



Polski Koncern Naftowy ORLEN
Spółka Akcyjna

**REPORT
OF THE SUPERVISORY BOARD OF PKN ORLEN S.A. FOR THE
FINANCIAL YEAR 2022**

WARSAW, April 2023

I. COMPOSITION OF THE SUPERVISORY BOARD

Composition of the Supervisory Board of Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN S.A." or the "Company") as at January 1st 2022

Wojciech Jasiński	Chairperson of the Supervisory Board
Andrzej Szumański	Deputy Chairperson of the Supervisory Board (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Anna Wójcik	Secretary of the Supervisory Board
Barbara Jarzembowska	Member of the Supervisory Board (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Andrzej Kapala	Member of the Supervisory Board (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Michał Klimaszewski	Member of the Supervisory Board (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Roman Kusz	Member of the Supervisory Board (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Jadwiga Lewisz	Member of the Supervisory Board
Anna Sakowicz-Kacz	Member of the Supervisory Board (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)

- on May 25th 2022, the Annual General Meeting of PKN ORLEN S.A. appointed the following persons to the Supervisory Board for a new term of office:
 - Supervisory Board Chair: Wojciech Jasiński;
 - Supervisory Board members: Andrzej Szumański, Anna Wójcik, Barbara Jarzembowska, Andrzej Kapala, Michał Klimaszewski, Roman Kusz, Jadwiga Lesisz, Anna Sakowicz-Kacz.
- on May 31st 2022, the Supervisory Board appointed its members Mr Andrzej Szumański and Ms Anna Wójcik as, respectively, Deputy Chair and Secretary of the Supervisory Board.

Composition of the Supervisory Board as at December 31st 2022

Wojciech Jasiński	Chairperson of the Supervisory Board
Andrzej Szumański	Deputy Chairperson of the Supervisory Board (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Anna Wójcik	Secretary of the Supervisory Board
Barbara Jarzembowska	Member of the Supervisory Board (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Andrzej Kapala	Member of the Supervisory Board (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)

Michał Klimaszewski	Member of the Supervisory Board (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Roman Kusz	Member of the Supervisory Board (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Jadwiga Lewisz	Member of the Supervisory Board
Anna Sakowicz-Kacz	Member of the Supervisory Board (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)

On January 11th 2023, i.e. after the end of the reporting period, Janina Goss was appointed to the Supervisory Board of PKN ORLEN S.A.

The Supervisory Board members who are indicated above as independent have submitted representations to the effect that they meet the independence criteria under Art. 129.3 of the Act on Statutory Auditors, Audit Firms and Public Oversight of May 11th 2017, and have no actual and material links to any shareholders holding 5% or more of total voting rights in the Company.

II. ACTIVITIES OF THE SUPERVISORY BOARD

In 2022, the Supervisory Board held 15 minuted meetings and passed 268 resolutions.

The attendance of Supervisory Board members at the meetings held in 2022 was approximately 97%. If a Supervisory Board member was absent from a meeting, the Supervisory Board, having considered the cause of the absence, passed a resolution to authorise the absence. In 2022, there were no unauthorised absences of members of the Supervisory Board from the meetings.

In the financial year 2022, in the exercise of its supervisory and control powers and functions, the Supervisory Board among other things:

- executed management service contracts with members of the Management Board on behalf of the Company;
- granted consent for members of the Management Board to serve on supervisory or management bodies of other entities;
- initiated recruitment procedures for members of the Management Board and then appointed or reappointed successful candidates;
- approved and subsequently updated the 'Rules for setting and assessment of delivery of individual bonus-triggering objectives for members of the Management Board of PKN ORLEN S.A. for 2022';
- approved MBO sheets for the Management Board members for 2022 along with separate objectives which, if achieved, would trigger payment of bonuses;
- granted consent to the extension of the deadline for the fulfilment by the companies acquired by PKN ORLEN in the second half of 2022 of certain obligations concerning defining and applying management remuneration rules in accordance with the Act on Rules of Remunerating Persons who Manage Certain Companies, Resolution No. 4 of the Extraordinary General Meeting of PKN ORLEN S.A. of January 24th 2017 on the Rules of Remuneration for Members of the Management Board, as amended, and the Remuneration Policy for Members of Management and Supervisory Boards of ORLEN Group Companies;

- assessed delivery by Management Board members of qualitative bonus-triggering objectives, and separate objectives triggering payment of variable remuneration for 2021, and granted variable remuneration to members of the Management Board for the financial year 2021;
- assessed the financial statements of Polski Koncern Naftowy ORLEN Spółka Akcyjna for the year ended December 31st 2021;
- assessed the Directors' Report on the operations of the ORLEN Group and PKN ORLEN S.A. in 2021;
- assessed the consolidated financial statements of the ORLEN Group for the year ended December 31st 2021;
- authorised the representation made under Par. 70.1.8 in conjunction with Par. 70.1.7 and under Par. 71.1.8 in conjunction with Par. 71.1.7 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state;
- assessed the Management Board's proposal for allocation of net profit for the financial year 2021;
- endorsed the Management Board's recommendation on the change of the dividend record date;
- issued favourable opinions on the agenda and draft resolutions for the Annual General Meeting of PKN ORLEN S.A. convened for May 25th 2022 and the Extraordinary General Meetings of PKN ORLEN S.A. convened for July 21st 2022 and September 28th 2022;
- issued positive opinions on proposals submitted to the Annual General Meeting and Extraordinary General Meetings for consideration;
- adopted amendments to the Rules of Procedure for the PKN ORLEN Supervisory Board to ensure their consistency with the amended Commercial Companies Code;
- granted consent to the execution of investment projects and assumption of related liabilities where such projects involved expenditure or charges exceeding the equivalent of a half of the Company's share capital;
- granted consent to the conclusion or amendment of a contract/contracts for the provision of legal services, marketing services, public relations and communication services, and management consultancy services where the total amount of expected fees for the services provided under such contracts or under other agreements concluded with the same entity exceed PLN 500,000.00 (VAT exclusive) per year;
- granted consent for PKN ORLEN S.A. to incur liabilities which under a single legal transaction or a series of related legal transactions executed in 2022 exceeded the equivalent of one-fifth of the Company's share capital;
- granted consent to the acquisition of property, or perpetual usufruct rights or other interest in property, whose value at net acquisition price exceeded one-fortieth of the Company's share capital;
- granted consent to the grant of in-kind and financial donations by PKN ORLEN S.A.;
- granted consent to the execution of an amendment to an investment agreement and assumption of liabilities thereunder;
- granted consent to the establishment of and subscription of shares in a subsidiary;
- granted consent to the establishment of foreign branches of the Company;
- granted consent to the conclusion of a settlement agreement;
- granted consent to share capital increase at selected ORLEN Group companies;
- granted consent to the voting of shares in certain ORLEN Group companies concerning changes in their corporate documents;

- granted consent to the voting of shares in certain ORLEN Group companies in which PKN ORLEN S.A. held shares whose value determined at cost represented more than one-fifth of the Company's share capital;
- granted consent to the conclusion of certain agreements to implement the remedies request by the European Commission in its decision of July 14th 2020 to clear the concentration consisting in the acquisition by PKN ORLEN S.A. of a controlling equity interest in Grupa LOTOS S.A.;
- granted consent to disposals of real property, usufruct rights to or interests in real property where the net carrying amount of individual assets did not exceed one-twentieth of the Company's share capital;
- issued a favourable assessment the aggregate statement of material related-party transactions, as defined in the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, which PKN ORLEN S.A. and other ORLEN Group companies entered into in 2021 and accepted that the transactions satisfied the conditions under Art. 90j.1.1 of the said Act;
- issued a favourable opinion on the 2022 budget for PKN ORLEN S.A. and the ORLEN Group;
- approved the ORLEN Group Hydrogen Strategy 2030;
- granted consent to the execution of transactions in CO₂ emission allowances as part of the ORLEN Group's centralised management system for CO₂ emission allowances.

The other resolutions passed by the Supervisory Board were of an organisational or procedural nature.

All activities of the Supervisory Board were documented by resolutions and minutes of the Supervisory Board meetings held in 2022.

III. COMMITTEES OF THE SUPERVISORY BOARD

The activities of the Supervisory Board were supported by its Committees, appointed as collective advisory and opinion-forming bodies from among members of the Supervisory Board.

In 2022, the following standing Committees operated within the Supervisory Board:

- the Audit Committee,
- the Strategy and Development Committee,
- the Corporate Governance Committee,
- the Nomination and Remuneration Committee,
- the Corporate Social Responsibility Committee.

The composition of each committee is presented in the description of its activities below.

The detailed scope of work of the Committees in 2022 was documented in minutes of the Committees' meetings (in 2022, the Committees held 49 meetings).

Audit Committee

In 2022, the Audit Committee consisted of:

Andrzej Kapala	Chair of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Michał Klimaszewski	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Barbara Jarzembowska	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Jadwiga Lesisz	Member of the Committee.

In 2022, the Audit Committee held 15 minuted meetings.

Pursuant to Section 13.5 of the Rules of Procedure for the Supervisory Board, the Audit Committee made decisions by way of resolutions (two resolutions).

Apart from the Committee members, the meetings of the Audit Committee were also attended by other members of the Supervisory Board, members of the Management Board, executive directors, office directors and the auditor.

According to Section 15 of the Rules of Procedure for the Supervisory Board, the Audit Committee is responsible for providing advice to the Supervisory Board on various matters, including the proper implementation of the budget and financial reporting, internal control at the Company and the ORLEN Group (within the meaning of the Accounting Act), and collaboration with the Company's auditors.

In 2022, the Audit Committee performed its tasks by:

- inspecting and monitoring the audit firm, work of the Company's auditors and the auditors' independence;
- assessing the qualified auditor's independence and giving consent to the provision by the auditor of permitted non-audit services;
- reviewing interim financial statements as well as full-year separate and consolidated financial statements of PKN ORLEN S.A.;
- discussing any issues or reservations that may be identified in the course of or arise from the audit of financial statements;
- analysing, on a quarterly basis, the ORLEN Group's actual results and performance relative to the original targets and budgets;
- giving opinion on the Management Board's proposal regarding distribution of net profit for the financial year 2021;
- assessing the Company's standing on a consolidated basis, including an evaluation of the systems of internal control, risk management, compliance and the internal audit function in 2021;
- assessing the use of non-current assets by the Company;
- analysing and evaluating the activities of the Group companies, based on assessment of the Group's consolidated financial statements;
- reviewing the report on the activities of PKN ORLEN S.A.'s and the ORLEN Group companies' audit functions;

- discussing reports on financial audits carried out by the Financial Control Department of the Financial Control, Risk and Compliance Management Office and on internal audits carried out by the Control and Security Office;
- monitoring the implementation of recommendations issued by the Audit Office, the Control and Security Office and the Financial Control Department of the Financial Control, Risk and Compliance Management Office.

The Audit Committee also formulated recommendations for the Supervisory Board on matters which were the subject of Supervisory Board meetings and which fall within the remit of the Audit Committee.

The Rules of Procedure for the Supervisory Board of PKN ORLEN require that the Audit Committee assess the independence of the audit firm responsible for auditing the Company's financial statements before approving the provision of permitted non-audit services. If the independence of the auditor is confirmed, the Audit Committee may agree to the provision of such services. In 2022, Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Spółka komandytowa, having received a positive assessment of the Audit Committee, provided PKN ORLEN S.A. and selected ORLEN Group companies with permitted assurance and related non-audit services granted in accordance with the applicable procedure, including:

- assessment of the annual report on remuneration of the PKN ORLEN Management Board and Supervisory Board for 2021;
- review of documents necessary for ORLEN Lietuva to recover funds from Public Service Obligation;
- audit of oil product packaging of ORLEN Deutschland GmbH.
- provision of Comfort Letters ("CLs") related to the update of the Eurobond Medium Term Note programme (the "EMTN Programme") approved by the Audit Committee in 2022;
- provision of Comfort Letters („CLs") related to the issue of shares by Polski Koncern Naftowy ORLEN S.A. in connection with the merger with Grupa LOTOS S.A.;
- verification of the calculation of the electricity usage intensity index for Anwil S.A. and IKS Solino S.A.;
- review of a report on solvency and financial condition of ORLEN Insurance Limited;
- assurance services related to the compilation of pro-forma financial information for the ORLEN Group and the LOTOS Group and the compilation of pro-forma financial information for the ORLEN Group and the PGNiG Group for 2021.

Strategy and Development Committee

In 2022, the Strategy and Development Committee consisted of:

Michał Klimaszewski	Chair of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Wojciech Jasiński	Member of the Committee
Andrzej Kapła	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Anna Sakowicz-Kacz	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)

In 2022, the Strategy and Development Committee held six minuted meetings and passed one resolution.

Apart from the Committee members, the meetings of the Strategy and Development Committee were also attended by other members of the Supervisory Board, members of the Management Board, executive directors and office directors.

The responsibilities of the Strategy and Development Committee are set out in Section 17 of the Rules of Procedure for the Supervisory Board, pursuant to which the Committee is responsible, among others, for giving opinions and making recommendations to the Supervisory Board on matters related to planned investments and divestments with a potentially material effect on the Company and for giving opinions on all strategic documents, the Company's development strategies and long-term budgets.

In 2022, in the exercise of its functions, the Strategy and Development Committee:

- reviewed, on a quarterly basis, the progress of PKN ORLEN's strategy;
- issued a recommendation on the proposal to grant consent to the adoption of the ORLEN Group Hydrogen Strategy until 2030;
- reviewed information on the organisational and financial situation of selected ORLEN Group companies.

The Strategy and Development Committee also formulated recommendations for the Supervisory Board on matters which were the subject of Supervisory Board meetings and which fall within the remit of the Committee.

Corporate Governance Committee

In 2022, the Corporate Governance Committee consisted of:

Andrzej Szumański	Chair of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Barbara Jarzembowska	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Andrzej Kapała	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Roman Kusz	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)

In 2022, the Corporate Governance Committee held seven minuted meetings and passed one resolution.

Apart from the Committee members, the meetings of the Corporate Governance Committee were also attended by other members of the Supervisory Board, members of the Management Board, executive directors and office directors.

The Corporate Governance Committee's remit is defined in Section 16 of the Rules of Procedure for the Supervisory Board, according to which the Committee is responsible for making recommendations to the Supervisory Board concerning implementation of corporate governance standards at the Company, assessing the implementation of corporate governance standards, giving opinions on corporate governance documents and proposed amendments thereto, as well as drafting such amendments in the case of the Supervisory Board's own documents, monitoring the Company management in terms of compliance with legal and regulatory requirements, including disclosure obligations on the capital market, as well as compliance with corporate governance principles, and assessing reports on compliance with corporate governance standards

prepared for the Warsaw Stock Exchange and reports on compliance with the best practices referred to in Art. 7.3.2 of the Act on State Property Management.

In 2022, in the exercise of its functions, the Corporate Governance Committee:

- gave an opinion on the annual report on PKN ORLEN S.A.'s compliance with the Code of Best Practice for WSE Listed Companies;
- assessed the Company's compliance with corporate governance standards and the manner in which the Company complied with its disclosure requirements set out in the WSE Rules and legal provisions governing current and periodic information published by issuers of securities, along with information on the steps taken by the Supervisory Board to perform the assessment;
- gave an opinion on draft resolutions of the Extraordinary General Meeting of PKN ORLEN S.A. to amend the Articles of Association of the Company;
- gave an opinion on the Management Board's proposals to amend articles of association of certain ORLEN Group companies;
- gave an opinion on the procedure for provision by the Management Board of certain information to the Supervisory Board without any notice therefrom in accordance with the amended Commercial Companies Code;
- gave an opinion on proposed amendments to the Rules of Procedure for the Supervisory Board;
- reviewed the report on the operation of the Compliance System in the period January–December 2021 and the effective Compliance Policy.

Nomination and Remuneration Committee

In 2022, the Nomination and Remuneration Committee consisted of:

Wojciech Jasiński	Chair of the Committee
Anna Sakowicz-Kacz	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Michał Klimaszewski	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Andrzej Szumański	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Anna Wójcik	Member of the Committee.

In 2022, the Nomination and Remuneration Committee held 11 minuted meetings and passed one resolution.

Apart from the Committee members, the meetings of the Nomination and Remuneration Committee were also attended by other members of the Supervisory Board, members of the Management Board, executive directors, and office directors.

The responsibilities of the Nomination and Remuneration Committee are set out in Section 18 of the Rules of Procedure for the Supervisory Board, pursuant to which the Committee is in particular responsible for supporting the Company's strategic goals by providing the Supervisory Board with opinions and recommendations regarding the Company's management structure, including organisational solutions, the remuneration system, and selection of personnel with appropriate qualifications to contribute to the Company's success.

In 2022, in the exercise of its functions, the Nomination and Remuneration Committee:

- issued a recommendation on the 'Rules for setting and assessment of delivery of individual bonus-triggering objectives for members of the Management Board of PKN ORLEN S.A. for 2022' and on its proposed update;
- recommended the proposed MBO sheets for members of the PKN ORLEN Management Board for 2022 and the proposed objectives whose achievement would determine payment of variable remuneration to members of the PKN ORLEN Management Board in 2022;
- prepared a recommendation on assessment of the delivery of the qualitative objectives by members of the PKN ORLEN Management Board for 2021 and of the delivery of the objective whose achievement determined payment of variable remuneration in 2021;
- issued a recommendation on approval of the delivery by Management Board members of their individual bonus-triggering objectives and passing of resolutions to grant variable remuneration to members of the PKN ORLEN Management Board for the financial year 2021;
- issued a recommendation on granting consent for members of the Management Board to serve on supervisory or management bodies of other entities;
- assessed candidates for the positions of members of the PKN ORLEN Management Board in the context of the required qualifications as part of recruitment procedures announced by the PKN ORLEN Supervisory Board and recommended meetings with candidates;
- issued opinions on agreements/contracts with member of the PKN ORLEN Management Board;
- endorsed the Report of the Supervisory Board of PKN ORLEN S.A. on remuneration of members of the Management Board and the Supervisory Board for 2021;
- discussed the proposal on defining the rules for evaluating delivery of individual management objectives in compliance with the principles of remuneration for members of management and supervisory bodies of ORLEN Group companies, in line with the Act on Rules of Remunerating Persons Managing Certain Companies of June 9th 2016;
- granted consent to preparing a report for the Supervisory Board on the performance of agreed procedures to determine the level of satisfaction of quantitative MBOs by the PKN ORLEN Management Board for 2022-2024;
- issued a recommendation on the proposal to grant consent to the extension of the deadline for the fulfilment by the companies acquired by PKN ORLEN in the second half of 2022 of certain obligations concerning defining and applying management remuneration rules.

Corporate Social Responsibility Committee (CSR Committee)

In 2022, the CSR Committee consisted of:

Jadwiga Lesisz	Chair of the Committee
Michał Klimaszewski	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Roman Kusz	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Anna Wójcik	Member of the Committee.

The responsibilities of the CSR Committee are defined in the Rules of Procedure for the Supervisory Board. The Committee is responsible, among others, for supporting the Company in the pursuit of its strategic goals by incorporating social, ethical and environmental objectives in its activities and relations with stakeholders. The CSR Committee is also responsible for overseeing the implementation of the Company's Sustainable Development Strategy by regularly assessing the Company's operations in this area, monitoring the Company's management for compliance with the ORLEN Group's Code of Ethics, making recommendations to the Supervisory Board regarding the appropriateness of the Company's and the Group's social sponsorship expenses and donations, and preparing an annual report that summarizes the CSR activities of the Company and its Group.

In 2022, the CSR Committee held ten minuted meetings and passed one resolution.

Apart from the Committee members, the meetings of the CSR Committee were also attended by other members of the Supervisory Board, members of the Management Board and office directors.

In 2022, in the exercise of its functions the CSR Committee:

- reviewed information on the implementation of PKN ORLEN S.A.'s Charitable Giving Policy in 2021;
- discussed the report on sponsorship expenses and donations of PKN ORLEN S.A. and the Group for 2021 and assessed their reasonableness;
- discussed the report on the implementation of the ORLEN Group CSR Strategy until 2022 in 2018–2021, including a summary of 2021, and carried out a periodic assessment of the Group's CSR activities;
- reviewed the report summarising the CSR activities carried out by PKN ORLEN S.A. and the Group in the first half of 2022;
- reviewed the information material on the proposed update of the Charitable Giving Policy of Polski Koncern Naftowy ORLEN S.A.;
- discussed the report on the implementation of the Community Sponsorship in the second half of 2021 and the first half of 2022;
- reviewed progress on the implementation of the Sustainable Development Strategy for 2021 and the first half 2022;
- reviewed information on the work of the Ethics Committee.

The CSR Committee also formulated recommendations for the Supervisory Board on matters which were the subject of Supervisory Board meetings and which fall within the remit of the CSR Committee.

IV LIST OF MATTERS UNDERTAKEN BY THE SUPERVISORY BOARD FOLLOWING A REQUEST BY THE ENTITY AUTHORISED TO EXERCISE RIGHTS ATTACHED TO SHARES HELD BY THE STATE TREASURY

In compliance with the reporting obligation, in 2022 the Supervisory Board provided the Ministry of State Assets with quarterly reports on the Company.

The quarterly reports were submitted on the following dates:

- for the fourth quarter of 2021 – February 2nd 2022.
- for the first quarter of 2022 – April 29th 2022
- for the second quarter of 2022 – August 9th 2022
- for the third quarter of 2022 – November 30th 2022

- for the fourth quarter of 2022 – February 24th 2023.

The Supervisory Board also promptly responded to any correspondence from the shareholder authorised to exercise rights attached to shares held by the State Treasury, relating to the oversight of the Company exercised by the Supervisory Board.

V. ASSESSMENT OF THE DIRECTORS' REPORT ON THE OPERATIONS OF THE ORLEN GROUP AND PKN ORLEN S.A. IN 2022

Acting pursuant to Art. 8.11.6 and 8.11.6a of the Company's Articles of Association in conjunction with Art. 382.3 of the Commercial Companies Code and Art. 49 and 55.2a of the Accounting Act in conjunction with Art. 7.7.1 of the Company's Articles of Association, the Supervisory Board gives a favourable assessment of the Directors' Report on the operations of the ORLEN Group and PKN ORLEN S.A. in 2022, having found the report to be consistent with accounting books, documents and facts.

VI. ASSESSMENT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31ST 2022

Acting pursuant to Art. 382.3 of the Commercial Companies Code and Art. 8.11.6 of the Company's Articles of Association in conjunction with Art. 395.2.1 of the Commercial Companies Code, and pursuant to Art. 45 and Art. 53.1 of the Accounting Act and Art. 7.7.1 of the Company's Articles of Association, the Supervisory Board gives a favourable assessment of the audited financial statements of Polski Koncern Naftowy ORLEN Spółka Akcyjna for the year ended December 31st 2022, comprising:

- the separate statement of profit or loss (presented in the statement of profit or loss and other comprehensive income) for the period from January 1st 2022 to December 31st 2022, showing a net profit of PLN 27,261,937,353.96 (twenty-seven billion, two hundred and sixty-one million, nine hundred and thirty-seven thousand, three hundred and fifty-three złoty, 96/100);
- the separate statement of financial position as at December 31st 2022, showing total assets and total equity and liabilities of PLN 193,605,354,661.09 (one hundred and ninety-three billion, six hundred and five million, three hundred and fifty-four thousand, six hundred and sixty-one złoty, 09/100);
- the separate statement of changes in equity, showing an increase in equity as at December 31st 2022 by PLN 76,667,202,434.80 (seventy-six billion, six hundred and sixty-seven million, two hundred and two thousand, four hundred and thirty-four złoty, 80/100);
- the separate statement of cash flows, showing a net increase in cash of PLN 6,417,126,098.40 (six billion, four hundred and seventeen million, one hundred and twenty-six thousand, ninety-eight złoty, 40/100);
- supplementary information, comprising the introduction and notes to the separate financial statements, having found the statements complete, accurate and consistent with the relevant accounting records and documents.

Acting pursuant to Art. 8.11.6a of the Company's Articles of Association, in conjunction with Art. 382.1 of the Commercial Companies Code, and Art. 55 and Art. 63c.4 of the Accounting Act in conjunction with Art. 7.7.1 of the Company's Articles of Association, the Supervisory Board gives a favourable assessment of the audited consolidated financial statements of the ORLEN Group for the year ended December 31st 2022, comprising:

- the consolidated statement of profit or loss (included in the consolidated statement of profit or loss and other comprehensive income) for the period from January 1st 2022 to December 31st 2022, showing a net profit of PLN 33,629,614,156.59 (thirty-three billion, six hundred and twenty-nine million, six hundred and fourteen thousand, one hundred and fifty-six złoty, 59/100);
- the consolidated statement of financial position as at December 31st 2022, showing total assets and total equity and liabilities of PLN 272,327,345,587.15 (two hundred and seventy-two billion, three hundred and twenty-seven million, three hundred and forty-five thousand, five hundred and eighty-seven złoty, 15/100);

- the consolidated statement of changes in equity, showing an increase in equity as at December 31st 2022 by PLN 84,380,837,594.48 (eighty-four billion, three hundred and eighty million, eight hundred and thirty-seven thousand, five hundred and ninety-four złoty, 48/100);
- the consolidated statement of cash flows, showing a net increase in cash and cash equivalents of PLN 17,898,806,208.45 (seventeen billion, eight hundred and ninety-eight million, eight hundred and six thousand, two hundred and eight złoty, 45/100);
- supplementary information, comprising the introduction and notes to the consolidated financial statements,

having found the statements complete, accurate and consistent with the relevant accounting records and documents.

VII. ASSESSMENT OF THE PROPOSAL FOR ALLOCATION OF PROFIT FOR 2022 AND DIVIDEND PAYMENT

Acting pursuant to Art. 382.3.2 of the Commercial Companies Code, and Art. 8.11.6 of the Company's Articles of Association in conjunction with Art. 395.2.2 and Art. 348.1 of the Commercial Companies Code, and Art. 7.7.3 of the Company's Articles of Association, the Supervisory Board gives a favourable assessment of the Management Board's proposal to allocate the net profit for the financial year 2022, of PLN 27,261,937,353.96 (twenty-seven billion, two hundred and sixty-one million, nine hundred and thirty-seven thousand, three hundred and fifty-three złoty, 96/100), as follows:

- PLN 6,385,181,269.50 (six billion, three hundred and eighty-five million, one hundred and eighty-one thousand, two hundred and sixty-nine złoty, 50/100) shall be distributed as dividend (of PLN 5.50 per share);
- the balance of PLN 20,876,756,084.46 (twenty billion, eight hundred and seventy-six million, seven hundred and fifty-six thousand, eighty-four złoty, 46/100) shall be allocated to the Company's statutory reserve funds.

The Supervisory Board is of the opinion that the Management Board's recommendation on the amount of dividend to be paid in 2023 is consistent with the Company's strategy and objectives.

The Supervisory Board gives a favourable assessment of the Management Board's recommendation to set August 10th 2023 as the dividend record date and August 31st 2023 as the dividend payment date.

VIII. ASSESSMENT OF THE PERFORMANCE BY THE MANAGEMENT BOARD OF ITS OBLIGATIONS UNDER ARTICLE 380¹ OF THE COMMERCIAL COMPANIES CODE AND ASSESSMENT OF THE MANAGEMENT BOARD'S PRACTICES WITH RESPECT TO THE PREPARATION AND PROVISION TO THE SUPERVISORY BOARD OF INFORMATION, DOCUMENTS, REPORTS AND CLARIFICATIONS REQUESTED PURSUANT TO ART. 382.4 OF THE COMMERCIAL COMPANIES CODE.

The Supervisory Board gives a positive assessment of the performance by the Management Board of its obligations under Article 380¹ of the Commercial Companies Code and of the Management Board's practices with respect to the preparation and provision to the Supervisory Board of information, documents, reports and clarifications requested pursuant to Art. 382.4 of the Commercial Companies Code.

The Management Board provided the Supervisory Board with complete information on the Company and other Group companies in a timely manner without omitting any material data, including by briefing the Supervisory Board at each of its meetings on the Company's current affairs and financial highlights as well as major projects carried out by the Company in various areas and on their progress.

To enable the Supervisory Board to perform its duties, the Management Board gave it access to information on matters concerning the Company.

Following the enactment of amendments to the Commercial Companies Code, acting pursuant to Art. 380(1).1.1–3 in conjunction with Art. 380(1).3.1 of the amended Commercial Companies Code, the

Supervisory Board specified the manner and frequency of providing information to the Supervisory Board by the Management Board, requiring that:

1. information on Management Board resolutions and the matters resolved on be provided to the Supervisory Board once a quarter at the first scheduled meeting of the Supervisory Board in the following quarter unless, in special circumstances, the Chair of the Supervisory Board consents to the provision of such information on a different date;
2. information on the condition of the Company, including with respect to its assets, and any material circumstances relating to the management of the Company, including, without limitation, its operations, investment projects and human resources, be provided to the Supervisory Board once a month at the first scheduled meeting of the Supervisory Board in the following month unless, in special circumstances, the Chair of the Supervisory Board consents to the provision of such information on a different date;
3. information on progress in the implementation by the Company of its business development directions, including on any deviations from such directions and the reasons therefor, be provided to the Supervisory Board once a month at the first scheduled meeting of the Supervisory Board in the following month unless, in special circumstances, the Chair of the Supervisory Board consents to the provision of such information on a different date.

The Company's Management Board provided the Supervisory Board with such information as is referred to above in a timely manner and without any notice from the Supervisory Board and in relevant written or electronic form as agreed with the Supervisory Board.

On January 27th 2023, upon adopting the amended Rules of Procedure for the Supervisory Board, the Supervisory Board defined the manner and frequency of provision of certain information by the Management Board to the Supervisory Board in those Rules.

IX. TOTAL CONSIDERATION PAID BY THE COMPANY FOR ALL AUDITS COMMISSIONED BY THE SUPERVISORY BOARD DURING THE FINANCIAL YEAR.

In 2022, the Company did not pay any consideration for any audit, study or report concerning the Company's business commissioned by the Supervisory Board from a third-party adviser selected in accordance with Art. 382¹ of the Commercial Companies Code as no such service was commissioned.

X. ASSESSMENT OF THE COMPANY'S STANDING ON A CONSOLIDATED BASIS, INCLUDING AN ASSESSMENT OF THE ADEQUACY AND EFFECTIVENESS OF ITS INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE SYSTEMS AND INTERNAL AUDIT FUNCTION, ALONG WITH INFORMATION ON THE STEPS TAKEN BY THE SUPERVISORY BOARD TO PERFORM THE ASSESSMENT; THE ASSESSMENT COVERS ALL MATERIAL CONTROLS, INCLUDING THOSE RELATED TO REPORTING AND OPERATING ACTIVITIES.

The ORLEN Group's organisational structure includes internal control, risk management, compliance, and internal audit functions.

The internal control, risk management, compliance and internal audit functions generate and submit to the Supervisory Board periodic reports on their performance to enable the Supervisory Board to monitor their effectiveness.

The persons in charge of these functions each confirmed their effectiveness in the 'Report on the assessment of the Company's standing on a consolidated basis, including an assessment of its internal control, risk management and compliance systems and internal audit function, along with information on the steps taken by the Supervisory Board to perform the assessment'.

The audit function is performed by the Audit Office of PKN ORLEN S.A., which operates under conditions ensuring objectivity and independence. The activities of the internal audit function conform to the International Standards for Professional Internal Auditing as issued by the Institute of Internal Auditors (IIA). The internal audit function operates based on annual audit plans approved by the Management Board

and adopted by the Audit Committee of the Supervisory Board and the Supervisory Board. It may also carry out ad hoc audits as ordered by the Supervisory Board or the Management Board. The internal audit function monitors implementation of their recommendations and prepares reports on its findings in this regard. All monitoring reports are submitted to the Management Board and the Audit Committee.

The Control and Security Office of PKN ORLEN S.A. conducts inspections and inquiries at PKN ORLEN and other ORLEN Group companies. The Office assesses compliance by PKN ORLEN and ORLEN Group employees with applicable laws and regulations and internal policies as well as countering any threats to the Group's interests. The Control and Security Office is responsible for segment oversight in the control function across ORLEN Group companies.

The Financial Control Department, which is part of the Financial Control, Risk Management and Compliance Office, carries out financial audits to identify and detect financial irregularities and fraud, applying the criteria of legal compliance, relevance, cost efficiency, reliability, efficiency and legitimacy. The independence of the Financial Control Department is assured through appropriate functional reporting lines within PKN ORLEN S.A.'s organisational structure. Unlike the other units of the Financial Control, Risk Management and Compliance Office, the Financial Control Department does not report to Member of the Management Board responsible for Corporate Affairs, but directly to President of the Management Board, Chief Executive Officer of PKN ORLEN S.A.

PKN ORLEN S.A. has a Corporate Risk Management Team, which is part of the Financial Control, Risk Management and Compliance Office and which coordinates the risk management process across the Group. Risk management at each of the ORLEN Group companies is the direct responsibility of its management board and the coordinator appointed by that board. The pillars of the Risk Management System are the Enterprise Risk Management Policy and Procedure. The risk management process is one of the management tools supporting the effective delivery of strategic and operational objectives, and providing information on the risks at PKN ORLEN S.A. and the Group and on their effective management.

PKN ORLEN S.A. operates a compliance function, which is responsible for supervising compliance by ORLEN Group companies with applicable laws and regulations, internal policies, and voluntary standards of conduct. The compliance system in place at PKN ORLEN S.A. and other ORLEN Group companies involves implementation of consistent legal and organisational solutions to ensure compliance of all business processes at PKN ORLEN S.A. and other ORLEN Group companies.

Having reviewed the rules of operation of the ORLEN Group's internal control, risk management and compliance systems and internal audit function and the reports and clarifications on their performance as submitted to it, the Supervisory Board confirms their adequacy and effectiveness in 2022.

XI. ASSESSMENT OF THE COMPANY'S COMPLIANCE WITH CORPORATE GOVERNANCE STANDARDS AND THE MANNER IN WHICH THE COMPANY COMPLIES WITH ITS DISCLOSURE REQUIREMENTS SET OUT IN THE WSE RULES AND LEGAL PROVISIONS GOVERNING CURRENT AND PERIODIC INFORMATION PUBLISHED BY ISSUERS OF SECURITIES, ALONG WITH INFORMATION ON THE STEPS TAKEN BY THE SUPERVISORY BOARD TO PERFORM THE ASSESSMENT

PKN ORLEN is required to apply the corporate governance principles adopted by the WSE in the form of the "Code of Best Practice for WSE Listed Companies 2021" ("2021 Code of Best Practice").

PKN ORLEN S.A. does not apply on a permanent basis four principles of the 2021 Code of Best Practice, which concern a corporate diversity policy and enabling attendance at the General Meeting via electronic means of communication. In accordance with the "comply or explain" approach, PKN ORLEN S.A. provided an explanation on July 29th 2021 as to why it does not adhere to:

principles 2.1., 2.2., and 2.11.6. of the 2021 Code of Best Practice on the diversity policy:

At PKN ORLEN S.A., the diversity policy relating to the Company's employees is covered by a range of internal documents. However, there is currently no formal diversity policy for the PKN ORLEN Management Board or Supervisory Board. The Company annually discloses diversity metrics for its supervisory and management bodies within the Group. The gender diversity ratio is not applied in the Company's diversity management practices. The gender diversity requirement of the 2021 Code of Good Practice is met by the Company's Supervisory Board, which has a minority share of no less than 30%, but not by the Management Board.

- principle 4.1. of the 2021 Code of Best Practice on holding General Meeting via electronic means:

The Company has not received any requests from shareholders to hold a virtual or hybrid General Meeting so far. On two occasions, the Company's Management Board proposed that the shareholders introduce provisions to the Articles of Association and Rules of Procedure for the General Meeting to enable holding virtual or hybrid General Meetings. The proposal was not approved by the Shareholders at the Annual General Meetings held on June 29th 2011 and May 30th 2012. The failure to comply with this principle will not affect the reliability of the Company's disclosure policy, nor will it hinder Shareholders' participation in General Meetings.

On May 25th 2022, PKN ORLEN S.A. issued a current report disclosing an incidental breach of two principles of 2021 Code of Best Practice, numbered 4.8 and 4.9.1. The breach occurred when a shareholder of the Company submitted a draft resolution and proposed nominations for members of the Supervisory Board during the Annual General Meeting.

The Company has in place procedures ensuring its compliance with Section 29.3 of the WSE Rules, pursuant to which if the Company does not comply on a permanent basis with or has incidentally violated a principle set forth in the 2021 Code of Best Practice, it discloses such non-compliance or violation in a current report issued through the EBI reporting system, whereby it details the circumstances of and reasons for the non-compliance or violation.

The Company properly fulfils its corporate governance disclosure obligations resulting from the WSE Rules and regulations on current and periodic information to be disclosed by issuers of securities.

Acting in accordance with Par. 70.6.5) of the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated March 29th 2018 (Dz.U. of 2018, item 757), PKN ORLEN discloses a statement of compliance with corporate governance principles in its consolidated and separate annual reports.

The 'Investor Relations' section of the Company's website contains a corporate governance tab (<https://www.orklen.pl/pl/relacje-inwestorskie/o-spolce/lad-korporacyjny>), which is where the Company's annual reports on compliance with WSE best practices, as well as the 2021 Code of Best Practice itself, can all be downloaded. It also contains the Company's statement of compliance with the principles of the 2021 Code of Best Practice and all other information required by it.

The PKN ORLEN Supervisory Board adopts resolutions to delegate its members to individually perform supervisory duties with respect to the Company's compliance with the corporate governance disclosure obligations set forth in the WSE Rules and the regulations on current and periodic information to be published by issuers of securities. In 2022, Mr Andrzej Szumański, Vice Chairperson of the Supervisory Board, was delegated to perform such duties.

Each year, the Supervisory Board reviews an annual report on the fulfilment by PKN ORLEN S.A. of disclosure obligations imposed on it as a public company. In February 2022, the Supervisory Board approved the 2021 report and in March 2023 the 2022 report. The reports included a discussion of the internal procedures, summary of inside information released to the public, overview of notification obligations of members of the Management and Supervisory Boards, statement of compliance by the Company with the Best Practice for WSE Listed Companies, and summary of the Company's communication with the PFSA.

XII. ASSESSMENT OF THE APPROPRIATENESS OF THE COMPANY'S AND THE GROUP'S SPONSORSHIP AND DONATION SPENDING, INCLUDING THE AMOUNT SPENT ON THESE PURPOSES

In accordance with Principle 1.5 of the Best Practice for WSE Listed Companies 2021, the Supervisory Board has reviewed the Company's report on the sponsorship and donation spending of PKN ORLEN S.A. and the ORLEN Group for 2022, which shows that PKN ORLEN S.A.'s sponsorship and donation spending totalled PLN 284,916 thousand and PLN 291,036 thousand, respectively, while the same figures for the ORLEN Group were PLN 63,979 thousand and PLN 29,488 thousand.

The Supervisory Board gives a positive assessment of the report.

The global recognition of the ORLEN brand plays a pivotal role in facilitating the implementation of PKN ORLEN's strategy to build a leading multiutility group in Europe. The Company's sponsorship activities consistently supported delivery of this ultimate business goal. At the same time, they helped foster enduring relations with local communities. One such project is the ORLEN for Płock programme, which is a testament to the Company's dedication to the city of Płock and its greater region.

Upon merger with Grupa LOTOS S.A. and PGNiG S.A., PKN ORLEN S.A. took over a number of sponsorship agreements from the acquirees, thus significantly broadening the scope of its CSR initiatives, including sports and cultural sponsorship projects. The key partners and collaborators of the ORLEN Group under these arrangements are the Polish Football Association, the Polish Ski Association, the Polish Handball Association and Kajetan Kajetanowicz.

The Company's flagship sponsorship project in 2022 continued to be the title sponsorship of the Alfa Romeo F1 Team ORLEN and collaboration with Robert Kubica, the ORLEN brand ambassador. The team achieved a remarkable milestone last season, securing its highest finish in a decade – 6th place in the constructors' rankings. In 2022, the advertising value equivalent from global exposure of the Company through Alfa Romeo F1 Team ORLEN totalled PLN 3.8bn¹ (total for PR activities, social media presence, and broadcasts). The project provided a marketing and communication platform also for the Czech and German markets, where it supported the rebranding of the Benzina and Star service station networks, and in Slovakia and Hungary, where it supported the opening of new outlets following the Company's merger with Grupa LOTOS.

The broad range of the Company's sports marketing initiatives, sponsorship projects and events translated into encouraging performance indicators. The total media value of all of the PKN ORLEN brands' exposures on the Polish market in the period from January to December 2022 was estimated at more PLN 1.4bn,² with the number of exposures totalling 2,146,909.²

The impact of the Group's sponsorship activities on specific areas is invariably appreciated by a vast majority of Poles, who in particular acknowledge it in the following contexts:

- the condition of Polish sports – beneficial impact of PKN ORLEN appreciated by 74%³ of respondents
- the condition of Polish culture and national heritage – beneficial impact of PKN ORLEN appreciated by 71%³ of respondents
- the lives of local communities – beneficial impact of PKN ORLEN appreciated by 65%³ of respondents
- the life of the Polish society at large – beneficial impact of PKN ORLEN appreciated by 60%³ of respondents.

The results of the survey are consistent with the perception of the Group's involvement. According to Poles, PKN ORLEN is particularly involved in the sponsorship of:

- sports (according to 75% of respondents)³,

¹ Alfa Romeo F1 Team '2022 End-Season Report'

² Pentagon Research – 'Media value of the PKN ORLEN brand in January–December 2022'

³ARC Rynek i Opinia – 'Monitoring survey on PKN ORLEN's sponsorship activities', November 2022

- children and young people's sports activities (according to 37% of respondents)³,
- art and culture (according to 29% of respondents)³,
- young talent (according to 23% of respondents)³.

As a result of the mergers effected in 2022, PKN ORLEN S.A. strengthened its leading position Poland's most active sponsors. In 2022, the Company's activity in this area was spontaneously pointed to by 53% of Poles³, placing PKN ORLEN 40pp ahead of the second most active business organisation identified in the survey.³

Research conducted by PKN ORLEN S.A. has indicated that sponsorship activities have a significant and overwhelm effect on the strength of the ORLEN brand and on customers' purchasing decisions.³ Consumers who were aware of the Group's involvement in various sponsorship projects rated the ORLEN brand an average of 18pp higher and displayed a 10pp increased likelihood of opting for ORLEN products and services relative to individuals unfamiliar with PKN ORLEN's sponsorship initiatives.³

PKN ORLEN S.A. also developed and implemented a dedicated segment oversight standard to ensure effective supervision of sponsorship activities at other ORLEN Group companies. Such projects are primarily intended to support sports and culture as well as to build lasting relations with local communities. The advertising value equivalent of the sponsorship initiatives carried out by different Group members in 2022 was as follows: Energa S.A. – PLN 75.16m², ORLEN OIL – PLN 25.68m², and ORLEN Paliwa – PLN 10.95m², which in each case considerably exceed the actual amount of money spent by the sponsor.

For years, PKN ORLEN S.A. has been the leading sponsor of sports among Poland's business community. In a sports sponsorship survey conducted in 2022, 42% of Poles spontaneously identified the Company as the most recognisable sponsor of sports.³ The second most identifiable company in this category garnered significantly less recognition, with only 18.3% of respondents able to name it.³

2022 saw numerous successes of the athletes and teams sponsored by PKN ORLEN S.A., which significantly contributed to it maintaining its unequalled recognition. These accomplishments included Robert Kubica's podium finish with the Prema ORLEN Racing team in the legendary 24H Le Mans race, Bartosz Zmarzlik's third Individual Speedway World Championship title, Paweł Fajdek's fifth Hammer Throw World Championship title, the Polish National Men's Volleyball Team achieving the European vice-championship, ORLEN Wisła Płock's third place in the European Handball Federation's European League, and the Polish National Football Team's best performance at the FIFA World Cup in 36 years.

The ORLEN Group is also involved in sponsorship of amateur sports. In 2022 alone, its support in this area reached approximately 300,000 children and teenagers across Poland.

A significant aspect of the Company's CSR engagement is its patronage of Poland's most esteemed cultural institutions. These include the Grand Theatre–National Opera, the National Museum in Warsaw, and the Fryderyk Chopin Institute. PKN ORLEN S.A. also holds the leading position among sponsors of culture and art. In this regard, 29% of Poles associate the Company with cultural and artistic sponsorship, with the second most recognised sponsor mentioned by just 10% of respondents.³

PKN ORLEN S.A. is also the most prominent sponsor of community projects in Poland, with 18% of Poles identifying the Company in this context.³ The second best known organisation in this category is mentioned by 10% of respondents.³

Based on the aforementioned surveys, the Group believes that its leadership in sponsorship activities in Poland remains unchallenged. This position was solidified in 2022 through both strategic acquisitions and the consistent implementation of a well-planned sponsorship policy. The Company's engagement in sports remains particularly visible, helping shape its image as a key contributor to the growth and success of Polish professional and amateur sports. The ORLEN brand is further associated with support for cultural institutions and events, and its recognition in this area significantly surpasses that of other brands involved in similar activities.³

Guided by the principles of the Charitable Giving Policy of PKN ORLEN S.A. and the Organisational Standard for Charitable Activities, ORLEN Group companies engage in charitable initiatives in areas outlined in the Group's Sustainable Development Strategy. Donations are made after considering their economic and legal aspects and following consultation with the legal and tax functions. The Act on State Property Management requires that any donations in excess of PLN 20 thousand, VAT-exclusive, be approved by the Company's Management and Supervisory Boards.

CSR projects are implemented with a view to supporting local communities and responding to their needs, with assistance provided primarily to those who are most disadvantaged. Such initiatives also take into account general social interests and are designed to foster relations with key stakeholder groups, including customers, employees, local communities, the media, and other ORLEN Group companies.

In 2022, Group companies were actively involved in projects run by the ORLEN Foundation, such as grant and scholarship programmes, thus supporting their employees and local communities and helping enhance their own image among those stakeholders. Group companies sponsored various educational, sports, cultural, environment protection and healthy lifestyle projects, keeping in mind their environmental aspects. Most donations were made in communities where ORLEN Group companies operate, helping foster their relations with those communities as well as other stakeholders. Charitable projects and initiatives enhance the positive image of the entire ORLEN Group, and thus of each its companies, as a CSR Leader.

XIII ANALYSIS AND ASSESSMENT OF THE ACTIVITIES OF THE ORLEN GROUP COMPANIES, BASED ON ASSESSMENT OF THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

In August and November 2022, PKN ORLEN S.A. ("PKN ORLEN" or the "Company") successfully concluded its mergers with Grupa LOTOS S.A. ("Grupa LOTOS" or "LOTOS") and PGNiG S.A. ("PGNiG"), respectively. This significant milestone led to the emergence of Central Europe's largest energy group, ranking among top 150 companies in the world by revenue and serving more than 100 million customers. Following its integration with LOTOS and PGNiG, the revitalised ORLEN Group (the "ORLEN Group" or "Group") is exceptionally well-positioned to deliver a multi-billion investment programme dedicated to enhancing the region's energy security and to facilitate a successful energy transition within its operating markets.

According to the ORLEN Group's Strategy updated in February 2023, the key goal of the combined ORLEN Group is to ensure stable supplies of energy, fuel and gas from green sources. On the path to this goal the Group will primarily invest in renewable energy generation, hydrocarbon production and green projects, including biogas and biofuels. It will also develop hydrogen technologies, modern petrochemical assets and safe nuclear power generation. The Group's fast growth and investments will be a driving engine for Poland's economy, contributing to the modernisation of the energy and fuel industries and creating new jobs. Projects implemented under the strategy will also effectively address global trends and challenges, mainly in such areas as energy security and climate change. Delivery of the ORLEN2030 strategy will bring the Group closer to achieving its long-term objective of becoming carbon neutral by 2050, as well as making it a leading multi-utility player in the region with a strong asset portfolio.

Effective growth of the ORLEN Group would not be possible without full operational and cost efficiency. The Group continually takes steps to improve its management processes, optimise its business model and consolidate its assets. As a result of this strategy, it has consistently strengthened its position on home markets and has been steadily expanding its product range and geographical reach.

To ensure effective management of its segments, the Group has introduced management policies designed to support achievement of shared goals across its companies. This management concept has been implemented based on the ORLEN Group Constitution, which ensures uniformity of the organisational standards and information exchange rules, as well as effective monitoring of key business decisions. It also identifies the

legal basis for creating a consistent strategy within the ORLEN Group. PKN ORLEN's effective corporate supervision over the ORLEN Group companies relies on ongoing oversight of the Group's operations based on uniform standards, as well as financial, and formal and legal supervision.

As at December 31st 2022, the ORLEN Group comprised 181 companies: the Parent and 180 subsidiaries.

In view of PKN ORLEN's successful merger with Grupa LOTOS and PGNiG and stable financial position, the Company was assigned the highest rating ever. Moody's Investors Service upgraded PKN ORLEN's rating to A3, while Fitch Ratings upgraded PKN ORLEN's Long-Term Issuer Default Rating (IDR) by two notches, to BBB+. Given its sound financial footing and steady implementation of business objectives across all areas of operations, on October 3rd 2022 PKN ORLEN paid dividend for 2021 in the amount of PLN 3.5 per share, that is at a level consistent with the Group's strategy.

The Group's earnings and stable financial condition, underpinned by secure debt ratios and strong ratings from Moody's Fitch Ratings, enabled a CAPEX increase of PLN 9.838bn, to an unprecedented total of PLN 19.728bn.

Major investment projects carried out in 2022 included:

- Expansion of olefins production capacities – Płock
- Construction of HVO unit (hydrogenation of vegetable oils) – Płock
- Construction of visbreaking unit – Płock
- Expansion of fertilizer production capacities – Anwil
- Construction of hydrocracking unit – Lithuania
- Construction of second-generation bioethanol plant – ORLEN Południe
- Upgrades of existing assets and connection of new customers – the ENERGA Group
- Construction of CCGT Ostrołęka and CCGT Grudziądz
- Construction of offshore wind farm in the Baltic Sea
- Expansion of the service station and non-fuel sales networks
- Launch of new services and products
- Poland / Canada – focus on the most promising fields

RESULTS OF THE ORLEN GROUP

Item	UoM	2022	2021	2020	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLNm	277,564	131,341	86,180	146,223	111.3%
EBITDA	PLNm	48,009	19,211	8,465	28,798	149.9%
LIFO-based EBITDA	PLNm	46,912	14,965	10,839	31,947	213.5%
EBIT	PLNm	41,093	13,870	3,908	27,223	196.3%
Net profit	PLNm	33,630	11,188	2,825	22,442	200.6%
Equity	PLNm	136,959	52,578	42,389	84,381	160.5%
Total assets	PLNm	272,327	106,754	84,048	165,573	155.1%
Headcount as at December 31st	no. of persons	64,494	35,424	33,377	29,070	82.1%

Impairment losses on non-current assets recognised in 2022, 2021 and 2020 were PLN (6,330)m, PLN (811)m and PLN (1,591)m, respectively.

The ORLEN Group's revenue for 2022 was PLN 277,564m, having increased by PLN 146,223m (y/y). This higher sales revenue figure reflects a 22% year-on-year increase in sales volumes (in tonnes) across all operating segments, including in the new Gas segment, which was identified following the merger with PGNiG. In addition, the 43% year-on-year rise in crude oil prices in 2022 led to notably higher prices of key products, including gasoline (up 53%), diesel oil (up 81%), light fuel oil (up 76%), jet fuel (up 80%), heavy fuel oil (up 25%), ethylene prices (up 28%), and propylene prices (up 28%).

EBITDA recorded by the Group for 2022 was PLN 48,009m. Before impairment losses on property, plant and equipment and intangible assets, which had a net effect of PLN (6,330)m, EBITDA was PLN 54,339m.

The effect of rising crude oil prices in 2022 on the valuation of inventories (LIFO effect), recognised in EBITDA, was PLN 1,097m. As a result, the ORLEN Group's LIFO-based EBITDA for 2022 was PLN 46,912m, up PLN 31,947m (y/y):

- Changes in macroeconomic factors had a positive effect on the ORLEN Group's results of PLN 14,243m (y/y), mainly driven by the impact of a higher differential calculated based on the actual structure of processed oils by USD (6.8)/bbl, margins on light and medium distillates, olefins, PTA, PVC, and fertilizers. The positive effects were partially offset by a negative effect of measurement and settlement of a CO2 futures contract of PLN (4,905)m and hedging transactions of PLN (2,104)m (y/y), due to rising oil and product prices. In addition, higher prices of crude, natural gas and electricity, with increased crude throughout (y/y), had a significant effect on the cost of captive consumption.
- The 18% increase (y/y) in sales volumes, by 6,929 thousand tonnes, to 45,852 thousand tonnes, was attributable mainly to the recognition of volumes of former Grupa LOTOS's Refining segment, of 5,425 thousand tonnes, and volumes of the former PGNiG Group's and Grupa LOTOS's Upstream and Gas segments, of 381 thousand tonnes. After elimination of Grupa LOTOS's and PGNiG's volumes, total sales volumes were up by 3%, or 1,124 thousand tonnes. These trends in sales volumes had a positive effect on the ORLEN Group's results of PLN 577m (y/y).
- The effect of other factors was positive, at PLN 17,127m (y/y), and included:
 - PLN 14,166m – recognition of gain on bargain purchase of Grupa LOTOS and PGNiG of PLN 5,915m and PLN 8,251m, respectively.
 - PLN 6,481m – consolidation of the operating results of former Grupa LOTOS (after elimination of gain on bargain purchase).
 - PLN 3,444m – consolidation of the operating results of former PGNiG (after elimination of gain on bargain purchase).
 - PLN (7,141)m – recognition of impairment losses on non-current assets in 2022 and 2021, of PLN (6,330)m and PLN (811)m, respectively.
 - PLN (527)m – effect of the change in the method of the Gdańsk Refinery following the sale of 30% of shares to Saudi Aramco in Q4 2022.
 - PLN (228)m – no positive effect of the inventory write-downs to net realisable values recognised in 2021. The impact of inventory write-downs for the year ended December 31st 2022 was PLN (17)m (2021: PLN 211m).
 - PLN (184)m – no positive effect of the prescription of liability claims of ORLEN UNIPETROL minority shareholders recognised in 2021.
 - PLN (156)m – no positive effect of change in the ownership structure of Baltic Power recognised in 2021.
 - PLN 1,272m – other factors, including higher wholesale margins (y/y), with negative effect of overheads and labour costs.

After accounting for depreciation and amortisation of PLN (6,916)m, the ORLEN Group reported EBIT of PLN 41,093m for 2022.

In the reporting period, net financial costs were PLN (486)m and included mainly net currency exchange losses of PLN (643)m, net interest expense of PLN (494)m, and PLN 513m on settlement and measurement of financial instruments.

After income tax of PLN (6,963)m, the ORLEN Group posted a net profit of PLN 33,630m for 2022, an increase of PLN 22,442m (y/y).

As at December 31st 2022, the equity amounted to PLN 136,959m, representing an increase of PLN 84,381m relative to year-end 2021. This increase was mainly due to the recognition of a net profit of PLN 33,630m for 2022, recognition of a PLN 46,288m issue of merger shares for the purpose of the mergers with

Grupa LOTOS and PGNiG, less costs of the issue of PLN (52)m, the effect of a PLN 5,435m change in the balance of hedge reserve, the effect of exchange differences on the translation of equity of foreign entities of PLN 573m, and the payment of PLN (1,497)m in dividend.

Net financial debt of the ORLEN Group as at December 31st 2022 was PLN (2,258)m, a decrease of PLN (14,533)m on year-end 2021, mainly due to net outflows which included proceeds from and repayments of loans and borrowings as well as redemption of bonds for a total amount of PLN (11,424)m, a PLN (18,560)m increase in net cash, a PLN (27)m increase in short-term deposits, and a PLN 807m net effect of valuation and remeasurement of debt due to exchange differences, and a PLN 14,671m increase on recognition of debt following the mergers with Grupa LOTOS and PGNiG.

In 2022, the ORLEN Group's hiring policy was focused on recruiting top quality specialists for both day-to-day tasks and strategic projects. Acquisition of the companies of the former PGNiG Group (24,021 people) and LOTOS Group (4,291 people) in 2022 and expansion of the ORLEN Group's power generation, IT and retail areas led to a year-on-year increase in total workforce by 29,070 people, to 64,494 employees.

I. LIFO-based EBITDA OF KEY ORLEN GROUP COMPANIES IN 2022

1. PKN ORLEN S.A.

Item	UoM	2022	2021	2020	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLNm	205,873	89,680	58,816	116,193	129.6%
EBITDA	PLNm	31,545	9,936	3,473	21,609	217.5%
LIFO-based EBITDA	PLNm	29,859	6,613	5,526	23,246	351.5%
EBIT	PLNm	29,322	7,830	1,550	21,492	274.5%
Net profit	PLNm	27,262	8,398	(2,356)	18,864	224.6%
Equity	PLNm	115,122	38,455	31,869	76,667	199.4%
Total assets	PLNm	193,605	70,953	54,552	122,652	172.9%
Headcount as at December 31st	no. of persons	12,174	5,878	5,727	6,296	107.1%

Impairment losses on non-current assets recognised in 2022, 2021 and 2020 were PLN (3,209)m, PLN (78)m and PLN (23)m, respectively.

PKN ORLEN's **sales revenues** in 2022 were PLN 205,873m, having increased by PLN 116,193m y/y on the back of higher sales volumes, including the volumes of former Grupa LOTOS and the PGNiG Group (up 35% y/y), and higher crude oil prices, which rose 43% (y/y), driving the prices of key products. In 2022, gasoline prices went up by 53%, diesel oil prices by 81%, light fuel oil prices by 76%, jet fuel prices by 80%, heavy fuel oil prices by 25%, ethylene prices by 28%, and propylene prices by 28% year on year.

PKN ORLEN's EBITDA in 2022 was PLN 31,545m. Impairment losses recognised in 2022 amounted to PLN (3,209)m, and EBITDA before the impairment losses was PLN 34,754m.

The effect of crude price movements (LIFO effect) on the amount of inventories, reflected in EBITDA, was PLN 1,686m. As a result, PKN ORLEN's LIFO-based EBITDA for 2022 was PLN 29,859m, up PLN 23,246m (y/y):

- PLN 5,121m (y/y) – the positive effect of macroeconomic parameters, including mainly an increase of USD (6.8)/bbl in the differential calculated based on the actual crude slate, higher margins on light and middle distillates, olefins and PTA. The positive effects were partially offset by a negative effect of measurement and settlement of a CO2 futures contract of PLN (4,905)m and hedging transactions of PLN (1,072)m (y/y), due to rising oil and product prices. In addition, higher prices of crude, natural gas and electricity, with increased crude throughput (y/y), had a significant effect on the cost of captive consumption.

- PLN 990m (y/y) – the positive effect of a 35% year-on-year increase in sales volumes, i.e. by 6,104 thousand tonnes to 23,380 thousand tonnes, which was attributable mainly to the recognition of volumes of the Upstream and Gas segments of former Grupa LOTOS (5,118 thousand tonnes) and of the former PGNiG Group (39 thousand tonnes). After elimination of Grupa LOTOS's and PGNiG's volumes, total sales volumes were up by 5%, or 947 thousand tonnes.
- PLN 17,135m (y/y) – the positive effect of other factors, which included:
 - PLN 12,210m – recognition of gain on bargain purchase of PKN ORLEN Gdańsk and PKN ORLEN's PGNiG Branch Complex in the amount of PLN 4,456m and PLN 7,754m, respectively;
 - PLN 4,658m – consolidation of the operating results of PKN ORLEN Gdańsk (after elimination of gain on bargain purchase) and Rafineria Gdańska;
 - PLN 551m – consolidation of the operating results of PKN ORLEN's PGNiG Branch Complex (after elimination of gain on bargain purchase);
 - PLN (3,131)m – recognition of impairment losses on non-current assets in 2022 and 2021, of PLN (3,209)m and PLN (78)m, respectively;
 - PLN 2,847m – other factors, including the effect of higher (y/y) sales margins in Refining and Petrochemicals and non-fuel margins in Retail, partly offset by lower (y/y) fuel margins, higher operating costs of service stations, higher overheads and labour costs, and donations; plus absence of the positive effect of prescription of liability claims of ORLEN UNIPETROL minority shareholders of PLN (184)m recognised in 2021.

After depreciation and amortisation of PLN (2,223)m, EBIT for 2022 amounted to PLN 29,322m.

In 2022, net financial income was PLN 1,523m and mainly included the following items:

- dividend income of PLN 1,070m, received chiefly from Rafineria Gdańska, ORLEN Deutschland, ORLEN Paliwa, ORLEN Asphalt and Basell ORLEN Polyolefins;
- net settlement and measurement of derivative financial instruments hedging: currency risk exposures to payments of foreign currency invoices for crude oil, currency risk exposures in liquidity transactions, and interest rates and interest payments on bonds, for a total amount of PLN 502m;
- net interest income calculated using the effective interest rate, interest on leases and other interest, for a total amount of PLN 192m;
- net currency exchange losses on foreign currency loans and other items of PLN (518);
- net reversal of revaluation write-downs on shares in subsidiaries of PLN 312m.

After a PLN (3,434)m tax expense, PKN ORLEN posted a net profit of PLN 27,262m for 2022, an increase of PLN 18,864m (y/y).

- Net debt as at December 31st 2022 amounted to PLN 7,662m. The change in the debt level is mainly attributable to the merger with former Grupa LOTOS and PGNiG.

As PKN ORLEN pursues an employment policy focused on ensuring top specialists to deliver day-to-day operational tasks as well as strategic projects across all business areas, headcount at PKN ORLEN increased by 213, to 6,091 at the end of 2022. The acquisition of a part of the employees from the companies of the former Grupa LOTOS and PGNiG Groups and 70% of Rafineria Gdańska increased the headcount at PKN ORLEN by 6,083, to 12,174.

2. ORLEN UNIPETROL GROUP

Item	UoM	2022	2021	2020	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLNm	40,026	23,855	13,979	16,171	67.8%
EBITDA	PLNm	4,714	1,756	(309)	2,958	168.5%
LIFO-based EBITDA	PLNm	4,985	1,118	(102)	3,867	345.9%
EBIT	PLNm	3,581	761	(1,138)	2,820	370.6%
Net profit	PLNm	3,135	570	(950)	2,565	450.0%

Equity	PLNm	15,623	10,426	9,286	5,197	49.8%
Total assets	PLNm	25,381	19,508	14,784	5,873	30.1%
Headcount as at December 31st	no. of persons	5,523	4,876	4,930	647	13.3%

Impairment losses on non-current assets recognised in 2022, 2021 and 2020 were PLN (705)m, PLN (40)m and PLN (77)m, respectively.

Revenue amounted to PLN 40,026m, having increased by 67.8% (y/y) as a result of a 3.7% growth in sales volumes and a 40% increase in crude oil prices and, consequently, prices of key products.

EBITDA in 2022 was PLN 4,714m. Impairment losses on non-current assets recognised in 2022 were PLN (705)m, up by PLN (665)m (y/y). The effect of crude oil price movements on the valuation of inventories, recognised in EBITDA, was PLN (271)m. As a result, the Unipetrol Group's LIFO-based EBITDA for 2022 was PLN 4,985m, having increased by PLN 3,867m (y/y):

- PLN 4,584m (y/y) – the positive effect of macroeconomic parameters, including mainly higher differential calculated according to the actual crude slate, higher margins on light and middle distillates, olefins and fertilizers, and lower provisions for CO₂ allowances, partially limited by negative impact of settlement and measurement of financial instruments.
- PLN (197)m (y/y) – negative volume effect, mainly in the refining segment as a result of a higher share of heavy fractions in the sales mix, compounded by a year-on-year decline in petrochemical and retail sales volumes.
- PLN (665)m (y/y) – recognition of impairment losses on non-current assets in 2022 and 2021, of PLN (705)m and PLN (40)m, respectively.
- PLN 145m (y/y) – the effect of other factors, including the positive impact of higher wholesale and retail margins, partially limited by the negative effect of utilisation of historical inventory layers, revaluation of inventories to net realisable values (PLN 70)m, and higher overheads and labour costs.

After depreciation and amortisation expense of PLN (1,134)m, EBIT came in at PLN 3,581m in 2022.

In 2022, net finance costs were PLN (34)m. After tax expense of PLN (411)m, net profit for 2022 was PLN 3,136m, compared with PLN 574m in 2021.

Net debt as at December 31st 2022 was PLN (3,052)m.

As at December 31st 2022, the headcount was 5,523, having increased by 647 persons (y/y).

3. ORLEN LIETUVA GROUP

Item	UoM	2022	2021	2020	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLNm	35,576	19,692	10,926	15,884	80.7%
EBITDA	PLNm	(646)	551	(660)	(1,197)	-
LIFO-based EBITDA	PLNm	(315)	314	(561)	(629)	-
EBIT	PLNm	(841)	382	(808)	(1,223)	-
Net profit	PLNm	(1,046)	341	(650)	(1,387)	-
Equity	PLNm	1,170	2,066	1,575	(896)	(43.4%)
Total assets	PLNm	5,638	5,447	3,094	191	3.5%
Headcount as at December 31st	no. of persons	1,485	1,467	1,446	18	1.2%

Impairment losses on non-current assets recognised in 2022, 2021 and 2020 were PLN (1,840)m, PLN 6m and PLN (81)m, respectively.

Revenue came in at PLN 35,576m, having increased by 80.7% (y/y) as a result of a 3.6% growth in sales volumes and a 40% increase in crude oil prices and, consequently, prices of key products.

EBITDA in 2022 was PLN (646)m, down by PLN (1,197)m (y/y). Impairment losses on non-current assets recognised in 2022 were PLN (1,840)m, up by PLN (1,846)m (y/y). The effect of crude price movements on the value of inventories, reflected in EBITDA, was PLN (331)m. As a result, the ORLEN Lietuva Group's LIFO-based EBITDA for 2022 was PLN (315)m, having decreased by PLN (629)m (y/y):

- PLN 2,406m (y/y) – the positive effect of macroeconomic changes, including mainly higher differential calculated according to the actual crude slate and improved margins on light and middle distillates and olefins, which were partly offset by higher cost of internal consumption and negative impact of cash flow hedges on crude oil purchases and sales of products.
- PLN (613)m (y/y) – negative volume effect due mainly to the negative effect of changes in the crude slate following reduction of Rebco processing by 56pp (y/y) and its replacement with more expensive Arabian crudes and crude oil from the North Sea, compounded by a year-on-year decline in petrochemical sales volumes.
- PLN (1,846)m (y/y) – recognition of impairment losses on non-current assets in 2022 and 2021, of PLN (1,840)m and PLN 6m, respectively.
- PLN (576)m (y/y) – the effect of other factors, including the negative impact of utilisation of historical inventory layers (PLN (168)m (y/y)), revaluation of inventories to net realisable values (PLN 158m), lower wholesale margins (y/y), and higher overheads and labour costs (y/y).

After depreciation and amortisation expense of PLN (195)m, EBIT came in at PLN (841)m in 2022.

In 2022, net finance costs were PLN (98)m. After tax expense of PLN (107)m, net loss for 2022 was PLN (1,046)m, down by PLN (1,387)m y/y.

Net debt as at December 31st 2022 was PLN 84m.

As at December 31st 2022, the headcount was 1,485, having increased by 18 persons (y/y).

4. ENERGA GROUP

Item	UoM	2022	2021	2020	change	% change
1	2	3	4		6=(3-4)	7=(3-4)/4
Revenue	PLNm	20,444	13,791	8,223	6,653	48.2%
EBITDA	PLNm	2,604	2,705	1,260	(101)	(3.7%)
EBIT	PLNm	1,468	1,633	570	(165)	(10.1%)
Net profit	PLNm	950	1,256	382	(306)	(24.4%)
Equity	PLNm	11,681	10,111	8,784	1,570	15.5%
Total assets	PLNm	27,294	21,280	19,629	6,014	28.3%
Headcount as at December 31st	no. of persons	8,781	8,888	9,731	(107)	(12%)

Impairment losses on non-current assets recognised in 2022, 2021 and 2020 were PLN (20)m, PLN (77) and PLN 0m, respectively.

Revenue totalled PLN 20,444m, up 48.2% (y/y), with the increase driven mainly by higher revenue from sales of electricity and higher sales prices due to rapid growth in energy prices on the market.

EBITDA in 2022 was PLN 2,604m. Impairment losses recognised in 2022 were PLN (20)m. EBITDA decreased by PLN (101)m (y/y), mainly as a result of:

- PLN 1,597m (y/y) – the positive effect of macroeconomic parameters, including primarily higher margins achieved across all business lines, i.e. Distribution, Electricity Generation and Sales, partly offset by the negative effect of provisions on CO₂ emission allowances.
- PLN 46m (y/y) – the effect of higher sales volumes of the Electricity Generation segment, partly offset by lower sales volumes of the Sales and Distribution segments.

- PLN 57m (y/y) – recognition of impairment losses on non-current assets in 2022 and 2021, of PLN (20)m and PLN (77)m, respectively.
- PLN (1,801)m (y/y) – the effect of other factors, including primarily the recognition of a provision for the fulfilment of contracts with customers from tariff group G at the Energa Group, of PLN (1,068)m, following the approval of the 2023 tariff by the President of URE and the implementation of energy price regulations, and higher overheads and labour costs (y/y).

After depreciation and amortisation expense of PLN (1,136)m, EBIT came in at PLN 1,468m in 2022.

In 2022, net finance costs were PLN (343)m. After tax expense of PLN 169m, the net result for 2022 was PLN 950m.

Net debt as at December 31st 2022 was PLN 5,530m. up PLN 653m.

As at December 31st 2022, the workforce was 8,781, having decreased by 107 persons.

5. ANWIL

Item	UoM	2022	2021	2020	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLNm	5,737	3,156	2,208	2,581	81.8%
EBITDA	PLNm	1,069	722	425	347	48.1%
EBIT	PLNm	830	494	244	336	68.0%
Net profit	PLNm	674	376	159	298	79.1%
Equity	PLNm	2,560	1,783	1,467	777	43.6%
Total assets	PLNm	5,332	4,341	3,092	991	22.8%
Headcount as at December 31st	no. of persons	1,660	1,610	1,485	50	3.1%

Impairment losses on non-current assets recognised in 2022, 2021 and 2020 were PLN (40)m, PLN 29m and PLN 0m, respectively.

Revenue was PLN 5,737m, having increased by 82% (y/y).

EBITDA in 2022 reached PLN 1,069m. Impairment losses recognised in 2022 were PLN (40)m. EBITDA increased by PLN 347m (y/y), mainly as a result of:

- PLN 248m (y/y) – the positive effect of the macroeconomic environment, including mainly higher margins on fertilizers and PVC, partly offset by higher cost of internal consumption (y/y), mainly due to higher prices of electricity and natural gas.
- PLN (53) m (y/y) – the negative effect of lower sales volumes, mainly of fertilizers (down (20)% y/y).
- PLN (69)m (y/y) – recognition of impairment losses on non-current assets in 2022 and 2021, of PLN (40)m and PLN 29m, respectively.
- PLN 221m (y/y) – the effect of other factors, including mainly higher sales margins, partly limited by higher overheads and labour costs (y/y).

After depreciation and amortisation expense of PLN (239)m, EBIT for 2022 came in at PLN 830m.

In 2022, net finance costs were PLN (0.3)m. After tax expense of PLN (161)m, net profit for 2022 was PLN 674m, up by PLN 275m (y/y).

Net debt as at December 31st 2022 was PLN 1,160m.

As at December 31st 2022, the workforce was 1,660, having increased by 50 persons (y/y).

6. ORLEN POLUDNIE GROUP

Item	UoM	2022	2021	2020	change	% change
1	2	3	4		6=(3-4)	7=(3-4)/4
Revenue	PLNm	5,036	3,502	1,819	1,534	43.8%
EBITDA	PLNm	312	433	9	(121)	(27.9%)
LIFO-based EBITDA	PLNm	325	401	19	(76)	(19.0%)
EBIT	PLNm	225	383	(28)	(158)	(41.3%)
Net profit	PLNm	165	315	(24)	(150)	(47.6%)
Equity	PLNm	1,424	1,132	461	292	25.8%
Total assets	PLNm	3,018	2,366	1,557	652	27.6%
Headcount as at December 31st	no. of persons	778	753	686	25	3.3%

Impairment losses on non-current assets recognised in 2022, 2021 and 2020 were PLN (1)m, PLN 70m and PLN 0m, respectively.

Revenue was PLN 5,036m, having increased by 43.8% y/y.

EBITDA in 2022 amounted to PLN 312m. Impairment losses recognised in 2022 were PLN (1)m. The effect of crude oil price movements on the valuation of inventories, recognised in EBITDA, was PLN (13)m. As a result, the ORLEN Południe Group's LIFO-based EBITDA for 2022 was PLN 325m, down PLN (76)m (y/y):

- PLN (99)m (y/y) – the negative effect of macroeconomic parameters, including primarily higher gas leading to increased utility costs, partially offset by higher crack spreads in each segment, except Solvents and BIO.
- PLN 108m (y/y) – the positive effect of higher sales volumes, mainly in the Crude Oil segment, with lower sales volumes in the other segments.
- PLN (71)m (y/y) – recognition of impairment losses on non-current assets in 2022 and 2021, of PLN (1)m and PLN 70m, respectively.
- PLN (14)m (y/y) – the effect of other factors, including mainly higher variable costs, overheads, and labour costs (y/y), partially offset by higher sales margins (y/y).

After depreciation and amortisation expense of PLN (87)m, EBIT for 2022 came in at PLN 225m.

In 2022, net finance costs were PLN (18)m. After tax expense of PLN (43)m, net profit for 2022 was PLN 165m, down by PLN (150)m (y/y).

Net debt as at December 31st 2022 was PLN 735m, having increased by PLN (350)m.

As at December 31st 2022, the headcount was 778, having increased by 25 persons (y/y).

7. ORLEN PALIWA

Item	UoM	2022	2021	2020	change	% change
1	2	3	4		6=(3-4)	7=(3-4)/4
Revenue	PLNm	33,883	21,624	16,615	12,259	56.7%
EBITDA	PLNm	459	227	166	232	102.2%
EBIT	PLNm	431	199	143	232	116.6%
Net profit	PLNm	365	159	119	206	129.6%
Equity	PLNm	561	355	420	206	58.0%
Total assets	PLNm	2,814	2,218	1,671	596	26.9%
Headcount as at December 31st	no. of persons	387	376	380	11	2.9%

In 2020-2022, no impairment losses on non-current assets were recognised.

Revenue was PLN 33,883m, having increased by 56.7% (y/y).

In 2022, EBITDA was PLN 459m, up by PLN 232m (y/y) as a result of:

- PLN 17m (y/y) – the positive effect of higher sales volumes, mainly of diesel oil by 2% and LPG by 17% (y/y).
- PLN 215m (y/y) – the effect of other factors, including mainly the effect of higher wholesale margins on fuels, partly offset by higher variable costs, overheads, and labour costs.

After depreciation and amortisation expense of PLN (28)m, EBIT came in at PLN 431m in 2022.

In 2022, net finance income was PLN 23m. After tax expense of PLN (89)m, net profit for 2022 was PLN 365m, up by PLN 206m (y/y).

Negative net debt (cash surplus) as at December 31st 2022 was PLN (20)m.

As at December 31st 2022, the headcount was 387, having increased by 11 persons (y/y).

8. ORLEN DEUTSCHLAND GROUP

Item	UoM	2022	2021	2020	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLNm	17,742	13,672	10,766	4,070	29.8%
EBITDA	PLNm	733	651	568	82	12.6%
EBIT	PLNm	528	453	367	75	16.6%
Net profit	PLNm	364	318	266	46	14.5%
Equity	PLNm	1,013	710	664	303	42.7%
Total assets	PLNm	3,589	3,281	2,811	308	9.4%
Headcount as at December 31st	no. of persons	234	225	203	9	4.0%

Impairment losses on non-current assets recognised in 2022, 2021 and 2020 were PLN (9)m, PLN (10)m and PLN (17)m, respectively.

Revenue was PLN 17,742m, having increased by 30% (y/y).

EBITDA in 2022 amounted to PLN 733m. Impairment losses recognised in 2022 were PLN (9) m. EBITDA increased by PLN 82m (y/y) as a result of:

- PLN 134m (y/y) – improvement of fuel and non-fuel margins.
- PLN (4)m (y/y) – lower fuel sales volumes.
- PLN (48)m (y/y) – the effect of other factors, including mainly lower sales margins (y/y) and higher overheads and labour costs (y/y), partially offset by the positive impact of a change in the balance of other operating income/expenses (net of the net effect of impairment losses on assets), of PLN 25m, including the reversal of VAT provisions for 2021.

After depreciation and amortisation expense of PLN (205)m, EBIT for 2022 came in at PLN 528m.

In 2022, net finance costs were PLN (5)m. After tax expense of PLN (159)m, net profit for 2022 was PLN 364m.

Negative net debt (cash surplus) as at December 31st 2022 was PLN (19)m.

As at December 31st 2022, the workforce was 234, having increased by 9 persons (y/y).

9. ORLEN UPSTREAM GROUP

Item	UoM	2022	2021	2020	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLNm	1,467	828	484	639	77.2%
EBITDA	PLNm	1,145	1,309	(1,097)	(164)	(12.5%)
EBIT	PLNm	807	1,057	(1,441)	(250)	(23.7%)
Net profit/(loss)	PLNm	639	992	(1,361)	(353)	(35.6%)
Equity	PLNm	3,667	2,997	1,774	670	22.4%
Total assets	PLNm	5,050	4,534	3,317	516	11.4%
Headcount as at December 31st	no. of persons	148	159	152	(11)	(6.9%)

Impairment losses on non-current assets recognised in 2022, 2021 and 2020 were PLN 122m, PLN 918m and PLN (1,422)m, respectively.

Revenue was PLN 1,467m, having increased by PLN 639m (y/y).

EBITDA in 2022 amounted to PLN 1,145m. Impairment losses recognised in 2022 were PLN 122m. EBITDA decreased by PLN (164)m (y/y) as a result of:

- PLN 593m (y/y) – higher CLS crude and NGL condensate prices, combined with a positive effect of cash flow hedging transactions.
- PLN 99m (y/y) – the positive effect of higher sales volumes, mainly attributable to the launch of electricity production in Poland in 2022.
- PLN (796)m (y/y) – recognition of impairment losses on non-current assets in 2022 and 2021, of PLN 122m and PLN 918m, respectively.
- PLN (60)m (y/y) – other factors, including mainly higher variable costs attributable to the launch of new Electricity Production Facilities and commencement of electricity production in 2022.

After depreciation and amortisation expense of PLN (338)m, EBIT for 2022 came in at PLN 807m.

In 2022, net finance costs were PLN (64)m. After tax expense of PLN (104)m, net profit for 2022 was PLN 639m.

As at December 31st 2022, net debt fell by PLN 200m (y/y), to PLN 854m.

As at December 31st 2022, the workforce was 148, having decreased by 11 persons.

10. OTHER ORLEN GROUP COMPANIES AND CONSOLIDATION ADJUSTMENTS – LIFO-based EBITDA of PLN 6,048m, including mainly:

- PLN 3,006m – consolidation of the results of former PGNiG Group companies, including a temporary gain of PLN 497m on their bargain purchase;
- PLN 3,035m – consolidation of the results of former LOTOS Group companies, including a temporary gain of PLN 1,459m on their bargain purchase;
- PLN 183m – the ORLEN WIND3 Group;
- PLN (54)m – the RUCH Group;
- PLN (20)m – the Polska Press Group;
- PLN (102)m – other and consolidation adjustments.

XIV. ASSESSMENT OF THE USE OF NON-CURRENT ASSETS, IN PARTICULAR REAL PROPERTY, BY THE COMPANY

Property not used in day-to-day operations of PKN ORLEN S.A. (such as land, including land on which closed-down service stations are located, non-operational service stations, petroleum product plants and storage depots) is reviewed on an ongoing basis in terms of its possible sale or lease, or use for the purposes of planned investment/reactivation projects. Property which, following an internal analysis within the Company, are recognised as unsuitable for the Company's needs, are assigned for disposal.

As at December 31st 2022, 153 of PKN ORLEN S.A.'s properties, with a total net carrying amount of PLN 85.89m, were held for lease.

In 2022, due to the continuing M&A projects (the acquisitions of Grupa LOTOS S.A. and PGNiG S.A.) and a range of other investment projects at the expanding Group, the Company did not put up any properties for sale.

In 2022, 12 properties formerly owned by PGNiG S.A., with a total carrying amount of PLN 1,469m, were sold for a price of PLN 2,111m (VAT exclusive). Following the issue of administrative decisions permitting the execution of road construction projects, the Company forfeited legal titles to 14 properties with a total carrying amount of PLN 0.364m through expropriation in favour of the State Treasury. Net compensation received by the Company was PLN 0.836m.

Properties or parts of properties which are not used in the Company's day-to-day operations may be leased or rented. As at the end of 2022, 338 lease or rental contracts were in force, for a total amount of PLN 12,092m (VAT exclusive)

At PKN ORLEN S.A., 882 items of non-current assets (including plant and equipment) which are not used in day-to-day operations and are not planned to be used in the future have been identified for potential disposal, decommissioning, lease or rental. Their total carrying amount is PLN 15,370m.

Chairperson of the Supervisory Board
PKN ORLEN S.A.
Wojciech Jasiński

Warsaw, April 2023