from MOL by mid-2024.
The provisional value of the payment made amounted to CZK 2 427 million.

Temporary settlement of the transaction
The merger transaction with Normbenz is accounted for using the acquisition method in accordance with IFRS 3 Business Combinations.
As at 31 December 2022, the accounting for the merger has not been completed, and the process of measuring the acquired net assets to fair value is at early stage. Therefore, the Group presents provisional values of identifiable assets and liabilities which correspond to their book values as at the merger date. The Group decided to involve independent experts in order to carry out the valuation at fair value of the acquired assets and assumed liabilities. This valuation will be performed by external experts in subsequent period and will affect the final fair value of the presented net assets under settlement. The Group plans to make the final settlement of the purchase transaction within 12 months from the merger date.

The provisional value of the identifiable major items of Normenz´s acquired assets and liabilities at the acquisition date are as follows:

Assets acquired	**A**	**1 307**
Non-current assets		**1 152**
Property, plant and equipment		868
Intangible assets		190
Deferred tax assets		10
Right of use assets		84
Current assets		**155**
Inventories		64
Trade and other receivables		61
Cash		30
Assumed liabilities	**B**	**457**
Non-current liabilities		**77**
Lease liabilities		77
Current liabilities		**380**
Loans		100
Trade and other liabilities		275
Lease liabilities		5
Total net assets	**C=A-B**	**850**
Acquired net assets attributable to the equity owner of the parent	**D**	850
% share in the share capital	**E**	100%
Value of shares measured as a proportionate share in the net assets	**F=D*E**	850
Purchase price		2 427
Temporary loss on bargain purchase of Normbenz		**1 577**

Net cash outflow related to the acquisition of Normbenz, being the difference between acquired net cash (recognised as cash flows from investing activities) and cash transferred as a consideration amounted to CZK 1 577 million.
If the acquisition of Normbenz shares took place at the beginning of the annual reporting period, the Group's net profit would be lower by CZK 242 million, and sales revenues would be higher by CZK 5 201 million. The share of Normbenz in the sales revenues and in profit generated by the ORLEN Unipetrol Group for the 2021 amounted to CZK 6 995 million and CZK 131 million, respectively.

37. IMPACT OF CORONAVIRUS PANDEMIC ON GROUP'S OPERATIONS

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

As part of the assessment of the Group'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 Group's operations in the Business plan 2023 and inputs to the impairment model, which is described in more detail in Note 14. Despite continuous dynamic changes in the economic, legal and regulatory environment related to COVID-19 pandemic based on the analysis performed, the Group's Management does not identify the risk of going concern in the foreseeable future.

Impact of coronavirus pandemic on Group'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 Group's financial situation in 2022.
Since the outbreak of the pandemic the Group 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 Group presented the impact of the coronavirus pandemic on selected areas of the Group's operations.

Actions taken by the Group in connection with COVID-19 pandemic

The Group 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 Group. The Group selected a group of super-critical employees to which separate rules connected with dealing with pandemic situation apply.
During 2022 there were no disruptions in any area of operations within the Group 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 Group has taken a number of preventive measures in order to limit the spread of the virus at the premises and protection of employees. The Group adjusts its operations on an ongoing basis to the changing epidemiological situation.

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

Estimation of expected credit loss ECL
As at 31 December 2022 the Group 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 2022, based on performed analysis, the Group did not identify any indicators for modification of assumptions taken for estimation of expected credit loss.

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 the indicator to perform impairment tests on assets.
Additional information were included in note 14.

Liquidity situation

In 2022 the Group 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 Group is stable and in the Group's opinion, the ongoing coronavirus pandemic has not changed the overall level of liquidity risk in the Group. The Group does not identify currently and within the next 12 months problems with liquidity. The Group 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 Group does not identify any significant risks related to potential breach of the terms of commercial contracts and supply contracts (including crude oil supplies).

38. IMPACT OF THE RUSSIAN INVASION OF UKRAINE

Basis for the preparation of financial statements

As part of the assessment of the Group'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 Group does not have any significant direct exposure to Ukraine, Russia or Belarus. The Group performed a detailed analysis of sales realized on the Ukrainian and Russian markets. Due to low sales volumes in this territory, the Group did not identify any indicators to adjust the assumptions made to estimate the expected credit loss.
However, the impact on the general economic 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 Group 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.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

39. EVENTS AFTER THE REPORTING PERIOD

Change in Group´s structure

On 2 January 2023 ORLEN Unipetrol RPA s.r.o. acquired 100% of shares in REMAQ, s.r.o. (REMAQ) with its headquarter in Otrokovice.

The ORLEN Unipetrol Group continues to meet its strategic development objectives by 2030. Within this framework, it also focuses on the principles of circular economy and permanent sustainability. It develops these by building a broad portfolio of recycling activities, thanks to which it will be able to efficiently acquire and process waste plastic and bio-waste and produce new petrochemicals and biofuels from it. It expanded its existing activities in the field of chemical recycling to the segment of mechanical recycling by completing the acquisition of REMAQ, a leading player in the region of Central and Eastern Europe, into its Group.

REMAQ focuses on production and trading with plastic recyclates, especially polypropylene, polyethylene and polystyrene. It operates four modern regranulation lines with total capacity of 3 000 tonnes per month. It employs 80 people and its revenue exceeds half a billion CZK.

The provisional purchase price amounted to CZK 1 504 million and will be subject of the final settlement.

Temporary settlement of the transaction

The acquisition of the REMAQ is accounted for using the acquisition method in accordance with IFRS 3 Business Combinations.

The accounting for the merger has not been completed, and the process of measuring the acquired net assets to fair value is at very early stage. Therefore, the Group presents provisional values of identifiable assets and liabilities which correspond to their book values as at the merger date. The Group decided to involve independent experts in order to carry out the valuation at fair value of the acquired assets and assumed liabilities. This valuation will be performed by external experts in subsequent period and will affect the final fair value of the presented net assets under settlement. The Group plans to make the final settlement of the purchase transaction within 12 months from the merger date.

The provisional value of the identifiable major items of REMAQ´s acquired assets and liabilities at the acquisition date are as follows:

Assets acquired	**A**	**596**
Non-current assets		**154**
Property, plant and equipment		56
Other non-current assets		7
Right of use assets		91
Current assets		**442**
Inventories		135
Trade and other receivables		121
Cash		186
Assumed liabilities	**B**	**223**
Non-current liabilities		**126**
Deferred tax liabilities		8
Loans		27
Other non-current liabilities		2
Lease liabilities		89
Current liabilities		**97**
Loans		7
Trade and other liabilities		75
Current tax liabilities		12
Other current liabilities		1
Lease liabilities		2
Total net assets	**C=A-B**	**373**
Purchase price		1 504
Provisional loss on bargain purchase of REMAQ		**1 131**

Changes on the statutory bodies

Changes in the Board of Directors in 2023 were as follows:

Position	Name	Change	Date of change
Member	Ryszard Pilch	Termination of the office	as at 27 January 2023
Member	Ryszard Pilch	Elected to the office	with the effect from 28 January 2023
Vice-chairman	Ryszard Pilch	Elected as a vice-chairman	with the effect from 31 January 2023
Member	Adam Jarosz	Termination of the office	as at 17 February 2023
Member	Adam Jarosz	Elected to the office	with the effect from 18 February 2023
Member	Tomáš Herink	Termination of the office	as at 15 March 2023
Member	Tomáš Herink	Elected to the office	with the effect from 16 March 2023

Mrs. Iwona Waksmundzka-Olejniczak resigned from her office as a member of the Supervisory Board with the effect as at 2 March 2023. Mrs. Beata Kozłowska-Chyła was appointed as a member of the Supervisory board with the effect from 16 March 2023.

The Group’s management is not aware of any other events that have occurred since the end of the reporting period that would have any material impact on or would be required to be included in the financial statements as at 31 December 2022.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2022 (in CZK million)

40. STATEMENT OF THE BOARD OF DIRECTORS AND APPROVAL OF THE FINANCIAL STATEMENTS

The Board of Directors of ORLEN Unipetrol a.s. hereby declares that to the best of its knowledge the consolidated financial statements and comparative data were prepared in compliance with the applicable accounting principles adopted by in the Group (disclosed in note 33.3.) and that they reflect true and fair view on the financial position and financial result of the Group, including basic risks and exposures.

The consolidated financial statements were authorized by the Board of Directors meeting held on 18 April 2023.

Signature of statutory representatives

Tomasz Wiatrak Digitally signed by Tomasz Wiatrak Date: 2023.04.20 16:34:39 +02'00'	Adam Jarosz Digitally signed by Adam Jarosz Date: 2023.04.20 13:30:33 +02'00'
Tomasz Wiatrak	Adam Jarosz
Chairman of the Board of Directors	Member of the Board of Directors

KyndlM Digitálně podepsal KyndlM Datum: 2023.04.20 12:38:54 +02'00'

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 2022

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 1.1.2022 to 31.12.2022 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

ORLEN Unipetrol a.s., with registered office at Milievská 2095/5, 140 00 Praha 4, Corporate ID: 616 72 190, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Enclosure 3020 (hereinafter „ORLEN Unipetrol a.s.").

Controlling Persons

Polski Koncern Naftowy Spólka Akcyjna with registered office at Chemików 7, PŁOCK, Poland (hereinafter „Polski Koncern Naftowy Spólka Akcyjna") is the majority shareholder (associate) of ORLEN Unipetrol a.s.

Other Controlled Persons

The entities controlled by the Controlling Person – Polski Koncern Naftowy Spólka 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

- strategic management of the development of the group of directly or indirectly controlled companies,
- coordination and facilitation of matters of common interest of the group of directly or indirectly controlled companies,
- arranging of financing and development of financing systems in the companies within the concern,
- development of human resources and a system of human resource management in the companies within the concern,
- administration, acquisition of and disposal with ownership interests and other assets of the Company, in particular:
  - (i) establishing of business corporations, participation in their foundation and other acquisitions of ownership interests in business of other legal entities,
  - (ii) exercising of shareholder´s and similar rights within directly or indirectly controlled companies,
  - (iii) renting of real estate and provision of basic services for due functioning of real estate.

The method and means of controlling

Polski Koncern Naftowy Spólka Akcyjna is the sole shareholder (associate) of ORLEN Unipetrol a.s. and has direct influence in ORLEN 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 no actions carried out in accordance with article 82 (2d) of the Act on Business Corporations.

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

The mutual agreements between ORLEN Unipetrol a.s. and Polski Koncern Naftowy Spólka 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 Board of Directors of ORLEN Unipetrol a.s. based on available information declares that ORLEN Unipetrol a.s. incurred no detriment, special advantage or disadvantage in accordance with the arcticle 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 ORLEN Unipetrol a.s. except those arising from standard participation in international business group.

The company's Board of Directors 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 conjuction with the Appendix No. 1, 2 and 3.

On behalf of the Board of Directors of ORLEN Unipetrol a.s.

Tomasz Wiatrak

Digitally signed by Tomasz Wiatrak
Date: 2023.04.20 16:36:17 +02'00'

Tomasz Wiatrak

Chairman of the Board of Directors

Adam Jarosz

Digitally signed by Adam Jarosz
Date: 2023.04.20 13:31:27 +02'00'

Adam Jarosz

Member of the Board of Directors

KyndlM

Digitálně podepsal KyndlM
Datum: 2023.04.20 12:39:59 +02'00'

Appendix No. 1
Capital Group of ORLEN Unipetrol a.s. - Controlled Companies
1 January - 31 December 2022

Company controlled by ORLEN Unipetrol a.s.	Residence	Shares in directly and indirectly controlled company in %		Note
		as at 1.1.2022	as at 31.12.2022	
Companies with direct share of 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	
1.1 HC VERVA Litvínov, a.s., IČ 640 48 098	Litvínov , S.K. Neumanna 1598, Czech Republic	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.
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.
1.4 ORLEN Unipetrol Slovakia s.r.o., IČ 357 77 087	Bratislava, Kalinčiakova 14083/33A, Slovakia	86.96	86.96	13.04% of share owned by ORLEN Unipetrol a.s.
1.5 ORLEN Unipetrol Hungary Kft., IČ 13-09-181774	2040 Budaörs, Puskás Tivadar utca 12, Hungary	100.00	100.00	
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	Praha, Milevská 2095/5, Krč, Czech Republic	100.00	100.00	
1.8 PETROTRANS, s.r.o., IČ 251 23 041	Praha 8, Libeň, Střelničná 2221/50, Czech Republic	99.37	99.37	0.63% of share owned by ORLEN UNIPETROL a.s.
1.9 Normbenz Magyarország Kft. IČ 13-10-0595244	Benczúr u. 13, H-1068 Budapest, Hungary	0,00	100,00	100% share acquired on 1.12.2022
2. ORLEN UniCRE a.s., IČ 622 43 136	Ústí nad Labem, Revoluční 1521/ 84, Czech Republic	100.00	100.00	
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.

ORLEN Unipetrol

	Company	Country	Adress	Shares in directly and undirectly controlled company in % as at 1.1.2022	Shares in directly and undirectly controlled company in % as at 31.12.2022
1	AB ORLEN Lietuva	Lithuania	Juodeikiai	100,00%	100,00%
1.1	ORLEN Eesti OU	Estonia	Tallin	100,00%	100,00%
1.2	SIA ORLEN Latvija	Latvia	Riga	100,00%	100,00%
1.3	UAB Naftelf	Lithuania	Vilnius	0,00%	34,00%
1.5	UAB ORLEN Mockavos terminalas	Lithuania	Lazdijų r. sav	100,00%	100,00%
2	AB ORLEN Baltics Retail (previously AB Ventus Nafta)	Lithuania	Vilnius	100,00%	100,00%
3	ANWIL S.A.	Poland	Włocławek	100,00%	100,00%
4	Inowrocławskie Kopalnie Soli "SOLINO" S.A.	Poland	Inowrocław	100,00%	100,00%
5	Kopalnia Soli Lubień sp. z o.o.	Poland	Warszawa	100,00%	100,00%
6	ORLEN Administracja Sp. z o.o.	Poland	Płock	100,00%	100,00%
7	ORLEN Asfalt Sp. z o.o.	Poland	Płock	100,00%	100,00%
7.1	ORLEN Asfalt Česká republika s.r.o.	Czech Republic	Pardubice	100,00%	100,00%
8	ORLEN Aviation Sp. z o.o.	Poland	Warszawa	100,00%	100,00%
9	ORLEN Budonaft Sp. z o.o.	Poland	Limanowa	100,00%	100,00%
10	ORLEN Capital AB	Sweden	Stockholm	100,00%	100,00%
11	ORLEN Centrum Usług Korporacyjnych sp. z o.o.	Poland	Płock	100,00%	100,00%
11.1	Energa Centrum Usług Wspólnych Sp. z o.o.	Poland	Gdańsk	100,00%	100,00%
12	ORLEN Deutschland GmbH	Germany	Elmshorn	100,00%	100,00%
12.1	ORLEN Deutschland Betriebsgesellschaft mbH	Germany	Elmshorn	100,00%	100,00%
13	ORLEN EKO Sp. z o.o.	Poland	Płock	100,00%	100,00%
13.1	ORLEN EkoUtylizacja Sp. z o.o.	Poland	Płock	100,00%	100,00%
14	ORLEN Laboratorium S.A.	Poland	Płock	100,00%	100,00%
15	ORLEN Ochrona Sp. z o.o.	Poland	Płock	100,00%	100,00%
15.1	UAB ORLEN Apsauga	Lithuania	Juodeikiai	100,00%	100,00%
15.2	Energa Ochrona Sp. z o.o.	Poland	Gdańsk	100,00%	0,00%
16	ORLEN OIL Sp. z o.o.	Poland	Kraków	100,00%	100,00%
17	ORLEN Paliwa Sp. z o.o.	Poland	Widełka	100,00%	100,00%
18	ORLEN Południe S.A.	Poland	Trzebinia	100,00%	100,00%
18.1	Energomedia sp. z o.o.	Poland	Trzebinia	89,00%	100,00%
18.2	KONSORCJUM OLEJÓW PRZEPRACOWANYCH - ORGANIZACJA ODZYSKU OPAKOWAŃ I OLEJÓW S.A.	Poland	Jedlicze	0,00%	90,00%
18.3	Bioenergy Project sp. z o.o.	Poland	Warszawa	0,00%	100,00%
18.4	CHP Energia sp. z o.o.	Poland	Wojny Wawrzyńce	0,00%	100,00%
18.5	Bioutil sp. z o.o.	Poland	Buczek 10	0,00%	100,00%
19	ORLEN Projekt S.A.	Poland	Płock	100,00%	100,00%
20	ORLEN Serwis S.A.	Poland	Płock	100,00%	100,00%
20.1	ORLEN Service Česká republika s.r.o.	Czech Republic	Litvínov	100,00%	100,00%
20.2	UAB ORLEN Service Lietuva (previously UAB EMAS)	Lithuania	Juodeikiai	100,00%	100,00%
21	ORLEN Upstream Sp. z o.o.	Poland	Warszawa	100,00%	100,00%
21.1	ORLEN Upstream Canada Ltd.	Canada	Calgary	100,00%	100,00%
21.1.1	Pieridae Production GP Ltd.	Canada	Calgary	0,00%	51,17%
21.1.1.1	671519 N.B. Ltd. (New Brunswick)	Canada	Saint John	0,00%	51,17%
21.1.2	KCK Atlantic Holdings Ltd.	Canada	Calgary	100,00%	100,00%
21.1.2.1	Pieridae Production LP (Limited Partnership)	Canada	Calgary	0,00%	80,47%
22	ORLEN Usługi finansowe sp. z o.o.	Poland	Warszawa	100,00%	100,00%
23	ORLEN Unipetrol a.s.	Czech Republic	Prague	100,00%	100,00%
24	ORLEN KolTrans S.A.	Poland	Płock	100,00%	100,00%
25	ORLEN Neptun I sp. z o.o. (previously ORLEN Wind 1 Sp. z o.o.)	Poland	Warszawa	100,00%	100,00%
25.1	ORLEN Neptun II sp. z o.o. (previously ORLEN Wind 2 Sp. z o.o.)	Poland	Warszawa	100,00%	100,00%
25.2	ORLEN Neptun III sp. z o.o.	Poland	Warszawa	100,00%	100,00%
25.3	ORLEN Neptun IV sp. z o.o.	Poland	Warszawa	100,00%	100,00%
25.4	ORLEN Neptun V sp. z o.o.	Poland	Warszawa	100,00%	100,00%
25.5	ORLEN Neptun VI sp. z o.o.	Poland	Warszawa	100,00%	100,00%
25.6	ORLEN Neptun VII sp. z o.o.	Poland	Warszawa	100,00%	100,00%
25.7	ORLEN Neptun VIII sp. z o.o.	Poland	Warszawa	100,00%	100,00%
25.8	ORLEN Neptun IX sp. z o.o.	Poland	Warszawa	100,00%	100,00%
25.9	ORLEN Neptun X sp. z o.o.	Poland	Warszawa	100,00%	100,00%
25.10	ORLEN Neptun XI sp. z o.o.	Poland	Warszawa	100,00%	100,00%
26	ORLEN Energia sp. z o.o.	Poland	Warszawa	100,00%	100,00%
27	ORLEN Wind 3 Sp. z o.o.	Poland	Warszawa	100,00%	100,00%
27.1	Livingstone sp. z o.o.	Poland	Warszawa	100,00%	100,00%
27.2	Nowotna Farma Wiatrowa sp. z o.o.	Poland	Gdańsk	100,00%	100,00%
28	ORLEN Olefiny sp. z o. o.	Poland	Płock	100,00%	100,00%
29	ORLEN VC sp. z o.o.	Poland	Warszawa	100,00%	100,00%
30	ORLEN International Trading (Suzhou) Co., Ltd.	China	Suzhou	100,00%	100,00%
31	ORLEN Centrum Serwisowe Sp. z o.o.	Poland	Opole	100,00%	100,00%
32	ORLEN Transport Sp. z o.o.	Poland	Płock	100,00%	100,00%
33	Polska Press Sp. z o.o.	Poland	Warszawa	100,00%	100,00%
33.1	PL24 Sp. z o.o.	Poland	Warszawa	0,00%	100,00%
33.2	Pro Media Sp. z o.o.	Poland	Opole	53,00%	53,00%
33.3	Kościańska Oficyna Wydawnicza Sp. z o.o.	Poland	Kościan	0,00%	50,00%
33.4	Południowa Oficyna Wydawnicza Sp. z o.o.	Poland	Jarocin	0,00%	40,11%
33.5	Wągrowiecka Oficyna Wydawnicza Sp. z o.o.	Poland	Wągrowiec	0,00%	39,00%
34	ORLEN Trading Switzerland GmbH	Switzerland	Baar, Zug	0,00%	100,00%
35	Orlen Holding Malta Limited	Malta	St. Julians	100,00%	100,00%
35.1	Orlen Insurance Ltd	Malta	St. Julians	100,00%	100,00%
36	LOTOS Lab Sp. z o.o.	Poland	Gdańsk	0,00%	100,00%

	Company	Country	Adress	Shares in directly and undirectly controlled company in % as at 1.1.2022	Shares in directly and undirectly controlled company in % as at 31.12.2022
37	LOTOS Ochrona Sp. z o.o.	Poland	Gdańsk	0,00%	100,00%
38	LOTOS Straż Sp. z o.o.	Poland	Gdańsk	0,00%	100,00%
39	LOTOS Gaz S.A. w likwidacji	Poland	Kraków	0,00%	100,00%
40	LOTOS Kolej Sp. z o.o.	Poland	Gdańsk	0,00%	100,00%
41	LOTOS Oil Sp. z o.o.	Poland	Gdańsk	0,00%	100,00%
42	Rafineria Gdańska Sp. z o.o.	Poland	Gdańsk	0,00%	70,00%
43	LOTOS Serwis Sp. z o.o.	Poland	Gdańsk	0,00%	100,00%
44	LOTOS Petrobaltic S.A.	Poland	Gdańsk	0,00%	99,99%
44.1	Energobaltic Sp. z o.o.	Poland	Władysławowo	0,00%	99,99%
44.2	B8 Sp. z o.o.	Poland	Gdańsk	0,00%	99,99%
44.3	B8 Sp. z o.o. BALTIC S.K.A.	Poland	Gdańsk	0,00%	99,99%
44.4	Miliana Shipholding Company Ltd	Cyprus	Nikozja	0,00%	99,99%
44.4.1	Miliana Shipmanagement Ltd	Cyprus	Nikozja	0,00%	99,99%
44.4.2	Kambr Navigation Company Ltd	Cyprus	Nikozja	0,00%	99,99%
44.4.3	Petro Aphrodite Company Ltd	Cyprus	Nikozja	0,00%	99,99%
44.4.4	Petro Icarus Company Ltd	Cyprus	Nikozja	0,00%	99,99%
44.4.5	St. Barbara Navigation Company Ltd	Cyprus	Nikozja	0,00%	99,99%
44.4.6	Granit Navigation Company Ltd	Cyprus	Nikozja	0,00%	99,99%
44.4.7	Bazalt Navigation Company Ltd	Cyprus	Nikozja	0,00%	99,99%
44.4.8	Technical Ship Management Sp. z o.o.	Poland	Gdańsk	0,00%	99,99%
44.4.8.1	SPV Baltic Sp. z o.o.	Poland	Gdańsk	0,00%	99,99%
44.4.8.2	SPV Petro Sp. z o.o.	Poland	Gdańsk	0,00%	99,99%
45	LOTOS Upstream sp. z o.o.	Poland	Gdańsk	0,00%	100,00%
45.1	LOTOS Exploration and Production Norge AS	Norway	Stavanger	0,00%	100,00%
45.2	AB LOTOS Geonafta	Lithuania	Gargždai	0,00%	100,00%
45.2.1	UAB "Manifoldas"	Lithuania	Gargždai (Gorżdy)	0,00%	100,00%
45.2.2	UAB "Genčių nafta"	Lithuania	Gargždai (Gorżdy)	0,00%	100,00%
45.2.3	UAB "MINIJOS NAFTA"	Lithuania	Gargždai (Gorżdy)	0,00%	50,00%
45.3	Baltic Gas Sp. z o.o.	Poland	Gdańsk	0,00%	50,00%
46	LOTOS Green H2 Sp. z o.o.	Poland	Gdańsk	0,00%	100,00%
47	LOTOS SPV 3 Sp. z o.o.	Poland	Gdańsk	0,00%	100,00%
48	LOTOS SPV 4 Sp. z o.o.	Poland	Gdańsk	0,00%	100,00%
49	LOTOS SPV 5 Sp. z o.o.	Poland	Gdańsk	0,00%	100,00%
50	LOTOS SPV 6 Sp. z o.o.	Poland	Gdańsk	0,00%	100,00%
51	LOTOS Terminale S.A.	Poland	Czechowice-Dziedzice	0,00%	100,00%
51.1	LOTOS Infrastruktura S.A.	Poland	Jasło	0,00%	100,00%
51.1.1	RCEkoenergia Sp. z o.o.	Poland	Czechowice-Dziedzice	0,00%	100,00%
51.2	Uni - Bitumen Sp. z o.o. (previously LOTOS SPV 2 Sp. z o.o.)	Poland	Gdańsk	0,00%	100,00%
52	Exalo Drilling S.A.	Poland	Piła	0,00%	100,00%
52.1	Oil Tech International F.Z.E.	UAE	Ajman	0,00%	100,00%
52.2	Zakład Gospodarki Mieszkaniowej Sp. z o.o.	Poland	Piła	0,00%	100,00%
52.3	EXALO DRILLING UKRAINE LLC	Ukraine	Kijów	0,00%	100,00%
52.4	Exalo Diament Sp. z o.o.	Poland	Zielona Góra	0,00%	100,00%
53	Gas Storage Poland Sp. z o.o.	Poland	Dębogórze	0,00%	100,00%
53.1	Ośrodek Badawczo-Rozwojowy Górnictwa Surowców Chemicznych CHEMKOP Sp. z o.o.	Poland	Kraków	0,00%	92,82%
54	GEOFIZYKA Kraków S.A. w likwidacji w upadłości likwidacyjnej	Poland	Kraków	0,00%	100,00%
55	GEOFIZYKA Toruń S.A.	Poland	Toruń	0,00%	100,00%
56	PGNiG Obrót Detaliczny Sp. z o.o.	Poland	Warszawa	0,00%	100,00%
57	PGNiG Serwis sp. z o.o.	Poland	Lublin	0,00%	100,00%
57.1	Polskie Centrum Brokerskie sp. z o.o.	Poland	Warszawa	0,00%	100,00%
58	PGNiG SPV 10 Sp. z o.o.	Poland	Warszawa	0,00%	100,00%
59	PGNiG SPV 6 Sp. z o.o.	Poland	Warszawa	0,00%	100,00%
59.1	GAS-TRADING S.A.	Poland	Warszawa	0,00%	79,58%
60	PGNiG SPV 7 Sp. z o.o.	Poland	Warszawa	0,00%	100,00%
61	PGNiG Upstream Polska Sp. z o.o. (previously PGNiG SPV 8 Sp. z o.o.)	Poland	Warszawa	0,00%	100,00%
62	PGNiG SPV 9 Sp. z o.o.	Poland	Warszawa	0,00%	100,00%
63	PGNiG Supply & Trading GmbH	Germany	Monachium	0,00%	100,00%
63.1	PST Europe Sales GmbH in liquidation	Germany	Monachium	0,00%	100,00%
63.1.1	XOOL GmbH in liquidation	Germany	Monachium	0,00%	100,00%
63.2	PGNiG Supply & Trading Polska Sp. z o.o.	Poland	Warszawa	0,00%	100,00%
63.3	PST LNG SHIPPING LIMITED	England	London	0,00%	100,00%
63.4	PST LNG TRADING LIMITED	England	London	0,00%	100,00%
64	PGNiG Technologie S.A.	Poland	Krosno	0,00%	100,00%
64.2	Gazobudowa Kraków Sp. z o.o. w upadłości likwidacyjnej	Poland	Kraków	0,00%	47,17%
65	PGNiG TERMIKA SA	Poland	Warszawa	0,00%	100,00%
65.1	PGNiG TERMIKA Energetyka Rozproszona sp. z o.o.	Poland	Wrocław	0,00%	100,00%
65.2	PGNiG TERMIKA Energetyka Przemysłowa S.A.	Poland	Jastrzębie-Zdrój	0,00%	100,00%
65.2.1	PGNiG TERMIKA Energetyka Przemysłowa - Technika Sp. z o.o.	Poland	Jastrzębie-Zdrój	0,00%	100,00%
65.3	PGNiG TERMIKA Energetyka Przemyśl Sp. z o.o.	Poland	Warszawa	0,00%	100,00%
65.4	Zakład Separacji Popiołów Siekierki sp. z o.o.	Poland	Warszawa	0,00%	70,00%
65.5	Elektrociepłownia Stalowa Wola S.A.	Poland	Stalowa Wola	0,00%	50,00%
66	PGNiG Upstream North Africa B.V.	Netherland	Amsterdam	0,00%	100,00%
67	PGNiG Upstream Norway AS	Norway	Stavanger	0,00%	100,00%
68	PGNiG Ventures sp. z o.o.	Poland	Warszawa	0,00%	100,00%
69	Polska Spółka Gazownictwa Sp. z o.o.	Poland	Tarnów	0,00%	100,00%
69.1	Gaz Sp. z o.o.	Poland	Błonie	0,00%	100,00%

	Company	Country	Adress	Shares in directly and undirectly controlled company in % as at 1.1.2022	Shares in directly and undirectly controlled company in % as at 31.12.2022
69.2	PSG Inwestycje Sp. z o.o.	Poland	Warszawa	0,00%	100,00%
70	Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych	Poland	Warszawa	0,00%	100,00%
70.1	Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie	Poland	Warszawa	0,00%	100,00%
71	PGNiG GAZOPROJEKT S.A.	Poland	Wrocław	0,00%	95,17%
72	LLC "Karpatgazvydobuvannya"	Ukraine	Kyiv	0,00%	85,00%
73	GAS-TRADING S.A.	Poland	Warszawa	0,00%	79,58%
73.1	Gas-Trading Podkarpacie Sp. z o.o.	Poland	Dębica	0,00%	78,82%
74	ENERGA S.A.	Poland	Gdańsk	90,92%	90,92%
74.1	Energa Informatyka i Technologie Sp. z o.o.	Poland	Gdańsk	90,92%	90,92%
74.2	Energa Invest Sp. z o.o.	Poland	Gdańsk	90,92%	90,92%
74.3	Energa Logistyka Sp. z o.o.	Poland	Płock	90,92%	90,92%
74.4	Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.	Poland	Gdańsk	90,92%	90,92%
74.5	Energa Finance AB	Sweden	Stockholm	90,92%	90,92%
74.6	ENERGA-OBRÓT S.A.	Poland	Gdańsk	90,92%	90,92%
74.6.1	ENERGA SLOVAKIA s.r.o.	Slovakia	Bratislava	90,92%	90,92%
74.7	Enspirion Sp. z o.o.	Poland	Gdańsk	90,92%	90,92%
74.8	ENERGA Oświetlenie Sp. z o.o.	Poland	Sopot	90,92%	90,92%
74.9	ENERGA-OPERATOR SA	Poland	Gdańsk	90,92%	90,92%
74.9.1	ENERGA-OPERATOR Wykonawstwo Elektroenergetyczne Sp. z o.o.	Poland	Słupsk	90,92%	90,92%
74.10	Energa Wytwarzanie S.A.(previously Energa OZE S.A.)	Poland	Gdańsk	90,92%	90,92%
74.10.1	Energa Elektrownie Ostrołęka S.A.	Poland	Ostrołęka	81,50%	81,50%
74.10.1.1	ECARB Sp. z o.o.	Poland	Gdańsk	58,73%	81,50%
74.10.1.2	Energa Serwis Sp. z o.o.	Poland	Ostrołęka	52,31%	81,50%
74.10.2	ENERGA MFW 1 Sp. z o.o.	Poland	Gdańsk	90,92%	90,92%
74.10.3	ENERGA MFW 2 Sp. z o.o.	Poland	Gdańsk	90,92%	90,92%
74.10.4	Energa LBW 1 sp. z o.o.	Poland	Gdańsk	0,00%	90,92%
74.11	Energa Kogeneracja Sp. z o.o.	Poland	Elbląg	58,73%	90,92%
74.11.1	Energa Ciepło Kaliskie Sp. z o.o.	Poland	Kalisz	84,78%	82,96%
74.11.2	Energa Ciepło Ostrołęka Sp. z o.o.	Poland	Ostrołęka	0,00%	90,92%
74.12	CCGT Gdańsk Sp. z o.o.	Poland	Gdańsk	90,92%	90,92%
74.13	CCGT Grudziądz Sp. z o.o.	Poland	Grudziądz	90,92%	90,92%
74.14	CCGT Ostrołęka Sp. z o.o.	Poland	Ostrołęka	90,92%	95,46%
74.15	Energa Green Development Sp. z o.o.	Poland	Gdańsk	90,92%	90,92%
74.16	Elektrownia Ostrołęka Sp. z o.o.	Poland	Ostrołęka	45,46%	45,46%
75	Sigma BIS S.A.	Poland	Warszawa	66,00%	66,00%
76	RUCH S.A.	Poland	Warszawa	64,94%	65,00%
76.1	Ruch Detal S.A. w Likwidacji	Poland	Warszawa	0,00%	65,00%
76.2	Ruch Marketing Sp. z o.o.	Poland	Warszawa	64,94%	65,00%
76.3	Ruch Nieruchomosci V Sp. z o.o.	Poland	Warszawa	64,94%	65,00%
76.4	Fincores Business Solutions Sp. z o. o.	Poland	Warszawa	64,94%	65,00%
77	Ship - Service S.A. w likwidacji	Poland	Warszawa	60,86%	60,86%
78	Baltic Power Sp. z o.o.	Poland	Warszawa	51,41%	51,34%
79	SOLGEN Sp. z o.o.	Poland	Kraków	0,00%	60,00%
79.1	PGES Polska Grupa Energetyki Słonecznej Sp. z o.o. w likwidacji	Poland	Złotniki	0,00%	15,00%
80	System Gazociągów Tranzytowych EUROPOL GAZ S.A.	Poland	Warszawa	0,00%	51,18%
81	Basell Orlen Polyolefins Sp. z o.o.	Poland	Płock	50,00%	50,00%
81.1	Basell ORLEN Polyolefins Sprzedaż Sp. z o.o.	Poland	Płock	50,00%	50,00%
82	Płocki Park Przemysłowo-Technologiczny S.A.	Poland	Płock	50,00%	50,00%
82.1	Centrum Edukacji Sp. z o.o.	Poland	Płock	34,72%	34,72%
83	Orlen Synthos Green Energy sp. z o.o.	Poland	Warszawa	0,00%	50,00%
84	PFK GASKON S.A.	Poland	Warszawa	0,00%	45,94%
84.1	ALFA-CENTER Sp. z o.o.	Poland	Warszawa	0,00%	45,94%
85	"GAZOMONTAŻ" S.A. w upadłości likwidacyjnej	Poland	Ząbki	0,00%	45,18%
86	Zakład Wytwórczy Urządzeń Gazowniczych "INTERGAZ" Sp. z o.o.	Poland	Tarnowskie Góry	0,00%	38,30%
87	"Dewon" PSA	Ukraine	Kyiv	0,00%	36,38%
87.1	INTERNAFTA INVEST Ltd.	Ukraine	Kyiv	0,00%	36,38%

Appendix no. 3

Contract/amendment number	Subject of the document	Company	Valid from	Valid til	Contract conclusion date
42-2010	Conctract on securing of development und usage of joint IT environmnet for monitoring of Unipetrol Group surroundings, as amended	**Butadien Kralupy a.s.**	01.05.2010	indefinite	21.04.2010
179-2008	Credit contract, as amended	**Butadien Kralupy a.s.**	15.05.2008	indefinite	15.05.2008
0045 - 2021	Contract no. 0045-2021 on insurance and its governance - insurance of damages - 1. layer	**Butadien Kralupy a.s.**	01.05.2021	30.04.2022	04.11.2021
0033 - 2019	Framework agreement on securing of certain information and access to IT systems	**Butadien Kralupy a.s.**	01.01.2019	indefinite	26.06.2019
0057-2020	On transmission of trade secrets	**Butadien Kralupy a.s.**	01.11.2020	31.10.2023	10.11.2020
173-2009 rev. 0 dod. 0	Liability settlement agreement	**Butadien Kralupy a.s.**	21.12.2009	indefinite	
179905544	Liability insurance - 1st layer	**Butadien Kralupy a.s.**	01.05.2022	30.04.2023	19.10.2022
159366607	Liability insurance for members of statutory bodies	**Butadien Kralupy a.s.**	01.11.2021	31.10.2022	17.05.2022
0060-2020	On transmission of trade secrets	**ORLEN Unipetrol Slovakia s. r. o.**	01.11.2020	10/31/2023	12.11.2020
0036 - 2019	Framework agreement on securing of certain information and access to IT systems	**ORLEN Unipetrol Slovakia s. r. o.**	01.01.2019	30.06.2022	27.05.2019
2-2011	Contract on usage of trademarks, logos and other brand names	**ORLEN Unipetrol Slovakia s. r. o.**	01.01.2010	indefinite	08.03.2011
0115 - 2015	Credit contract no 160-2009	**ORLEN Unipetrol Slovakia s. r. o.**	09.12.2009	indefinite	09.12.2009
0054 - 2015	Conctract on securing of development und usage of joint IT environmnet for monitoring of Unipetrol Group surroundings, as amended	**ORLEN Unipetrol Slovakia s. r. o.**	01.07.2014	indefinite	09.06.2015
406-2008	Contract on provision of complex services	**ORLEN Unipetrol Slovakia s. r. o.**	01.01.2008	indefinite	
253-2007 rev. 0 dod. 0	mySAP.com Licensing and Maintenance Agreement	**ORLEN Unipetrol Slovakia s. r. o.**	01.12.2007	indefinite	20.12.2007
159374509	Liability insurance for members of statutory bodies	**ORLEN Unipetrol Slovakia s. r. o.**	01.11.2021	10/31/2022	5/17/2022
177661757	Insurance of non-technological assets	**ORLEN Unipetrol Slovakia s. r. o.**	01.01.2022	12/31/2022	8/10/2022
0053-2020	On transmission of trade secrets	**PARAMO, a.s.**	01.10.2020	9/30/2023	20.10.2020
0047-2020	Contract no. 0047-2020 on insurance and its governance - insurance of damages - 1. layer	**PARAMO, a.s.**	01.05.2021	4/30/2022	
0032 - 2019	Framework agreement on securing of certain information and access to IT systems	**PARAMO, a.s.**	01.01.2019	indefinite	25.06.2019
30-2008	Conctract on securing of development und usage of joint IT environmnet for monitoring of Unipetrol Group surroundings, as amended	**PARAMO, a.s.**	01.01.2008	indefinite	28.04.2008
404-2008	CLA Agreement, as amended	**PARAMO, a.s.**	01.01.2008	indefinite	01.01.2008
196-2007	Framework agreement on reassining invoiced charges	**PARAMO, a.s.**	06.12.2007	indefinite	06.12.2007
139-2007	Credit agreement	**PARAMO, a.s.**	23.07.2007	indefinite	23.07.2007
243-2008	Credit agreement	**PARAMO, a.s.**	16.06.2008	indefinite	16.06.2008
137-2015	CLA Agreement, internal audit	**PARAMO, a.s.**	01.01.2016	indefinite	01.03.2016
231-2007 rev. 0 dod. 0	mySAP.com Licensing and Maintenance Agreement	**PARAMO, a.s.**	01.12.2007	indefinite	03.12.2007
159368816	Liability insurance for members of statutory bodies	**PARAMO, a.s.**	01.11.2021	10/31/2022	5/17/2022
159672559	Insurance of non-technological assets	**PARAMO, a.s.**	01.01.2022	12/31/2022	5/17/2022
179932323	Liability insurance - 1st layer	**PARAMO, a.s.**	01.05.2022	4/30/2023	9/27/2022
0052-2020	On transmission of trade secrets	**PETROTRANS, s.r.o.**	01.10.2020	9/30/2023	09.11.2020
0097 - 2016	Cash pool B	**PETROTRANS, s.r.o.**	25.11.2016	indefinite	03.01.2017
	Insurance for statutory bodies	**PETROTRANS, s.r.o.**			29.01.2020
	Cooperation in the group	**PETROTRANS, s.r.o.**			05.10.2009
	on the assignment of the contract	**PETROTRANS, s.r.o.**			01.05.2019
0096 - 2016	Cash pool A	**PETROTRANS, s.r.o.**	25.11.2016	indefinite	03.01.2017
0136-2015	Provision of services (CLA), internal audit	**PETROTRANS, s.r.o.**	01.01.2016	indefinite	29.02.2016
133-2007	Credit agreement	**PETROTRANS, s.r.o.**	13.08.2007	indefinite	13.08.2007
417-2008 rev. 0 dod. 0	Corporate Level Agreement	**PETROTRANS, s.r.o.**	10/1/2014	indefinite	10/1/2014
159369548	Liability insurance for members of statutory bodies	**PETROTRANS, s.r.o.**	11/1/2021	10/31/2022	5/17/2022
0058-2020	On transmission of trade secrets	**ORLEN Unipetrol Doprava s.r.o.**	01.11.2020	10/31/2023	11/25/2020
204-2007	Credit agreement - usage of cashpool	**ORLEN Unipetrol Doprava s.r.o.**	16.04.2007	indefinite	16.04.2007
143-2007	Credit agreement no. S200/127/07	**ORLEN Unipetrol Doprava s.r.o.**	10.08.2007	indefinite	10.08.2007
203-2007	Credit agreement no. S200/087/07	**ORLEN Unipetrol Doprava s.r.o.**	16.07.2007	indefinite	16.07.2007
0133-2015	CLA	**ORLEN Unipetrol Doprava s.r.o.**	01.01.2016	indefinite	14.03.2016
15-2010	Agreement on usage of goodwill of Unipetrol, as amended	**ORLEN Unipetrol Doprava s.r.o.**	01.01.2009	indefinite	11.02.2010
0031-2019	Framework agreement on securing of certain information and access to IT systems	**ORLEN Unipetrol Doprava s.r.o.**	01.01.2019	indefinite	24.05.2019
	Agreement on cooperation in HSEQ	**ORLEN Unipetrol Doprava s.r.o.**	05.10.2009	indefinite	05.10.2009
	Agreement on cooperation in HSE	**ORLEN Unipetrol Doprava s.r.o.**	23.10.2009	indefinite	23.10.2009
	Agreement on cooperation aimed at improvement of commercial results	**ORLEN Unipetrol Doprava s.r.o.**	02.11.2009	indefinite	02.11.2009
5400/082/00	Agreement on usage of Framework agreement with DELL no. S400/082/00	**ORLEN Unipetrol Doprava s.r.o.**	30.03.2000	indefinite	30.03.2000
408-2008 rev. 0 dod. 0	Corporate Level Agreement	**ORLEN Unipetrol Doprava s.r.o.**	01.01.2009	indefinite	17.01.2009
230-2007 rev. 0 dod. 0	mySAP.com Licensing and Maintenance Agreement	**ORLEN Unipetrol Doprava s.r.o.**	01.12.2007	indefinite	
159667294	Insurance of non-technological assets	**ORLEN Unipetrol Doprava s.r.o.**	01.01.2022	12/31/2022	17.05.2022
159376347	Liability insurance for members of statutory bodies	**ORLEN Unipetrol Doprava s.r.o.**	01.11.2021	10/31/2022	17.05.2022
0659 - 2021 rev. 0 dod. 0	Agreement No. 0050-2021 on Insurance and Administration Thereof - insurance of liability for damage – 1st layer	**ORLEN Unipetrol RPA, s.r.o.**	01.05.2021	30.04.2022	27.07.2021
1068 - 2020 rev. 0 dod. 0	Agreement on assignment of lease agreement_Mrs Ziobroń	**ORLEN Unipetrol RPA, s.r.o.**	15.07.2020	09.06.2022	15.07.2020
0827 - 2019 rev. 0 dod. 0	Contract to establish an easement	**ORLEN Unipetrol RPA, s.r.o.**	01.03.2020	indefinite	07.04.2020
0645 - 2019 rev. 0 dod. 0	Personal data protection agreement	**ORLEN Unipetrol RPA, s.r.o.**	01.08.2019	indefinite	23.09.2019
0079 - 2019 rev. 0 dod. 0	Contract on easement	**ORLEN Unipetrol RPA, s.r.o.**	31.10.2019	indefinite	06.09.2019
0078 - 2019 rev. 0 dod. 0	Contract on easement	**ORLEN Unipetrol RPA, s.r.o.**	31.10.2019	indefinite	06.09.2019
0032 - 2019 rev. 0 dod. 0	Contract for termination and estabilish of the easement	**ORLEN Unipetrol RPA, s.r.o.**	31.10.2019	indefinite	06.09.2019
0841 - 2018 rev. 0 dod. 0	The Framework Contract on ensuring provision of certain information and access to information systems	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2018	indefinite	03.12.2018
0841 - 2018 rev. 0 dod. 5	Supplement no. 5 to the Framework Contract on ensuring provision of certain information and access to information systems	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2022	31.12.2022	05.12.2022
0668 - 2018 rev. 0 dod. 0	Contract on easement	**ORLEN Unipetrol RPA, s.r.o.**	08.10.2012	indefinite	08.10.2012
0487 - 2018 rev. 0 dod. 0	Easement contract - Chvatěruby	**ORLEN Unipetrol RPA, s.r.o.**	31.12.2008	indefinite	
0458 - 2018 rev. 0 dod. 0	Contract for termination and estabilish of the easement - Chvatěruby, Veltrusy	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2008	indefinite	
0457 - 2018 rev. 0 dod. 0	Easement contract - Dolní Jiřetín, Záluží u Litvínova	**ORLEN Unipetrol RPA, s.r.o.**	11.04.2000	indefinite	
0456 - 2018 rev. 0 dod. 0	Easement contract - Easement contract	**ORLEN Unipetrol RPA, s.r.o.**	11.04.2000	indefinite	
0117 - 2018 rev. 0 dod. 0	Assignment of contract to UNIPETROL RPA	**ORLEN Unipetrol RPA, s.r.o.**	01.05.2016	until fully provided	21.06.2016
0497 - 2017 rev. 0 dod. 0	agreement on the assignment of a service contract	**ORLEN Unipetrol RPA, s.r.o.**	30.05.2017	indefinite	19.06.2017
0388 - 2017 rev. 0 dod. 0	Contract on easement	**ORLEN Unipetrol RPA, s.r.o.**	10.04.2017	indefinite	18.07.2017
0724 - 2016 rev. 0 dod. 0	Provision of internal audit services	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2016	indefinite	15.07.2016
0679 - 2016 rev. 0 dod. 0	Contract on facilitation of construction	**ORLEN Unipetrol RPA, s.r.o.**	10.08.2016	indefinite	05.09.2016
0578 - 2016 rev. 0 dod. 0	Premises lease agreement (provision of premises for firefighters for the purposes of on-call time, compliance with the requirements of Act No. 262/2006 Coll., Labor Code, related to the on-call time of HZSP Unipetrol RPA employees)	**ORLEN Unipetrol RPA, s.r.o.**	01.08.2016	indefinite	01.08.2016
0133 - 2016 rev. 0 dod. 0	Contract for the provision of comprehensive services	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2016	indefinite	15.03.2016
0016 - 2016 rev. 0 dod. 1	Service level agreement - Amendment no. 1	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2017	indefinite	23.08.2017
0016 - 2016 rev. 0 dod. 2	Service level agreement - Amendment no. 2 (SLA)_UNI AS	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2018	indefinite	15.05.2018
0016 - 2016 rev. 0 dod. 3	Service level agreement - Amendment no. 3 (SLA)_UNI AS	**ORLEN Unipetrol RPA, s.r.o.**	01.06.2018	indefinite	17.07.2018
0016 - 2016 rev. 0 dod. 4	Service level agreement - Amendment no. 4 (SLA)_UNI AS	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2019	indefinite	29.01.2019
0016 - 2016 rev. 0 dod. 5	Service level agreement - Amendment no. 5 (SLA)_UNI AS	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2020	indefinite	25.05.2020
0016 - 2016 rev. 0 dod. 6	Service level agreement - Amendment no. 6 (SLA)_UNI AS	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2021	indefinite	19.04.2021
0016 - 2016 rev. 0 dod. 0	Contract on supply of services	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2016	indefinite	23.02.2016
0558 - 2015 rev. 0 dod. 6	Price Supplement for 2021	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2021	indefinite	27.01.2021
0558 - 2015 rev. 0 dod. 0	Contract on supply of energy services	**ORLEN Unipetrol RPA, s.r.o.**	01.08.2015	indefinite	23.10.2016
165-2011 rev. 0 dod. 0	Contract on use of goodwill UNIPETROL, a.s.	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2009	indefinite	11.02.2010
165-2011 rev. 0 dod. 1	Amendment No. 1 to the Agreement on Use of Goodwill UNIPETROL, a.s.	**ORLEN Unipetrol RPA, s.r.o.**	16.03.2011	indefinite	13.04.2011
516-2010 rev. 0 dod. 0	Contract on easement	**ORLEN Unipetrol RPA, s.r.o.**	27.08.2010	indefinite	11.11.2010
154-2010 rev. 0 dod. 0	Contract on termination and creation of easements	**ORLEN Unipetrol RPA, s.r.o.**	10.01.2001	indefinite	10.01.2001
153-2010 rev. 0 dod. 0	Contract on the establishment of easement	**ORLEN Unipetrol RPA, s.r.o.**	27.12.1999	indefinite	27.12.1999
627-2009 rev. 0 dod. 0	SAP licensing	**ORLEN Unipetrol RPA, s.r.o.**	01.05.2009	indefinite	30.06.2009
627-2009 rev. 0 dod. 1	Appendix No. 1 - price increase	**ORLEN Unipetrol RPA, s.r.o.**	01.10.2009	indefinite	05.11.2009
627-2009 rev. 0 dod. 2	Appendix 2 - SAP Licensing	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2010	indefinite	20.05.2010
424-2009 rev. 0 dod. 0	Contract on property management no. S400/250/99	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2000	indefinite	01.01.2000
424-2009 rev. 0 dod. 1	Amendment 1 - Contract on property management no. S400/250/99	**ORLEN Unipetrol RPA, s.r.o.**	18.08.2003	indefinite	18.08.2003
424-2009 rev. 0 dod. 2	Amendment 2 - Contract on property management no. S400/250/99	**ORLEN Unipetrol RPA, s.r.o.**	11.10.2004	indefinite	11.10.2004
424-2009 rev. 0 dod. 3	Amendment 3 - Contract on property management no. S400/250/99	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2009	indefinite	04.03.2009
1032-2008 rev. 0 dod. 0	Corporate Level Agreement	**ORLEN Unipetrol RPA, s.r.o.**	18.12.2008	indefinite	19.12.2008

Contract/amendment number	Subject of the document	Company	Valid from	Valid til	Contract conclusion date
1032 - 2008 rev. 0 dod. 2	Amendment 1 - Corporate Level Agreement	**ORLEN Unipetrol RPA, s.r.o.**	10.12.2015	indefinite	10.11.2015
1017-2008 rev. 0 dod. 0	Contract on termination and establishment of an easement	**ORLEN Unipetrol RPA, s.r.o.**	12.05.2008	indefinite	26.08.2008
763-2008 rev. 0 dod. 0	Credit agreement - CZK 9.75 billion	**ORLEN Unipetrol RPA, s.r.o.**	25.06.2008	indefinite	25.06.2008
763-2008 rev. 0 dod. 2	Amendment 2 - Credit agreement - increasing the limit to CZK 14 billion	**ORLEN Unipetrol RPA, s.r.o.**	11.01.2012	indefinite	11.01.2012
763-2008 rev. 0 dod. 3	Amendment 3 - Credit agreement - increasing the limit to CZK 17 billion	**ORLEN Unipetrol RPA, s.r.o.**	17.12.2013	indefinite	17.12.2013
548-2008 rev. 0 dod. 0	Contract on lease and provision of services (lease of premises in building no. 2838)	**ORLEN Unipetrol RPA, s.r.o.**	01.03.2008	indefinite	06.03.2008
548-2008 rev. 0 dod. 1	Contract on lease and provision of services (change in the subject of the lease - the tenant was moved from building no. 2838 to building no. 2846)	**ORLEN Unipetrol RPA, s.r.o.**	01.06.2010	indefinite	15.10.2010
471-2008 rev. 0 dod. 0	Contract on termination and establishment of an easement	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2008	indefinite	11.07.2008
895-2006 rev. 0 dod. 0	Contract on termination of an easement and on establishment of an easement	**ORLEN Unipetrol RPA, s.r.o.**	01.12.2006	indefinite	20.12.2006
402-2006 rev. 0 dod. 0	Contract on termination and establishment of an easement (exchange with Dopravní podnik)	**ORLEN Unipetrol RPA, s.r.o.**	01.04.2006	indefinite	30.03.2006
Č. 01656 / 2004	Contract on termination and establishment of an easement	**ORLEN Unipetrol RPA, s.r.o.**	08.12.2004	indefinite	08.12.2004
S 400/020/03	Establishment of an easement and termination of an easement	**ORLEN Unipetrol RPA, s.r.o.**	11.03.2003	indefinite	11.03.2003
5303-2003 rev. 0 dod. 1	Agreement on easement contracts (Unification of land use for individual UNIPETROL, a.s. companies - ČESKÁ RAFINÉRSKÁ, a.s. - CHEMOPETROL, a.s. -KAUČUK, a.s.)	**ORLEN Unipetrol RPA, s.r.o.**	01.02.2007	indefinite	15.05.2007
0119 - 2015 rev. 0 dod. 0	Agreement on Ensuring the Development and Use of the Common Information Environment for Monitoring the Unipetrol Group Environment + Appendices 1-6	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2008	indefinite	21.04.2008
0293 - 2014 rev. 0 dod. 0	Unipetrol - FA for use of PKB	**ORLEN Unipetrol RPA, s.r.o.**	20.11.2014	indefinite	02.12.2014
0293 - 2014 rev. 0 dod. 1	Open Drive Card - UNIPETROL	**ORLEN Unipetrol RPA, s.r.o.**	20.11.2014	indefinite	12.12.2014
0221 - 2014 rev. 0 dod. 0	Cooperation Level Agreement (CLA)	**ORLEN Unipetrol RPA, s.r.o.**	25.11.2008	indefinite	25.11.2008
0221 - 2014 rev. 0 dod. 1	Amendment 1 -Cooperation Level Agreement (CLA)	**ORLEN Unipetrol RPA, s.r.o.**	06.09.2012	indefinite	06.09.2012
0221 - 2014 rev. 0 dod. 2	Amendment 2 - Agreement (CLA)	**ORLEN Unipetrol RPA, s.r.o.**	25.11.2008	indefinite	02.10.2014
0004 - 2019 rev. 0 dod. 0	Agreement on setting up and termination of easement	**ORLEN Unipetrol RPA, s.r.o.**	01.03.2019	indefinite	06.12.2019
81-2009	Agreement on licensing (sublicence) on usage of SAP software and support provision	**ORLEN Unipetrol RPA, s.r.o.**	15.05.2009	indefinite	
76-2008	Framework agreement on devolopment and usage of common information environment for monitoring of Unipetrol Group	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2008	indefinite	
98-2011	Agreement on provision of loans (contocorent)	**ORLEN Unipetrol RPA, s.r.o.**	01.10.2011	indefinite	
97-2011	Agreement on provision of loans	**ORLEN Unipetrol RPA, s.r.o.**	01.10.2011	indefinite	
214517775	Insurance contract and its administration - 1st layer	**ORLEN Unipetrol RPA, s.r.o.**	01.10.2022	30.04.2023	11.01.2023
200629938	Insurance of non-technological assets	**ORLEN Unipetrol RPA, s.r.o.**	22.08.2022	31.12.2022	31.10.2022
199254193	Contract for the provision of a voluntary supplement outside the share capital	**ORLEN Unipetrol RPA, s.r.o.**	01.10.2022	indefinite	24.10.2022
187767466	Agreement on termination of easement and establishment of easement - land easement of permanent right of use	**ORLEN Unipetrol RPA, s.r.o.**	10.10.2022	indefinite	10.10.2022
179932885	Liability insurance - 1st layer	**ORLEN Unipetrol RPA, s.r.o.**	01.05.2022	30.04.2023	21.09.2022
159673570	Insurance of non-technological assets	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2022	31.12.2022	17.05.2022
159373039	Liability insurance for members of statutory bodies	**ORLEN Unipetrol RPA, s.r.o.**	01.11.2021	31.10.2022	17.05.2022
153878674-2022	Insurance of non-technological assets	**ORLEN Unipetrol RPA, s.r.o.**	01.09.2021	31.12.2022	12.01.2022
392-2008 rev. 0 dod. 0	Real estate management contract	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2000	indefinite	28.12.1998
23-2009 rev. 0 dod. 0	Contract for the supply of energy services	**ORLEN Unipetrol RPA, s.r.o.**	01.01.2009	indefinite	30.12.2008
22-2009 rev. 0 dod. 0	Lease and service agreement	**ORLEN Unipetrol RPA, s.r.o.**	01.03.2008	indefinite	06.03.2008
0067-2020	On transmission of trade secrets	**ORLEN Unipetrol RPA Hungary Kft.**	01.11.2020	31.10.2023	20.11.2020
0035 - 2019 rev. 0 dod. 0	Framework agreement on securing of certain information and access to IT systems	**ORLEN Unipetrol RPA Hungary Kft.**	01.01.2019	indefinite	27.05.2019
159372401	Liability insurance for members of statutory bodies	**ORLEN Unipetrol RPA Hungary Kft.**	01.11.2021	31.10.2022	17.05.2022
0062 - 2017	Conctract on securing of development und usage of joint IT environmnet for monitoring of Unipetrol Group surroundings, as amended	**ORLEN Unipetrol RPA Hungary Kft.**	01.01.2017	indefinite	07.06.2017
0068-2020	On transmission of trade secrets	**ORLEN Unipetrol Deutschland GmbH**	01.11.2020	31.10.2023	10.12.2020
0034 - 2019 rev. 0 dod. 0	Framework agreement on securing of certain information and access to IT systems	**ORLEN Unipetrol Deutschland GmbH**	01.01.2019	indefinite	11.04.2019
0022-2018	Conctract on securing of development und usage of joint IT environmnet for monitoring of Unipetrol Group surroundings, as amended	**ORLEN Unipetrol Deutschland GmbH**	01.01.2018	indefinite	02.01.2018
159371584	Liability insurance for members of statutory bodies	**ORLEN Unipetrol Deutschland GmbH**	01.11.2021	31.10.2022	17.05.2022
0048-2021	Contract no. 0048-2021 on insurance and its governance - insurance of damages - 1. layer	**ORLEN UniCRE a.s.**	01.05.2021	4/30/2022	04.11.2021
0004 - 2016 rev. 0 dod. 0	Credit agreement A	**ORLEN UniCRE a.s.**	2/1/2016	indefinite	1/13/2016
179931832	Liability insurance - 1st layer	**ORLEN UniCRE a.s.**	5/1/2022	4/30/2023	10/19/2022
159375257	Liability insurance for members of statutory bodies	**ORLEN UniCRE a.s.**	11/1/2021	10/31/2022	5/19/2022
0046-2021	Contract no. 0046-2021 on insurance and its governance - insurance of damages - 1. layer	**ORLEN Asfalt Česká republika s.r.o.**	01.05.2021	4/30/2022	
0006-2016	Credit agreement A	**ORLEN Asfalt Česká republika s.r.o.**	01.02.2016	indefinite	12.04.2016
0007-2016	Credit agreement B	**ORLEN Asfalt Česká republika s.r.o.**	01.02.2016	indefinite	12.04.2016
179931366	Liability insurance - 1st layer	**ORLEN Asfalt Česká republika s.r.o.**	01.05.2021	4/30/2022	10/12/2022
57-2012	ACCESSION AGREEMENT, as amended	**ORLEN FINANCE AB**	30.06.2012	indefinite	30.06.2012
0129 - 2015	ACCESSION AGREEMENT regarding the Internal Agreement on Group Accounts System dated 12 April 2010 as amended, supplemented or restated from time to time	**ORLEN FINANCE AB**	31.12.2015	indefinite	20.11.2015
100-2010	Contract on provision of health care services	**ORLEN Medica, Sp. z o.o.**	01.02.2010	indefinite	01.02.2010
0024-2020	Information provision on important transactions	**Polski Koncern Naftowy ORLEN S.A.**	31.03.2020	indefinite	04.05.2020
0058 - 2018 rev. 0 dod. 0	Auditing services provision PKN Orlen to UNIPETROL a.s.	**Polski Koncern Naftowy ORLEN S.A.**	25.10.2018	indefinite	
0053-2021	Agreement to issue guarantees	**Polski Koncern Naftowy ORLEN S.A.**	31.08.2014	indefinite	29.06.2021
0003 - 2015 rev. 0 dod. 0	Agreement on cooperation and expences sharing	**Polski Koncern Naftowy ORLEN S.A.**	01.06.2014	indefinite	01.01.2009
0002 - 2015 rev. 0 dod. 0	Agreement on mutual cooperation	**Polski Koncern Naftowy ORLEN S.A.**	01.06.2014	indefinite	
112-2011	Agreement on mutual provision of personell	**Polski Koncern Naftowy ORLEN S.A.**	01.01.2011	indefinite	01.01.2011
61-2013	Internal audit cooperation agreement	**Polski Koncern Naftowy ORLEN S.A.**	01.07.2013	indefinite	01.07.2013
13-2010	Cooperation agreement	**Polski Koncern Naftowy ORLEN S.A.**	01.02.2010	indefinite	01.02.2010
199252494	Agreement on non-share capital voluntary surcharge	**Polski Koncern Naftowy ORLEN S.A.**	01.10.2022	indefinite	24.10.2022
0171-2014	AGREEMENT on cooperation in the area of centralized purchases and joint access to business and market information within the ORLEN Group	**Polski Koncern Naftowy ORLEN S.A., ANWIL S.A.**	24.10.2014	indefinite	24.10.2014
40-2016	Contracts on cooperation and trade secret preservation	**Polski Koncern Naftowy ORLEN S.A.**	31.08.2014	indefinite	31.08.2014
0060-2018	Framework agreement on securing of certain information and access to IT systems	**SPOLANA s.r.o.**	01.01.2018	indefinite	19.11.2018
0061-2017	Conctract on securing of development und usage of joint IT environmnet for monitoring of Unipetrol Group surroundings	**SPOLANA s.r.o.**	01.01.2017	indefinite	08.08.2017
0077 - 2016	Credit agreement B	**SPOLANA s.r.o.**	11.07.2016	indefinite	11.07.2016
0076 - 2016	Credit agreement A	**SPOLANA s.r.o.**	11.07.2016	indefinite	11.07.2016
0056-2020	On transmission of trade secrets	**SPOLANA s.r.o.**	01.10.2020	9/30/2023	11/9/2020
0090 - 2016 rev. 0 dod. 0	Corporate Level Agreement - IA services	**SPOLANA s.r.o.**	01.11.2016	indefinite	
0089 - 2016 rev. 0 dod. 0	Corporate Level Agreement - IA services	**SPOLANA s.r.o.**	01.11.2016	indefinite	
0049-2020	Contract no. 0049-2021 on insurance and its governance - insurance of damages - 1. layer	**SPOLANA s.r.o.**	01.05.2021	30.04.2022	
0160 - 2020 rev. 0 dod. 0	Contract no. 0043-2020 on insurance and its governance - insurance of damages - 1. layer	**SPOLANA s.r.o.**	5/1/2020	4/30/2023	11/10/2020
179933653	Liability insurance - 1st layer	**SPOLANA s.r.o.**	5/1/2022	4/30/2023	10/19/2022
159370441	Liability insurance for members of statutory bodies	**SPOLANA s.r.o.**	11/1/2021	10/31/2022	5/17/2022
0059-2020	Trade secrets contract	**HC VERVA Litvínov, a.s.**	03.12.2020	02.12.2023	03.12.2020
0091-2020	PoA for lead pool in connection to agreement on provision of cash pool with Česká spořitelna, a.s.	**HC VERVA Litvínov, a.s.**	24.10.2014	indefinite	
0080-2020	Credit agreement B	**HC VERVA Litvínov, a.s.**	01.01.2021	indefinite	16.02.2021
0079-2020	Credit agreement A	**HC VERVA Litvínov, a.s.**	01.01.2021	indefinite	16.02.2021
159669744	Insurance of non-technological assets	**HC VERVA Litvínov, a.s.**	01.01.2022	12/31/2022	5/17/2022
159367428	Liability insurance for members of statutory bodies	**HC VERVA Litvínov, a.s.**	01.11.2021	10/31/2022	5/17/2022
159670704	Insurance of non-technological assets	**ORLEN Service Česká republika**	01.01.2022	12/31/2022	5/17/2022