



**REPORT  
OF THE SUPERVISORY BOARD OF ORLEN S.A. ON ITS  
ACTIVITIES FOR THE FINANCIAL YEAR 2023**

**WARSAW, May 2024**

On 21 June 2023, the Annual General Meeting of the Company passed Resolution No. 58 to amend its Articles of Association so as to rename the Company “ORLEN Spółka Akcyjna”. Upon formal registration of the amendment by the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, on 3 July 2023 the Company’s legal name was effectively changed from Polski Koncern Naftowy ORLEN S.A. to ORLEN S.A.

Accordingly, any references in this Report to the “Company” and “ORLEN” are meant to refer to the Company both prior to and after its effective renaming on 3 July 2023.

## I. COMPOSITION OF THE SUPERVISORY BOARD

### Composition of the Supervisory Board of ORLEN S.A. (“ORLEN S.A.” or the “Company”) as at 1 January 2023

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 GPW 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 GPW Listed Companies 2021</i> )
Andrzej Kapala	Member of the Supervisory Board ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Michał Klimaszewski	Member of the Supervisory Board ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Roman Kusz	Member of the Supervisory Board ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Jadwiga Lewis	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 GPW Listed Companies 2021</i> )

- On 11 January 2023, the Minister of State Assets, acting on behalf of the shareholder Polish State Treasury pursuant to Art. 8.2.1 of the Company’s Articles of Association, appointed Janina Goss to the Supervisory Board.
- On 20 October 2023, Michał Klimaszewski resigned from the Supervisory Board, effective as of 31 October 2023.
- On 13 December 2023, the Minister of State Assets, acting on behalf of the shareholder State Treasury pursuant to Art. 8.2.1 of the Company’s Articles of Association, removed Janina Goss from the Supervisory Board.

### Composition of the Supervisory Board as at 31 December 2023

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 GPW 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 GPW Listed Companies 2021</i> )
Andrzej Kapala	Member of the Supervisory Board ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Roman Kusz	Member of the Supervisory Board ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW 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 GPW Listed Companies 2021</i> )

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 11 May 2017, and have no actual and material links to any shareholders holding 5% or more of total voting rights in the Company.

On 25 January 2024, i.e. after the end of the financial year covered by this Report, the Minister of State Assets, acting on behalf of the shareholder State Treasury pursuant to Art. 8.2.1 of the Company's Articles of Association, appointed Wojciech Popiołek to the Supervisory Board of ORLEN S.A. On 6 February 2024, the Minister of State Assets, acting on behalf of the shareholder State Treasury pursuant to Art. 8.2.1 of the Company's Articles of Association, removed Wojciech Popiołek from the Supervisory Board.

On 6 February 2024, the Extraordinary General Meeting of ORLEN S.A. resolved to remove from office the following Supervisory Board members: Wojciech Jasiński, Andrzej Szumański, Anna Wójcik, Barbara Jarzembowska, Andrzej Kapala, Roman Kusz, Jadwiga Lesisz, and Anna Sakowicz-Kacz.

On 6 February 2024, the Extraordinary General Meeting of ORLEN S.A. appointed Wojciech Popiołek as member of the Supervisory Board, designating him as Chair, with effect from 7 February 2024. On 6 February 2024, the Extraordinary General Meeting of ORLEN S.A. resolved to appoint the following persons to the Supervisory Board: Michał Gajdus, Ewa Gąsiorek, Katarzyna Łobos, Kazimierz Mordaszewski, Mikołaj Pietrzak, Ireneusz Sitarski, Tomasz Sójka, and Tomasz Zieliński.

On 9 February 2024, Tomasz Sójka resigned as Member of the Supervisory Board with effect as of 16 February 2024.

On 25 April 2024, the Minister of State Assets, acting on behalf of the shareholder State Treasury pursuant to Art. 8.2.1 of the Company's Articles of Association, appointed Piotr Wielowieyski to the Supervisory Board.

On 14 May 2024, Ireneusz Sitarski resigned as Member of the Supervisory Board with effect as of 15 May 2024.

## II. ACTIVITIES OF THE SUPERVISORY BOARD

In 2023, the Supervisory Board held 11 minuted meetings and passed 375 resolutions.

The attendance of Supervisory Board members at the meetings held in 2023 was approximately 96%. 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 2023, there were no unauthorised absences of members of the Supervisory Board from the meetings.

In the financial year 2023, in the exercise of its supervisory and control powers and functions, the Supervisory Board among other things:

- appointed members of the Management Board for a new term of office commencing upon the date of the Annual General Meeting approving the financial statements for 2022, and passed a resolution to appoint President of the Management Board for the new joint term of office;
- 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;
- approved the rules for setting and assessing the delivery of individual bonus-triggering objectives for members of the Management Board for 2023;
- approved 2023 MBO sheets for the Management Board members along with separate objectives which, if delivered, would trigger payment of variable remuneration;
- approved the Remuneration Policy for Members of the Management and Supervisory Boards of ORLEN Group Companies;
- assessed the delivery by Management Board members of qualitative bonus-triggering objectives, and separate objectives triggering payment of variable remuneration for 2022, and granted variable remuneration to members of the Management Board for the financial year 2022;
- assessed the financial statements of Polski Koncern Naftowy ORLEN Spółka Akcyjna for the year ended 31 December 2022;
- assessed the Management Board's report on the operations of the ORLEN Group and PKN ORLEN S.A. in 2022;
- assessed the consolidated financial statements of the ORLEN Group for the year ended 31 December 2022;
- authorised the representation made under Section 70.1.8 in conjunction with Section 70.1.7 and under Section 71.1.8 in conjunction with Section 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 recommendation on the allocation of net profit for the financial year 2022;
- gave positive opinions on the agenda and draft resolutions for the Annual General Meeting of ORLEN S.A. convened for 21 June 2023, for the Extraordinary General Meeting of ORLEN S.A. convened for 22 March 2023, and for the Extraordinary General Meeting of ORLEN S.A. convened for 6 February 2024.;
- gave 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 Supervisory Board of ORLEN S.A.;
- approved the Rules of Procedure for the Management Board of ORLEN S.A.;
- approved the Rules of the Incentive Scheme for the Management Board of ORLEN S.A.;
- selected a qualified auditor to audit and review the financial statements of ORLEN S.A.;

- gave opinions on material provisions of commercial contracts for importing natural gas into Poland and on the implementation of strategic investment projects to ensure energy security;
- approved 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;
- approved the execution or amendment of 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 ORLEN S.A. to incur liabilities where liabilities under a single legal transaction or a series of related legal transactions executed in 2023 exceeded the equivalent of one-fifth of the Company's share capital;
- approved the sale of land located in Chynowa, Municipality of Przygodzice, accommodating elements of the Antonin – Ostrów Wielkopolski high-pressure gas pipeline infrastructure;
- approved the acquisition of plots of land located in the Płonie cadastral district in the County of Gdańsk from Gdańska Agencja Rozwoju Gospodarczego Sp. z o.o.;
- approved the grant of in-kind and financial donations by ORLEN S.A.;
- approved share capital increase at selected ORLEN Group companies and companies in which ORLEN S.A. holds equity interests, and the subscription for shares in the increased share capital of those companies;
- issued corporate approvals in relation to the Baltic Power offshore wind farm project and the Olefins 3 project;
- granted consent to the voting of shares in certain companies during votes on changes to their corporate documents;
- granted consent to the voting of shares at general meetings during votes on mergers and company transformations;
- granted consent to the voting of shares at the general meeting of the company operating the gas distribution system during a vote on the approval of the company's annual budget;
- gave its opinion on the Management Board's recommendation concerning appointment of representatives of the Company in the Management Board and Supervisory Board of System Gazociągów Tranzytowych EuRoPol Gaz S.A., and on voting shares at the general meetings of System Gazociągów Tranzytowych EuRoPol Gaz S.A.;
- approved equity investments and investments in property, plant and equipment carried out by the Company on foreign markets with a value exceeding one-twentieth of the Company's share capital;
- approved the execution of an agreement for granting another entity the right to use an asset against consideration;
- adopted updated Procedure for Periodic Assessment of Material Transactions Executed on Arm's Length Terms in the Ordinary Course of Business at PKN ORLEN S.A.;
- gave a favourable assessment of the summary 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 ORLEN S.A. and other ORLEN Group companies entered into in 2022, and decided that the transactions satisfied the conditions under Art. 90j.1.1 of the said Act;
- approved amendments to the policy and procedure for the selection of the auditor;

- resolved to terminate the agreement with the existing auditor of ORLEN's financial statements, i.e. Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa;
- selected a qualified auditor to audit and review ORLEN S.A.'s financial statements;
- approved the conclusion of agreements to forgive debt:
  - by reducing the amount of performance bond under the EPC contract for the ISBL infrastructure of a visbreaking unit;
  - resulting from interest accrued under agreements concluded with the Polish State Treasury – Chief of Police;
  - by entering into an agreement with PERN S.A. to settle disputes between ORLEN S.A. and PERN S.A.;
  - by forgiving Energa-Invest Sp. z o.o.'s and Elektropaks Sp. z o.o.'s debts resulting from liquidated damages for the delay in the performance of contract No. 5600021007 on the construction of a new substation (GPZ-3) at the CHP plant in Płock as part of investment project No. 23010 or other agreement with a similar effect with a value exceeding PLN 50,000 or 0.1% of total assets within the meaning of the Accounting Act of 29 September 1994, as determined on the basis of the most recent approved financial statements;
- approved the execution of a material transaction with the Company's related party, taking into consideration the applicable exemptions and other detailed rules as specified in Chapter 4b of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005;
- gave a positive opinion on the 2023 budget for ORLEN S.A. and the ORLEN Group;
- approved the revised 2030 Strategy of the ORLEN Group;
- approved the ORLEN Group Sustainable Development Strategy 2024–2030;
- approved the execution of transactions in CO<sub>2</sub> emission allowances;
- gave an opinion on the annual report of ORLEN S.A. (as legal successor to Grupa LOTOS S.A.) on the use of support other than state aid for 2020;
- approved the disposal by the Municipality of Płock of the Kazimierz Górski Stadium in Płock, situated at ul. Łukasiewicza 34, to Miejski Ośrodek Sportu i Rekreacji Płock;
- approved: disposal of 100% of shares in insurance company Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych of Warsaw, together with all shares held by the insurance company in the share capital of Polski Gaz Towarzystwo Ubezpieczeń na Życie of Warsaw; disposal of 100% of shares in Gas Storage Poland Sp. z o.o. of Dębogórze without holding a tender; acquisition of 100% of shares in Doppler Energie GmbH of Wels, Austria; furthermore, the Supervisory Board approved certain activities related to the acquisition of all shares in the share capital of Copernicus Windpark sp. z o.o. of Koszalin and Forthewind sp. z o.o. of Koszalin by ORLEN Wind 3 Spółka z o.o. of Warsaw;
- approved the extension of the deadline for the fulfilment by companies acquired or established in the second half of 2023 of certain obligations with respect to defining and applying management remuneration rules in accordance with the Act on Rules of Remunerating Persons Who Direct Certain Companies, Resolution No. 4 of the Extraordinary General Meeting of 24 January 2017 on the rules of remuneration for Management Board members, as amended, and the Remuneration Policy for Members of the Management and Supervisory Boards of ORLEN Group Companies; the obligations are to be fulfilled: by 12 April 2024 in the case of ENERGOP sp. z o.o.; within six months from the acquisition of KUFPEC Norway AS, provided that the company shares are acquired by 31 December 2023; within six months from the date of establishment of ORLEN Trading Chartering, provided that the company is established by 31 December 2023;
- approved the extension of the deadline for the fulfilment by Europol Gaz S.A. of certain obligations with respect to defining and applying management remuneration rules in accordance with the Act on Rules of Remunerating Persons Who Direct Certain Companies, Resolution No. 4

of the Extraordinary General Meeting of 24 January 2017 on the rules of remuneration for Management Board members, as amended, and the Remuneration Policy for Members of the Management and Supervisory Boards of ORLEN Group Companies;

- selected an advisor in accordance with Art. 382(1).1 of the Commercial Companies Code.

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

Described of the Supervisory Board were documented by resolutions and minutes of the Supervisory Board meetings held in 2023.

### 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 2023, the following standing Committees operated within the Supervisory Board:

- Audit Committee
- Strategy and Development Committee
- Corporate Governance Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee (on 25 May 2023, the Supervisory Board renamed it as Social and Environmental Responsibility Committee)
- Sports Sponsorship Committee (appointed by the Supervisory Board on 27 January 2023)
- Security Committee (appointed by the Supervisory Board on 11 July 2023).

Changes in the composition of the Supervisory Board in 2023 resulted in changes in the composition of the Committees, as presented in the description of the activities of each of the Committees below.

The detailed scope of work of the Committees in 2023 was documented in minutes of the Committees' meetings (in 2023, the Committees held 66 meetings).

#### **Audit Committee**

As at 1 January 2023, the Audit Committee consisted of:

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

Janina Goss	Member of the Committee from 27 January 2023 ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
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Due to the changes in the composition of the Supervisory Board that took place in 2023, the composition of the Audit Committee also changed and as at 31 December 2023 was as follows:

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

In 2023, the Audit Committee held 17 minuted meetings.

Pursuant to Section 13.5 of the Rules of Procedure for the Supervisory Board, the Audit Committee decided any matters put before it by voting (a total of five resolutions were so passed).

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.

Under Section 15 of the Rules of Procedure for the Supervisory Board, the Audit Committee is primarily responsible for advising the Supervisory Board on the proper implementation of the Company's budget and financial reporting, internal controls in place at the Company and across the ORLEN Group (within the meaning of the Accounting Act), and collaboration with the Company's auditors.

In 2023, 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 auditors' independence and giving consent to their provision of permitted non-audit services;
- completing the auditor selection procedure and preparation of a relevant recommendation for the Supervisory Board;
- reviewing interim and full-year separate and consolidated financial statements of 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 recommendation on the allocation of the 2022 net profit and dividend amount to be paid in 2023;
- assessing the Company's standing on a consolidated basis, including the performance of its internal control, risk management, and compliance systems and internal audit function in 2022;
- assessing the Company's utilisation of non-current assets;



- analysing and evaluating the activities of the Group companies, based on assessment of the Group's consolidated financial statements;
- reviewing reports on the activities of ORLEN S.A.'s and other 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 and Risk and Compliance Management Office;
- discussing any material litigation or administrative or arbitration proceedings that ORLEN S.A. or any other ORLEN Group company was involved in.

The Audit Committee also issued recommendations for the Supervisory Board on matters addressed at Supervisory Board meetings, which fell within the Committee's purview.

The Rules of Procedure for the Supervisory Board require that the Audit Committee assess the independence of the audit firm responsible for auditing the Company's financial statements before approving the provision by it of any permitted non-audit services. If the independence of the auditor is confirmed, the Audit Committee may agree to the provision of such services. Until 25 September 2023, ORLEN S.A.'s auditor was Deloitte Audyt sp. z o.o. sp.k. On that date, an agreement was signed to terminate the agreement for audits and reviews of financial statements (the "Agreement") of 17 April 2019. The Agreement was terminated since its performance became impossible for reasons attributable to the Auditor after the Polish Agency for Audit Oversight issued a decision to temporarily prohibit the Auditor from providing services covered by national professional standards.

In 2023, until the termination of the Agreement, Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Spółka komandytowa provided to ORLEN and certain other ORLEN Group companies permitted assurance and related non-audit services, contracted in accordance with the applicable procedure, including:

- assessment of the annual report on remuneration of the ORLEN Management Board and Supervisory Board for 2022;
- assessment of the annual report on remuneration of the ENERGA S.A. Management Board and Supervisory Board for 2022;
- assurance service consisting in reviewing the report of ORLEN as a beneficiary under the Polish governmental scheme 'Aid to energy-intensive sectors related to unexpected increases in natural gas and electricity prices in 2022';
- provision of Comfort Letters (CLs) in connection with the planned issuance of Eurobonds;
- assurance service for ENERGA S.A.'s Sustainability (ESG) Report;
- performance of agreed-upon procedures to review the satisfaction by ENERGA S.A. of covenants under a credit facility agreement;
- audit of parts of the report on revision of Energa Operator S.A.'s Regulatory Asset Value (RAV) and AMI Regulatory Asset Value (AMI RAV) for 2022;
- assurance service consisting in verifying the opening balance sheet of ORLEN Unipetrol RPA s.r.o.;
- advisory service consisting in performing a feasibility study for ORLEN Unipetrol RPA s.r.o.'s planned land development project on Argentinská Street, Praha, Czech Republic;
- assurance service related to the merger of Lotos Norway with PGNiG Norge as required under the Norwegian Private Limited Liability Companies Act;
- review of the satisfaction by ORLEN S.A. (PGNiG Branch) of covenants under financing agreements as at 31 December 2022;
- review of documents necessary for ORLEN Lietuva to recover funds from Public Service Obligation;
- audit of oil product packaging of ORLEN Deutschland GmbH.

In 2023, in connection with the decision of the Polish Agency for Audit Oversight of 25 August 2023, and given the Agency's proceedings involving the Company's existing auditor Deloitte sp. z o.o., the Audit Committee decided to conduct a procedure to select of a new audit firm in case the Company's auditor was to lose its eligibility to audit financial statements, in accordance with Section 7 of the Procedure for the Selection of an Audit Firm to Audit and Review PKN ORLEN S.A.'s Financial Statements, attached as an appendix to the Supervisory Board's resolution on amendments to the policy and procedure for the selection of the auditor. The Audit Committee decided not to hold an open tender procedure and publish an invitation to tender on the ORLEN website and instead sent invitations directly to selected audit firms. In order to ensure transparency of the process, the Audit Committee decided to send invitations to submit proposals for the audit and review the financial statements of ORLEN S.A. and key ORLEN Group companies for 2023–2024 to companies ranking in the top 15 positions in the Polish Agency for Audit Oversight's 2022 ranking of audit firms (excluding Deloitte Audyt). The Audit Committee completed the auditor selection procedure and prepared a relevant recommendation for the Supervisory Board. The Audit Committee's activities related to auditor selection were led by Michał Klimaszewski. The selection process was documented in meeting minutes and a report.

Following termination of the agreement with the existing auditor, i.e. Deloitte sp. z o.o. sp. k., on 26 October 2023 the Supervisory Board selected Mazars Audyt Sp. z o.o., in accordance with the Audit Committee's recommendation, to audit the separate financial statements of ORLEN S.A. and the consolidated financial statements of the ORLEN Group for the financial years 2023–2024 and to review the separate financial statements of ORLEN S.A. and the consolidated financial statements of the ORLEN Group for the first and third quarters and the first half of 2024.

In 2023, Mazars Audyt Sp. z o.o. did not provide any permitted non-audit services to ORLEN S.A. or any other ORLEN Group companies.

### **Strategy and Development Committee**

As at 1 January 2023, 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 GPW Listed Companies 2021</i> )
Wojciech Jasiński	Member of the Committee
Andrzej Kapala	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Anna Sakowicz-Kacz	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )

Due to the changes in the composition of the Supervisory Board that took place in 2023, the composition of the Strategy and Development Committee also changed and as at 31 December 2023 was as follows:

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

In 2023, the Strategy and Development Committee held 11 minuted meetings and passed 1 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 2023, in the exercise of its functions, the Strategy and Development Committee made quarterly analyses of the progress of the ORLEN Group's strategy. The Strategy and Development Committee also issued recommendations for the Supervisory Board on matters addressed at Supervisory Board meetings, which fell within the Committee's purview.

### **Corporate Governance Committee**

In 2023, 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 GPW Listed Companies 2021</i> )
Barbara Jarzembowska	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Andrzej Kapala	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Roman Kusz	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> ).

In 2023, the Corporate Governance Committee held 8 minuted meetings.

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 capital market disclosure requirements, as well as compliance with corporate governance standards, 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 2023, in the exercise of its functions, the Corporate Governance Committee:

- gave an opinion on the annual report on ORLEN S.A.'s compliance with the Code of Best Practice for GPW Listed Companies;
- assessed the Company's compliance with corporate governance standards and the manner in which the Company complies with the corporate governance disclosure requirements set out in the WSE Rules and regulations governing current and periodic information published by issuers of securities, and provided information on the steps taken by the Supervisory Board to perform the assessment;
- issued a recommendation regarding amendments to the Articles of Association of ORLEN S.A.;
- gave an opinion on the Management Board's proposals to amend articles of association of certain ORLEN Group companies;
- gave an opinion on proposed amendments to the Rules of Procedure for the Supervisory Board;
- gave an opinion on proposed amendments to the Rules of Procedure for the Management Board;
- reviewed the report on the operation of the Compliance System in the period January–December 2022 and the effective Compliance Policy.

### **Nomination and Remuneration Committee**

As at 1 January 2023, 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 GPW Listed Companies 2021</i> )
Michał Klimaszewski	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Andrzej Szumański	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Anna Wójcik	Member of the Committee.

Due to the changes in the composition of the Supervisory Board that took place in 2023, the composition of the Nomination and Remuneration Committee also changed and as at 31 December 2023 was as follows:

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 GPW Listed Companies 2021</i> )
Andrzej Szumański	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Anna Wójcik	Member of the Committee.

In 2023, the Nomination and Remuneration Committee held 7 minuted meetings.

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 2023, in the exercise of its functions, the Nomination and Remuneration Committee:

- issued a recommendation regarding the rules for setting and assessing the delivery of individual bonus-triggering objectives for members of the Management Board for 2023;
- recommended the proposed 2023 MBO sheets for members of the Management Board and the proposed objectives triggering payment of variable remuneration for members of the Management Board in 2023;
- prepared a recommendation regarding assessment of the delivery of the qualitative objectives by members of the ORLEN S.A. Management Board for 2022 and of objectives triggering payment of variable remuneration in 2022;
- issued a recommendation regarding approval of the level of delivery of individual bonus-triggering objectives by the Management Board members and resolutions to grant variable remuneration to Management Board members for the financial year 2022;
- assessed candidates for the positions of members of the ORLEN S.A. Management Board in the context of the required qualifications as part of a recruitment procedure announced by the Supervisory Board, and recommended meetings with candidates;
- issued a recommendation regarding resolutions to approve renaming of certain positions on the Management Board;
- gave an opinion on amendments to contracts with members of the ORLEN S.A. Management Board;
- endorsed the Supervisory Board's report on remuneration of members of the Management Board and the Supervisory Board for 2022;
- issued a recommendation regarding a proposal to revise the Remuneration Policy for Members of the Management and Supervisory Boards of ORLEN Group companies;
- reviewed information on the assessment of the human resources management system at the Company;
- reviewed the proposed rules for setting and assessing the delivery of individual bonus-triggering objectives for members of the Management Board for 2024, the proposed 2024 MBO sheets and proposed objectives triggering payment of variable remuneration in 2024 for members of the Management Board.

#### **Social and Environmental Responsibility Committee (Corporate Social Responsibility Committee until 25 May 2023)**

As at 1 January 2023, the Social and Environmental Responsibility 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 GPW Listed Companies 2021</i> )
Roman Kusz	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Anna Wójcik	Member of the Committee.

Due to the changes in the composition of the Supervisory Board that took place in 2023, the composition of the Social and Environmental Responsibility Committee also changed and as at 31 December 2023 was as follows:

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

The responsibilities of the Social and Environmental Responsibility 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. In addition, the Committee's responsibilities encompass overseeing the implementation of the Company's Sustainable Development Strategy by regularly assessing the Company's sustainability efforts, monitoring the Company's management of climate risks and opportunities as per the ORLEN Group Climate Policy, monitoring the Company's management for compliance with the ORLEN Group Code of Ethics and Human Rights Policy, making recommendations to the Supervisory Board regarding the reasonableness of the Company's and the Group's sponsorship and donation spending, including their amounts; and preparing an annual report summarising the Company's and the Group's CSR activities.

In 2023, the Social and Environmental Responsibility Committee held 11 minuted meetings.

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

In 2023, in the exercise of its functions the CSR Committee:

- reviewed the report on the implementation of the ORLEN S.A. Charitability Policy for 2022.;
- discussed the report on sponsorship and donation spending of ORLEN S.A. and the Group for 2022 and assessed their reasonableness;
- reviewed the report summarising the CSR activities carried out by ORLEN S.A. and the Group in 2022;
- discussed the progress of the ORLEN Group Sustainable Development Strategy in 2022.;
- reviewed information on the ORLEN Group Climate Policy;
- discussed the report on the implementation of the ORLEN Group Climate Policy activities;
- reviewed the report summarising the CSR activities carried out by ORLEN S.A. and the Group in the first half of 2023;

- discussed the report on the implementation of the Community Sponsorship in the second half of 2022;
- reviewed half-year information on ORLEN S.A.'s activities in the sponsorship of community and cultural initiatives;
- reviewed information on the activities of the Ethics Team in the second half of 2022 and the first half of 2023.

The Social and Environmental Responsibility Committee also issued recommendations for the Supervisory Board on matters addressed at Supervisory Board meetings, which fell within the Committee's purview.

### **Sports Sponsorship Committee**

As at 27 January 2023, i.e. the date of its appointment, the composition of the Sports Sponsorship Committee was as follows:

Roman Kusz	Chair of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Janina Goss	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Michał Klimaszewski	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Anna Wójcik	Member of the Committee.
Anna Sakowicz-Kacz	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )

Due to the changes in the composition of the Supervisory Board that took place in 2023, the composition of the Sports Sponsorship Committee also changed and as at 31 December 2023 was as follows:

Roman Kusz	Chair of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Anna Wójcik	Member of the Committee.
Anna Sakowicz-Kacz	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> ).

The role of the Sports Sponsorship Committee is defined in Section 20 of the Rules of Procedure for the Supervisory Board, and consists in supporting the achievement of the Company's strategic objectives by using the Company's resources to foster the development of professional and amateur sports and supporting major sports initiatives to contribute to building the ORLEN brand. Its main responsibilities encompass monitoring the Company's sports sponsorship activities, including through their periodic analysis and evaluation; presenting to the Supervisory Board recommendations on the assessment of the reasonableness of the Company's sports sponsorship spending, including its amount; and adopting an annual report summarising the Company's sports sponsorship activities.

In 2023, the Sports Sponsorship Committee held 9 minuted meetings and passed 1 resolution.

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

In 2023, in the exercise of its functions, the Sports Sponsorship Committee:

- reviewed information on the status of contracts in the sports sponsorship area, separately for contracts originally concluded by ORLEN S.A. and contracts taken over as a result of the mergers;
- reviewed information on ORLEN S.A.'s activities in sports marketing, sponsorship and events for the fourth quarter of 2022 and the first quarter of 2023;
- reviewed half-year information on ORLEN S.A.'s sports sponsorship activities;
- discussed the report on sports sponsorship expenses of ORLEN S.A. and the Group for 2022 and assessed their reasonableness;

The Sports Sponsorship Committee also issued recommendations for the Supervisory Board on matters addressed at Supervisory Board meetings, which fell within the Committee's purview.

### **Security Committee**

As at 11 July 2023, i.e. the date of its appointment, the composition of the Security Committee was as follows:

Wojciech Jasiński	Chair of the Committee ( <i>from 20 July 2023</i> )
Janina Goss	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Michał Klimaszewski	Member of the Committee ( <i>Supervisory Board Member meeting the independence criteria under the Best Practice for GPW Listed Companies 2021</i> )
Jadwiga Lesisz	Member of the Committee.

Due to the changes in the composition of the Supervisory Board that took place in 2023, the composition of the Security Committee also changed and as at 31 December 2023 was as follows:

Wojciech Jasiński	Chair of the Committee
Jadwiga Lesisz	Member of the Committee.

The role of the Security Committee is defined in Section 20a of the Rules of Procedure for the Supervisory Board, and consists in supporting the achievement of the Company's strategic objectives in the areas of business security, energy security, infrastructure and information security, cybersecurity, and physical safety of Company assets. Specifically, its responsibilities encompass monitoring the Company's key initiatives intended to ensure its business security, energy security, infrastructure and information security, and cybersecurity, as well as the physical safety of its assets; adopting reports on the implementation of the ORLEN Group Safety and Security Policy; adopting reports on the implementation of the ORLEN Group Anti-Corruption and Fraud Prevention Policy; providing opinions on ORLEN cybersecurity reports; providing opinions on reports on the security status of ORLEN S.A.'s critical infrastructure; adopting reports on the measures taken to verify material information on potential ORLEN S.A. security shortcomings; adopting reports on material information and recommendations concerning the ORLEN Group's operations and external environment in the context of its safety and security; overseeing the ORLEN Group's crisis management system, including business continuity protocols; discussing any material safety and security



issues and concerns with regard to the Company and/or the Group, including proposing measures to enhance strategic safety and security and improve the safety and security management system; and informing the Supervisory Board of any material issues within the Committee's purview.

In 2023, the Security Committee held 3 minuted meetings and passed 2 resolutions.

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

In 2023, in the exercise of its functions, the Security Committee:

- determined the details of the expected scope and delivery method for information to be provided from the respective business areas;
- reviewed information on the operation of the ORLEN S.A. transaction execution system;
- discussed the report on the implementation of the ORLEN Group Safety and Security Policy for the first half of 2023;
- discussed the report on the implementation of the ORLEN Group Anti-Corruption and Fraud Prevention Policy for the first half of 2023;
- discussed the report on measures taken to verify material information on potential ORLEN S.A. security shortcoming for the first half of 2023;
- reviewed information on the ORLEN Group's crisis management systems;
- discussed the report on the activities of the Service Station Control Department for the first half of 2023;
- discussed the report on the activities of the Security Analysis Office;
- gave an opinion on the report on the security status of ORLEN S.A.'s critical infrastructure for the second and third quarters of 2023;
- gave an opinion on the report on cybersecurity at ORLEN S.A. for the second and third quarters of 2023.

#### **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 obligations, in 2023 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 2022 – 24 February 2023
- for the first quarter of 2023 – 30 May 2023
- for the second quarter of 2023 – 25 August 2023
- for the third quarter of 2023 – 7 November 2023
- for the fourth quarter of 2023 – 26 February 2024.

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 MANAGEMENT BOARD' REPORT ON THE OPERATIONS OF THE ORLEN GROUP AND ORLEN S.A. IN 2023**

Acting pursuant to Art. 8.11.6 and 8.11.6b of the Company's Articles of Association in conjunction with Art. 382.3.1 of the Commercial Companies Code and Art. 49 and Art. 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 accuracy and consistency with the accounting records and documents of the Management Board's report on the operations of the ORLEN Group and ORLEN S.A. in 2023.

Accordingly, the Supervisory Board endorses the Management Board's proposal that the Annual General Meeting approve the report.

## **VI. ASSESSMENT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

Acting pursuant to Art. 382.3.1 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 accuracy and consistency with the accounting records and documents of the audited financial statements of ORLEN Spółka Akcyjna for the year ended 31 December 2023, comprising:

- the separate statement of profit or loss (presented in the statement of profit or loss and other comprehensive income) for the period from 1 January to 31 December 2023, showing a net profit of PLN 21,215,917,147.93 (twenty-one billion, two hundred and fifteen million, nine hundred and seventeen thousand, one hundred and forty-seven złoty, 93/100);
- the separate statement of financial position as at 31 December 2023, showing total assets and total equity and liabilities of PLN 204,369,151,038.13 (two hundred and four billion, three hundred and sixty-nine million, one hundred and fifty-one thousand, thirty-eight złoty, 13/100);
- the separate statement of changes in equity, showing an increase in equity as at 31 December 2023 of PLN 13,282,885,994.16 (thirteen billion, two hundred and eighty-two million, eight hundred and eighty-five thousand, nine hundred and ninety-four złoty, 16/100);
- the separate statement of cash flows, showing a net decrease in cash of PLN (5,112,923,746.05) (five billion, one hundred and twelve million, nine hundred and twenty-three thousand, seven hundred and forty-six złoty, 5/100);
- supplementary information, comprising the introduction and notes to the separate financial statements.

Acting pursuant to Art. 8.11.6b 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 accuracy and consistency with the accounting records and documents of the audited consolidated financial statements of the ORLEN Group for the year ended 31 December 2023, 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 1 January to 31 December 2023, showing a net profit of PLN 20,727,406,080.12 (twenty billion, seven hundred and twenty-seven million, four hundred and six thousand, eighty złoty, 12/100),
- the consolidated statement of financial position as at 31 December 2023, showing total assets and total equity and liabilities of PLN 264,177,043,832.11 (two hundred and sixty-four billion, one hundred and seventy-seven million, forty-three thousand, eight hundred and thirty-two złoty, 11/100);
- the consolidated statement of changes in equity, showing an increase in equity as at 31 December 2023 of PLN 10,070,355,604.09 (ten billion, seventy million, three hundred and fifty-five thousand, six hundred and four złoty, 9/100);
- the consolidated statement of cash flows showing a net decrease in cash and cash equivalents of PLN (6,552,818,603.80) (six billion, five hundred and fifty-two million, eight hundred and eighteen thousand, six hundred and three złoty, 80/100);

- supplementary information, comprising the introduction and notes to the consolidated financial statements.

Accordingly, the Supervisory Board endorses the Management Board's proposal that the Annual General Meeting approve the separate and consolidated financial statements.

## **VII. ASSESSMENT OF THE RECOMMENDATION ON THE ALLOCATION OF PROFIT FOR 2023 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 endorses the Management Board's proposal to allocate the net profit for the financial year 2023, of PLN 21,215,917,147.93 (twenty-one billion, two hundred and fifteen million, nine hundred and seventeen thousand, one hundred and forty-seven zloty, 93/100), as follows:

- 1) PLN 4,817,909,503.35 (four billion, eight hundred and seventeen million, nine hundred and nine thousand, five hundred and three zloty, 35/100) to be allocated to dividend payment (PLN 4.15 per share);
- 2) the balance of PLN 16,398,007,644.58 (sixteen billion, three hundred and ninety-eight million, seven thousand, six hundred and forty-four zloty, 58/100) to 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 2024 is consistent with the Company's strategy and objectives.

The Supervisory Board endorses the Management Board's recommendation to set 20 September 2024 as the dividend record date and 20 December 2024 as the dividend payment date.

The Supervisory Board endorses the Management Board's recommendation to allocate retained earnings of PLN 12,466,697,131.73 (twelve billion, four hundred and sixty-six million, six hundred and ninety-seven thousand, one hundred and thirty-one zloty, 73/100) to the Company's statutory reserve funds.

## **VIII. ASSESSMENT OF THE PERFORMANCE BY THE MANAGEMENT BOARD OF ITS OBLIGATIONS UNDER ART. 380<sup>1</sup> 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 Company's Management Board provided the Supervisory Board with information on the Company and other Group companies, as documented in minutes of the Supervisory Board meetings. 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 therefore, 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.

4. the Management Board provide information on transactions and other events or circumstances which materially affect, or may materially affect, the Company's assets, including its profitability or liquidity, after the occurrence of certain events and circumstances;

5. the Management Board provide information on any changes in any information that has been previously communicated to the Supervisory Board if such changes have, or are likely to have, a material effect on the Company's condition, after the occurrence of certain events and circumstances.

The Management Board provided the Supervisory Board with the information referred to above, as documented in the minutes of the Supervisory Board meetings. On 27 January 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.

At the same time, in order to perform its duties in accordance with Art. 382.4 of the Rules of Procedure for the Supervisory Board, the Supervisory Board may examine any company documents or assets and request preparation and/or submission of any information, documents, reports or clarifications concerning the Company, including, without limitation, its business or assets, from the Management Board, commercial proxies, employees and persons whom the Company employs under an employment contract or engages on a regular basis to perform specific activities, whether under a piecework or service contract or other similar arrangement. The Supervisory Board's request may extend to information, reports, or clarifications related to the Company's subsidiaries and affiliates, which are in possession of the Management Board or such individuals as are mentioned above.

## **IX INFORMATION ON THE TOTAL REMUNERATION PAID BY THE COMPANY FOR ALL EXPERT STUDIES AND ANALYSES COMMISSIONED BY THE SUPERVISORY BOARD DURING THE FINANCIAL YEAR.**

In 2023, acting pursuant to Art. 382(1).1 and 382(1).2 of the Commercial Companies Code and Section 8.6 of the Rules of Procedure for the Supervisory Board, the Supervisory Board appointed an adviser to examine a specific matter concerning the Company's operations. The consideration for the performance of the service did not exceed PLN 410,000 (four hundred and ten thousand zloty), VAT exclusive.

## **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.

### ***1. Internal audit***

The audit function is performed by the ORLEN S.A. Audit Office. 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.

## *2. Internal control*

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

## *3. Financial control*

The Financial Control Office, which is part of the Financial Control, Risk Management and Compliance Function, 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. In accordance with that organisational structure of ORLEN S.A., the financial control function reports directly to the President of the Management Board, Chief Executive Officer of ORLEN S.A.

## *4. Risk management*

The Enterprise Risk Management Department, which is part of the Financial Control, Risk Management and Compliance Function, 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 Risk Management System is structured primarily around 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 ORLEN S.A. and the Group and on their effective management.

## *5. Compliance*

The role of the compliance system is to ensure compliance of the ORLEN Group companies with applicable laws and regulations, internal rules and policies, and adopted standards of conduct. This involves implementation of consistent legal and organisational measures to ensure compliance across ORLEN S.A.'s and other ORLEN Group companies' business processes.

The internal control, risk management, compliance, and internal audit functions submit to the Supervisory Board<sup>1</sup> periodic reports on their performance to enable the latter to monitor their effectiveness.

# **XI. ASSESSMENT OF THE COMPANY'S COMPLIANCE WITH CORPORATE GOVERNANCE STANDARDS AND THE MANNER IN WHICH THE COMPANY COMPLIES WITH THE CORPORATE GOVERNANCE DISCLOSURE REQUIREMENTS SET OUT IN THE WSE RULES AND REGULATIONS 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**

In accordance with the Best Practice for GPW Listed Companies 2021, the Company's Supervisory Board prepares and submits to the Annual General Meeting, as part of its annual report, an assessment of the Company's compliance with corporate governance standards and the manner in which the Company complies with the corporate governance disclosure requirements set out in the WSE Rules and regulations 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. Below is presented an assessment of compliance with the corporate governance standards:

- ORLEN is required to apply the corporate governance standards adopted by the WSE in the form of Best Practice for GPW Listed Companies 2021" ("Best Practice 2021").
- ORLEN does not apply on a permanent basis four principles of Best Practice 2021, which concern diversity policy and attendance at the General Meeting via electronic means. In accordance with the 'comply or explain' approach, ORLEN provided an explanation on 29 July 2021 as to why it does not adhere to:

- principles 2.1., 2.2., and 2.11.6. of Best Practice 2021, relating to diversity policy:

At ORLEN, the diversity policy relating to the Company's employees is covered by a range of internal documents, but there is no formal policy in place that would specifically address the question of diversity among Management or Supervisory Board members. The Company annually discloses diversity metrics for the supervisory and management bodies within the ORLEN Group. The Company's diversity management does not include observing a specific gender diversity ratio. At present, neither the Supervisory Board nor the Management Board of the Company meets the Best Practice 2021 gender diversity requirement, whereby the minority group should have at least 30% representation on both these bodies.

The ORLEN Group's Sustainable Development Strategy for 2024-2030, published in December 2023, outlines the organisation's approach to and goals for responsible governance. Within the 'Governance' pillar of the Strategy, the Company committed to fostering diversity and inclusion.

- principle 4.1. of the Best Practice 2021, relating to 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 General Meetings via electronic means. The proposals were voted on and rejected by the Shareholders at the Annual General Meetings held on 29 June 2011 and 30 May 2012. Non-compliance with this principle does not affect the reliability of the Company's disclosure policy, nor does it hinder Shareholders' attendance at General Meetings. The Company broadcasts in real time and shares video recordings of General Meetings in the Investor Relations section of its corporate website at: <https://www.orlen.pl/pl/relacje-inwestorskie/akcje-i-obligacje/walne-zgromadzenie>. This section also contains all information relating to any planned and past General Meetings of ORLEN S.A.

- ORLEN has in place procedures ensuring its compliance with Section 29.3 and 29.3a 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 Best Practice 2021, it is required to disclose such non-compliance or violation in a current report issued through the EBI reporting system operated by the WSE. In 2023, the Company did not breach any principles of Best Practice 2021.
- 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.

In accordance with Section 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 29 March 2018 (Dz.U. of 2018, item 757), ORLEN includes a statement of compliance with corporate governance standards in its consolidated and separate annual reports.

The shareholder and investor relations section of ORLEN's corporate website: <https://www.orlen.pl/pl/relacje-inwestorskie/o-spolce/lad-korporacyjny> contains all current information on the Company's compliance with the principles of Best Practice 2021 and all other information required thereunder. This is where the Company's annual reports on compliance with best practices, as well as the Best Practice 2021 document can all be downloaded.

The 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 requirements set out in the WSE Rules and regulations governing current and periodic information published by issuers of securities. In 2023 and until 6 February 2024, Andrzej Szumański, Deputy Chair of the Supervisory Board, was delegated to perform such duties. On 23 February 2024, the Supervisory Board delegated such duties to Michał Gajdus, the current Deputy Chair of the Supervisory Board.

Each year, the Supervisory Board reviews an annual report on the fulfilment by ORLEN S.A. of

disclosure requirements applicable to public companies. In March 2023, the Supervisory Board approved the 2022 report, and in March 2024 – the 2023 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 GPW Listed Companies, and summary of the Company's communication with the PFSA.

## **XII. ASSESSMENT OF THE REASONABLENESS 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 Best Practice for GPW Listed Companies 2021, the Supervisory Board has reviewed the Company's report on the sponsorship and donation spending of ORLEN S.A. and the ORLEN Group for 2023, which showed that ORLEN S.A.'s sponsorship and donation spending totalled PLN 311,416 thousand and PLN 176,178 thousand, respectively, while the corresponding figures for the ORLEN Group were PLN 82,023 thousand and PLN 35,444 thousand.

The Supervisory Board assessed these reports.

The global recognition of the ORLEN brand plays a pivotal role in facilitating the implementation of ORLEN's strategy to build a leading multi-utility group in Europe. The sponsorship activities in 2023 consistently supported delivery of this ultimate business goal.

As a result of the 2022 merger with Grupa LOTOS and the PGNiG Group, ORLEN strengthened its leading position among the most active sponsors in Poland. In 2023, the Company's activity in this area was spontaneously pointed to by 61% of Poles<sup>2</sup>, placing ORLEN 43pp ahead of the second most active business organisation identified in the survey.

The numerous projects implemented in 2023 in the area of sponsorship, supported by their effective communication, resulted in satisfactory performance indicators. In 2023, ORLEN extended its support to sports, backing dozens of individual athletes, including those with disabilities, tens of clubs, 13 sports federations, and 2 committees.

The effect of sport sponsorship activities in each area is appreciated by a vast majority of Poles. ORLEN S.A. has developed and implemented a dedicated segment oversight standard to ensure effective supervision of sponsorship activities at other ORLEN Group companies. The projects implemented by the companies are primarily intended to support dialogue with local communities and build the desired brand attributes within their target groups. The mergers with the LOTOS Group and PGNiG Group completed in 2022 played an important role in shaping the Company's sponsorship engagements in 2023. The optimisation of sponsorship activities resulted in the signing of new agreements with the Polish Football Association and the Polish Ski Association (previously at LOTOS), as well as with the Polish Basketball Association (previously at LOTOS and Energa). PGNiG's agreements, including with the Polish Handball Association and the Superliga Handball Club, have also been taken over. For years, ORLEN has been the leader among the most active sports sponsors in Poland. In 2023, its activity in this area was spontaneously pointed to by 49% of Poles, placing ORLEN 31pp ahead of the second most active business organisation identified in the survey.

One of the three pillars of the ORLEN Group's sponsorship activities is corporate social responsibility. ORLEN implements this goal by:

- supporting sports for children and youth, thus promoting healthy lifestyles and nurturing future champions,
- supporting amateur sports and sports practiced by people with disabilities,
- taking patronage over Polish cultural heritage,
- supporting initiatives important for local communities.

In 2023, the ORLEN Group invariably maintained its lead among the most active and widely recognised Polish sponsors, with the results of its sponsorship activities being recognised by a vast majority of Poles.

In its sponsorship activities, the ORLEN Group focuses on supporting and promoting an effective system for training children and young people, facilitating the discovery and support of emerging talent and fostering the development of future champions while instilling healthy habits in the youngest members of society. In 2023, ORLEN extended its support to nearly 500 thousand children and young individuals throughout Poland via diverse sports initiatives. A prominent example is the School Sports Club programme, implemented with the support from the Ministry of Sports and Tourism, with a positive countrywide impact covering about 340 thousand primary and secondary school students.

In the past year, ORLEN continued to stand out as the foremost supporter of cultural initiatives in Poland, providing support to prominent institutions of culture preserving national heritage and reaching international audiences. The key institutions supported by ORLEN included **Teatr Wielki – Polish National Opera**. In 2023, the Fryderyk Chopin Institute, another institution sponsored by ORLEN, organised, among others, the 2nd International Chopin Competition on Period Instruments, aiming to introduce the audience to the sound of old grand pianos. In the previous year, the Company supported institutions such as the Piłsudski Museum in Sulejówek, the Royal Castle in Warsaw and the National Museum in Poznań, as well as events such as the International Baltic Opera Festival and the ORLEN Jazz Festival XXV Bielska Zadymka Jazzowa. Significantly, ORLEN's patronage extended to the Television Theatre and Polish Radio Theatre, esteemed institutions with a rich tradition that have amassed a dedicated following (project continued after its takeover in 2022 from PGNiG).

ORLEN is also actively engaged in supporting patriotic initiatives, such as the Sparks of Independence mobile cultural centre. Housed in a specially designed vehicle, the exhibition reached communities across Poland, with 100 locations visited last year, including Płock and Gdańsk.

ORLEN was a strategic partner of the 8th edition of the nationwide HeroesON – Switch on History project, held to commemorate and honour participants of the Warsaw Uprising, while providing them with financial, social and healthcare support. It also serves as a platform to educate the public on Poland's 20th century history.

In 2023, ORLEN supported organisations dedicated to saving the lives and health of Poles on a daily basis, such as the Volunteer Mountain Rescue Service, the Volunteer Masuria Rescue Service, and the Volunteer Water Rescue Service in Płock and Legionowo, to name just a few. The collaboration with the first two partners has been ongoing since 2016.

A notable CSR initiative continued in 2023 was the ECO Class project, designed to educate primary schoolers on ecology and environmental protection. ORLEN was involved in delivering two of the classes, addressing the issue of plastic production and litter in the immediate environment. The Eco Classes reached an impressive total of 500 thousand schoolchildren. The urban apiary set up on the premises of the Gdańsk refinery in Przejazdowo, comprising eight hives with a gentle subspecies of honey bee looked after by professional beekeepers, was another ecological awareness project.

ORLEN's patronage covered the Explory Programme, the largest initiative to support talented youth in the implementation of innovative research and engineering projects, while promoting their achievements internationally. Run through a series of events, the programme includes a competition for the best research projects, festivals promoting scientific approach to problem solving, as well as workshops and congresses for educators.

The Company builds lasting and positive relations with stakeholders at local level.

ORLEN is headquartered in Płock, holding a special place on its community engagement agenda. Hence the long-standing ORLEN for Płock programme, with a total of 38 projects successfully executed in 2023. According to survey results, residents of Płock and the surrounding areas have a positive view of the effect of the Company's sponsorship activities<sup>3</sup>.

Support for children and youth sports, amateur sports, individuals with disabilities, cultural initiatives, and social causes is one of the pillars of ORLEN's sponsorship activities. The Company views corporate social responsibility as an integral part of its management and improvement processes, as evidenced by the adoption of its Sustainable Development Strategy.



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

The recent merger with LOTOS S.A., PGNiG S.A., and becoming a shareholder of Energa has laid the groundwork for creating a robust multi-utility group with a wide range of operations – from oil and gas extraction, processing of crude oil to energy generation, and extending to wholesale and retail sales. This strategic path of development aligns with global trends of transitioning from reliance on a single fuel source in energy generation to a sustainable mix, heavily favouring renewable energy sources (RES). In last year's Fortune 500 list of the world's largest corporations, ORLEN secured the 216th spot, outperforming such giants as Airbus, IBM, and Bayer in terms of revenue. What is more, when the renowned US magazine unveiled its inaugural Fortune 500 Europe list in November 2023, ORLEN claimed the 44th place, emerging as the highest ranked Polish company.

The ORLEN Group has made significant strides in green energy, including offshore and onshore wind power, solar power, biogas and biomethane, biofuels, electric mobility, and hydrogen. In 2023, the ORLEN Group gave a green light to the construction of Poland's first offshore wind farm, Baltic Power, which is set to add nearly 1.2 GW of capacity into the Polish power system by 2026, providing clean energy for 1.5 million households. Moreover, as part of its ongoing efforts to facilitate offshore industry development, the Group has initiated the construction of an installation terminal in Świnoujście.

While building a strong multi-utility group, ORLEN ventures into new business areas. In 2021, the Olefins 3 complex expansion at the Płock production plant was commenced. It stands as Europe's largest petrochemical project in the past two decades. Leveraging state-of-the-art technologies, it will also contribute to cutting carbon emission intensity by as much as 30% per tonne of product.

Another area where ORLEN has pursued active development is the retail segment. In accordance with the strategy, at least 3.5 thousand modern service stations will operate under the ORLEN brand across Poland and the broader region by 2030. Following a series of investment projects and acquisitions, including the purchase of Austria's third-largest service station chain, over 98% of this target has been achieved.

ORLEN has successfully maintained its net debt to EBITDA ratio at a sound 0.02x. This solid financial standing has been rewarded by maintaining excellent credit ratings from rating agencies, the highest ever in ORLEN's history. A3 from Moody's Investors Service and BBB+ from Fitch Ratings. Given the robust financial footing, in August 2023 ORLEN was able to distribute dividend for 2022 at PLN 5.50 per share, totalling PLN 6.4 billion, which is a level consistent with its strategy.

MSCI raised ORLEN's ESG rating from 'BBB' to 'A'. Compared to previous scores, there were upgrades in the environmental and social aspects, represented by the 'E' and 'S' of the ESG acronym. Significant progress was noted in emissions reporting, decarbonisation plans, and leveraging investment opportunities in energy transition supported by clean technologies. Once again a very high score was awarded for safeguarding workers' rights and ensuring occupational health and safety at the ORLEN Group.

As the first fuel and energy company in Central Europe to announce the ambitious goal of achieving net zero carbon footprint by 2050, ORLEN is cognisant of the need for substantial investments. In 2023, the ORLEN Group's capital expenditure totalled PLN 32.6 billion.

#### **Major investment projects carried out in 2023 included:**

- Construction of hydrocracking unit – Lithuania,
- Construction of second-generation bioethanol plant – ORLEN Południe,
- Construction of visbreaking unit – Płock,
- Construction of HVO unit – Płock,
- Construction of Hydrocracking Base Oils Unit – Gdańsk,
- Construction of marine petroleum products handling terminal on the Martwa Wisła river – Gdańsk,
- Expansion of olefins production capacities – Płock,

- Expansion of fertilizer production capacities – Anwil,
- Upgrades of existing assets and connection of new customers – the ENERGA Group,
- Construction of CCGT Ostrołęka and CCGT Grudziądz,
- Construction of solar PV farms,
- Construction of offshore wind farm in the Baltic Sea,
- Expansion of the service station and non-fuel sales networks,
- Expansion of the alternative fuels network,
- Parcel lockers,
- Projects of PGNiG Upstream Norway and Lotos Norge,
- Projects of ORLEN Upstream in Poland and Canada,
- Construction and upgrades of service lines – PSG.

## RESULTS OF THE ORLEN GROUP

Item	UoM	2023	2022	2021	change	change (%)
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	372,767	282,415	131,341	90,352	32.0%
<b>EBITDA</b>	<b>PLN million</b>	<b>42,256</b>	<b>56,074</b>	<b>19,211</b>	<b>(13,818)</b>	<b>(24.6%)</b>
<b>LIFO-based EBITDA</b>	<b>PLN million</b>	<b>43,155</b>	<b>54,977</b>	<b>14,965</b>	<b>(11,822)</b>	<b>(21.5%)</b>
EBIT	PLN million	28,056	48,350	13,870	(20,294)	(42.0%)
Net profit	PLN million	20,727	39,819	11,188	(19,092)	(47.9%)
Equity	PLN million	153,180	143,110	52,578	10,070	7.0%
Total assets	PLN million	264,178	313,177	106,754	(48,999)	(15.6%)
Headcount as at 31 December	no. of persons	66,554	64,494	35,424	2,060	3.2%

Impairment losses on non-current assets recognised in 2023, 2022 and 2021 were PLN (17,157) million, PLN (6,044) million and PLN 811 million, respectively.

The ORLEN Group's **revenue** for 2023 was PLN 372,767 million, having increased by PLN 90,352 million (y/y). The revenue growth reflects an 8% year-on-year increase in sales volumes (in tonnes), mainly in the Refining, Upstream and Retail segments, with a decline reported in the Petrochemicals segment. Sales of natural gas and CNG went up by 242.3 TWh and 22 mcm, respectively, which is attributable to the recognition of volumes for the whole of 2023, while in 2022 natural gas and CNG sales were not included in the Group's figures until the date of merger with PGNiG. The increase in sales revenue was partially offset by a decline in the prices of main products, caused by an 18% decrease (y/y) in crude oil prices. In 2023, the prices went down year on year by 14% for gasoline, 21% for diesel oil, 19% for jet fuel, 7% for heavy fuel oil, 15% for ethylene, and 22% for propylene.

EBITDA recorded by the Group for 2023 was PLN 42,256 million.

The effect of crude oil price movements on the valuation of inventories, recognised in EBITDA, was PLN 899 million. As a result, the ORLEN Group's LIFO-based EBITDA for 2023 was PLN 43,155 million, down by PLN (11,822) million (y/y):

- Changes in macroeconomic factors increased the ORLEN Group's results by PLN 1,446 million (y/y), primarily attributed to the non-recurrence of a negative impact from 12M 2022's hedging transactions valued at PLN 3,831 million (y/y), the valuation of CO<sub>2</sub> futures contracts at PLN 1,577 million, and higher margins on heavy fuel oil. The positive effects were offset by an adverse effect of the price differentials of the processed crude grades, lower margins on light and middle distillates, olefins, polyolefins, fertilizers, PVC and PTA, as well as a negative effect of the Polish zloty strengthening against the US dollar.
- An 8% year-on-year growth in sales volumes, to 49,556 thousand tonnes, was mainly attributable to the recognition in the figures for the 12 months ended 31 December 2023 of the former LOTOS Group's volumes of 9,147 thousand tonnes in the Refining segment, and the former LOTOS and PGNiG Groups' volumes totalling 1,440 thousand tonnes in the Upstream and Gas segments. To compare, in the 12 months ended 31 December 2022, the sales volumes of the LOTOS Group included in the Refining segment were 5,392 thousand tonnes, and the volumes of the former LOTOS and PGNiG Groups in the

Upstream and Gas segments were 381 thousand tonnes. Net of the acquired Groups' volumes, total sales volumes were down by (3%), or (1,109) thousand tonnes. As a result, the effect of changes in the products sales volumes and in the ORLEN Group's crude slate was PLN (10,352)m (y/y).

- The effect of other factors was PLN (2,916) million (y/y), and included<sup>4</sup>:
  - A PLN 34,096 million year-on-year increase in the results of the former PGNiG Group, after the elimination of the gain on bargain purchase of the Group in November 2022 and the recognition of the final acquisition-date fair values of assets acquired and liabilities assumed. The results include the effect of discontinuation of hedge accounting with respect to a separate portfolio of futures contracts hedging LNG purchases from Venture Global in the net amount of PLN 7,165 million,
  - PLN 1,267 million (y/y) and PLN 1,584 million (y/y) – the effect of recognising final fair values of assets and liabilities as at the date of acquisition of the PGNiG Group and the LOTOS Group,
  - PLN (6,641) million (y/y) and PLN (8,546) million – non-recurrence of gain on bargain purchase of the PGNiG Group in November 2022 and on bargain purchase of the LOTOS Group in August 2022,
  - PLN (3,699) million (y/y) – decrease in the results of the former LOTOS Group, after the elimination of the gain on bargain purchase of the Group in August 2022 and the recognition of the final acquisition-date fair values of assets acquired and liabilities assumed,
  - PLN (11,113) million – recognition of impairment losses on non-current assets in 2023 and 2022, of PLN (17,157) million and PLN (6,044) million, respectively. The net effect of impairment losses on property, plant and equipment and intangible assets in 2023 was PLN (16,215)m. In addition, the ORLEN Group recognised impairment losses on the investment in EuRoPol GAZ, reducing its amount to fair value corresponding to the ORLEN Group's equity interest in that company, of PLN (942) million,
  - PLN (1,484) million (y/y) impairment losses on assets relating to advance payments for crude oil and petroleum products supplies made in 2023 at ORLEN Trading Switzerland GmbH.
  - the effect of other factors of PLN (8,380) million (y/y), including lower retail and wholesale margins, a higher amount of overheads and labour costs, and a negative effect of the utilisation of historical inventory layers and revaluation of inventories to net realisable values.

After accounting for depreciation and amortisation of PLN (14,200) million, the ORLEN Group reported EBIT of PLN 28,056 million for 2023.

In the reporting period, net finance income was PLN 2,308 million and included mainly net currency exchange gains of PLN 2,025 million, net interest income of PLN 929 million, and settlement and measurement of derivative financial instruments in a net amount of PLN (581) million.

After income tax of PLN (9,587) million, the ORLEN Group posted a net profit of PLN 20,727 million for 2023, a decrease of PLN (19,092) million (y/y).

Equity amounted to PLN 153,180 million as at 31 December 2023, up by PLN 10,070 million relative to the end of 2022. This increase was due mainly to the recognition of a net profit of PLN 20,727 million for the 12 months of 2023, the effect of a PLN (1,238) million change in the balance of hedging reserve, the payment of dividend to ORLEN shareholders from retained earnings of PLN (6,385) million in total, and the effect of exchange differences on the translation of equity of foreign operations of PLN (2,880) million.

Net financial debt of the ORLEN Group as at 31 December 2023 was PLN 1,807 million, a decrease of PLN 3,655 million on year-end 2022, 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 (3,341) million, a PLN 7,764 million decrease in net cash, a PLN (51) million increase in short-term deposits, and a PLN (717) million net effect of valuation and remeasurement of debt due to exchange differences and interest.

Expansion of the ORLEN Group's energy, IT and retail areas led to a year-on-year increase in total workforce by 2,060 people, to 66,554 employees.

## I. LIFO-based EBITDA OF KEY ORLEN GROUP COMPANIES IN 2023

### 1. ORLEN S.A.

Item	UoM	2023	2022	2021	change	change (%)
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	250,969	209,625	89,680	41,344	19.7%
<b>EBITDA</b>	<b>PLN million</b>	<b>28,829</b>	<b>46,252</b>	<b>9,936</b>	<b>(17,423)</b>	<b>(37.7%)</b>
<b>LIFO-based EBITDA</b>	<b>PLN million</b>	<b>29,725</b>	<b>44,566</b>	<b>6,613</b>	<b>(14,841)</b>	<b>(33.3%)</b>
EBIT	PLN million	23,602	43,433	7,830	(19,831)	(45.7%)
Net profit	PLN million	21,216	39,728	8,398	(18,512)	(46.6%)
Equity	PLN million	140,899	127,616	38,455	13,283	10.4%
Total assets	PLN million	204,369	227,918	70,953	(23,549)	(10.3%)
Headcount as at 31 December	no. of persons	12,782	12,174	5,878	608	5.0%

Impairment losses on non-current assets recognised in 2023, 2022 and 2021 were PLN (14,525) million, PLN (3,470) million and PLN (78) million, respectively.

ORLEN's revenues in 2023 were PLN 250,969 million, having increased by PLN 41,344 million (y/y). The higher sales revenue reflects a 16% increase (y/y) in sales by volume (tonnes) in the Refining, Retail, Upstream, and Gas segments, despite a decline in the Petrochemicals segment. The revenue increase was also driven by higher (y/y) volumes of natural gas by 166.0 TWh, CNG gas by 22.0 million m<sup>3</sup>, and helium by 2.2 million m<sup>3</sup>. The increase in sales revenue was partially offset by a decline in the prices of main products, caused by an 18% decrease (y/y) in crude oil prices. In 2023, the prices went down year on year by 14% for gasoline, 21% for diesel oil, 19% for jet fuel, 7% for heavy fuel oil, 15% for ethylene, and 22% for propylene.

ORLEN's EBITDA in 2023 was PLN 28,829 million.

The effect of crude price movements (LIFO effect) on the amount of inventories, reflected in EBITDA, was PLN 896 million. As a result, ORLEN's LIFO-based EBITDA for 2023 was PLN 29,725 million, down by PLN (14,841) million (y/y)<sup>5</sup>:

- Changes in macroeconomic factors increased ORLEN S.A.'s results by PLN 3,168 million (y/y), primarily attributed to the non-recurrence of a negative impact from 2022's hedging transactions valued at PLN 1,695 million (y/y), the valuation of CO<sub>2</sub> futures contracts at PLN 1,577 million, and higher margins on heavy fuel oil. The positive effects were offset by an adverse effect of the price differentials of the processed crude grades, lower margins on light and middle distillates, olefins, polyolefins, fertilizers and PTA, as well as a negative effect of the Polish złoty strengthening against the US dollar.
- A 16% (y/y) increase in sales by volume, to 27,153 thousand tonnes, was achieved mainly due to the integration in 2023 of the volumes of the former LOTOS Group (70% of Rafineria Gdańska) of 9,147 thousand tonnes in the Refining segment and the volumes of the former PGNiG Group of 378 thousand tonnes in the Upstream and Gas segments. In 2022, sales by volume for the LOTOS Group in the Refining segment amounted to 5,121 thousand tonnes, and 47 thousand tonnes for the former LOTOS Group and PGNiG Group in the Upstream and Gas segments. Net of the acquired Groups' volumes, total sales volumes were down by (4%), or (666) thousand tonnes. As a result, the effect of the change in product sales volumes and the change in the crude slate at ORLEN S.A. was PLN (9,813) million (y/y).
- PLN (8,196) million (y/y) – the positive effect of other factors, which included:
  - PLN 23,310 million (y/y) – increase in the results of the former PGNiG Group, after eliminating the gain on bargain purchase and recognising the final acquisition-date fair values of assets acquired and liabilities assumed,
  - PLN 4,908 million and PLN 1,637 million (y/y) – the effect of recognition of the final fair values of assets and liabilities as at the date of acquisition of the former PGNiG Group and Grupa LOTOS,
  - PLN (17,810) million – non-recurrence of gain on bargain purchase of the LOTOS Group and the PGNiG Group of PLN (10,122) million and PLN (7,688) million, respectively,
  - PLN (3,447) million (y/y) – decrease in results of the former LOTOS Group, after eliminating the gain on bargain purchase and recognising the final acquisition-date fair values of assets acquired and liabilities assumed,

- PLN (11,055) million – recognition of impairment losses on non-current assets in 2023 and 2022, of PLN (14,525) million and PLN (3,470) million, respectively,
- PLN (5,739) million (y/y) – the effect of other factors, including lower wholesale margins, increased operating costs of service stations, higher overheads and labour costs, and the negative impact of drawing from the historical layers of inventory.

After depreciation and amortisation of PLN (5,227) million, EBIT for 2023 amounted to PLN 23,602 million.

In 2023, net finance income was PLN 4,758 million and mainly included the following items:

- net interest income calculated using the effective interest rate, interest on leases and other interest, for a total amount of PLN 2,305 million;
- net currency exchange gains on foreign currency loans and other items of PLN 1,281 million;
- dividend income of PLN 1,235 million;
- net reversal of revaluation write-downs on shares in subsidiaries of PLN 73 million.

After a PLN (5,023) million tax expense, ORLEN posted a net profit of PLN 21,216 million for 2023, marking a decrease of PLN (18,512) million (y/y).

Net debt as at 31 December 2023 was PLN 9,802 million. The change in net financial debt mainly included a decrease in the cash balance by PLN 5,085 million, the net effect of valuation and remeasurement of debt due to exchange rate differences and interest in the amount of PLN (652) million, and net cash outflows from financing activities including proceeds from and repayments of credit facilities, non-bank borrowings, and bonds in the amount of PLN (2,293) million.

As a result of the employment policy pursued at ORLEN S.A., the workforce at ORLEN S.A. expanded by 608, reaching a total of 12,782 employees by the end of 2023.

## 2. ORLEN UNIPETROL GROUP

Item	UoM	2023	2022	2021	change	change (%)
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	31,482	40,026	23,855	(8,544)	(21.3%)
<b>EBITDA</b>	<b>PLN million</b>	<b>2,588</b>	<b>4,709</b>	<b>1,756</b>	<b>(2,121)</b>	<b>(45.0%)</b>
<b>LIFO-based EBITDA</b>	<b>PLN million</b>	<b>2,642</b>	<b>4,980</b>	<b>1,118</b>	<b>(2,338)</b>	<b>(46.9%)</b>
EBIT	PLN million	1,482	3,578	761	(2,096)	(58.6%)
Net profit	PLN million	1,007	3,128	570	(2,121)	(67.8%)
Equity	PLN million	15,048	15,623	10,426	(575)	(3.7%)
Total assets	PLN million	24,719	25,381	19,508	(662)	(2.6%)
Headcount as at 31 December	no. of persons	5,789	5,523	4,876	266	4.8%

Impairment losses on non-current assets recognised in 2023, 2022 and 2021 were PLN (35) million, PLN (705) million and PLN (40) million, respectively.

Revenue amounted to PLN 31,482 million, having decreased by (21.3)% (y/y) as a result of an (18)% decrease in crude oil prices and, consequently, prices of key products.

EBITDA in 2023 was PLN 2,588 million. The effect of crude oil price movements on the valuation of inventories, recognised in EBITDA, was PLN (54) million. As a result, the Unipetrol Group's LIFO-based EBITDA for 2023 decreased by PLN (2,338) million (y/y):

- PLN (1,386) million (y/y) – negative effect of macroeconomic parameters, including mainly adverse effects of the price differentials of processed crude grades, lower margins on light and medium distillates, olefins, polyolefins, fertilizers, and PVC, partly offset by a positive effect of settlement and measurement of financial instruments.
- PLN (804) million (y/y) – negative volume effect, mainly as a result of lower petrochemical and refining sales and unfavourable sales structure due to a higher share of heavy distillates.

- PLN (148) million (y/y) – the effect of other factors, including a higher amount of overheads and labour costs, a negative effect of the utilisation of historical inventory layers, with a positive effect of a PLN 670 million (y/y) decrease in impairment losses on assets and higher wholesale margins.

After depreciation and amortisation expense of PLN (1,106) million, EBIT came in at PLN 1,482 million in 2023.

In 2023, net finance income was PLN 237 million. After tax expense of PLN (712) million, net profit for 2023 was PLN 1,007 million, compared with PLN 3,128 million in 2022.

Net debt as at 31 December 2023 was PLN (1,950) million.

As at 31 December 2023, the headcount was 5,789, having increased by 266 persons (y/y).

### 3. ORLEN LIETUVA GROUP

Item	UoM	2023	2022	2021	change	change (%)
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	29,421	35,576	19,692	(6,155)	(17.3%)
<b>EBITDA</b>	<b>PLN million</b>	<b>1,660</b>	<b>(646)</b>	<b>551</b>	<b>2,306</b>	<b>-</b>
<b>LIFO-based EBITDA</b>	<b>PLN million</b>	<b>1,562</b>	<b>(315)</b>	<b>314</b>	<b>1,877</b>	<b>-</b>
EBIT	PLN million	1,571	(841)	382	2,412	-
Net profit/(loss)	PLN million	1,435	(1,046)	341	2,481	-
Equity	PLN million	2,391	1,170	2,066	1,221	104.4%
Total assets	PLN million	5,529	5,638	5,447	(109)	(1.9%)
Headcount as at 31 December	no. of persons	1,537	1,485	1,467	52	3.5%

Impairment losses on non-current assets recognised in 2023, 2022 and 2021 were PLN (131) million, PLN (1,840) million and PLN 6 million, respectively.

Revenue amounted to PLN 29,421 million, having decreased by (17.3)% (y/y) as a result of an (18%) drop in crude oil prices and, consequently, prices of key products.

EBITDA in 2023 was PLN 1,660 million, up by PLN 2,306 million (y/y). The effect of crude price movements on the value of inventories, reflected in EBITDA, was PLN 98 million. As a result, the ORLEN Lietuva Group's LIFO-based EBITDA for 2023 was PLN 1,562 million, having increased by PLN 1,877 million (y/y):

- PLN (951) million (y/y) – negative effect of changes in macroeconomic factors, including mainly an adverse effect of the price differentials of the processed crude grades, lower margins on light and middle distillates and on olefins, as well as a negative effect of the Polish złoty strengthening against the US dollar. These negative effects were partly offset by a positive effect of cash flow hedging transactions related to crude oil purchases and sales of products.
- PLN 1,043 million (y/y) – positive volume effect, mainly due to higher sales of refining products (y/y) and improved sales structure due to lower (y/y) share of heavy distillates.
- PLN 1,709 million (y/y) – effect of impairment losses on assets, mainly the non-recurrence of the impairment losses of PLN (1,840) million recognised in 2022.
- PLN 76 million (y/y) – a positive effect of higher sales margins, partly offset by the negative impact of utilisation of historical inventory layers (PLN (137) million (y/y)), revaluation of inventories to net realisable values (PLN (41) million), and higher overheads and labour costs (y/y).

After depreciation and amortisation expense of PLN (89) million, EBIT for 2023 came in at PLN 1,571 million.

In 2023, net finance costs were PLN (93) million. After tax expense of PLN (43) million, net profit for 2023 was PLN 1,435 million, up by PLN 2,481 million (y/y).

Net debt as at 31 December 2023 was PLN 34 million.



As at 31 December 2023, the headcount was 1,537, having increased by 52 persons (y/y).

#### 4. ENERGA GROUP

Item	UoM	2023	2022	2021	change	change (%)
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	26,087	20,444	13,791	5,643	27.6%
<b>EBITDA</b>	<b>PLN million</b>	<b>2,818</b>	<b>2,604</b>	<b>2,705</b>	<b>214</b>	<b>8.2%</b>
EBIT	PLN million	1,626	1,468	1,633	158	10.8%
Net profit	PLN million	537	950	1,256	(413)	(43.5%)
Equity	PLN million	12,579	11,681	10,111	898	7.7%
Total assets	PLN million	31,735	27,294	21,280	4,441	16.3%
Headcount as at 31 December	no. of persons	8,732	8,781	8,888	(49)	(0.6%)

Impairment losses on non-current assets recognised in 2023, 2022 and 2021 were PLN (12) million, PLN (20) million, and PLN (77) million, respectively.

Revenue was PLN 26,087 million, having increased by 27.6% y/y.

EBITDA in 2023 was PLN 2,818 million, up by PLN 214 million (y/y).

- PLN 1,452 million (y/y) – higher margins on electricity distribution (y/y), with a significant growth in prices of electricity purchased to cover grid losses (Distribution Business Line). Margins on energy generation (Generation Business Line) and electricity sales (Sales Business Line) went down as a result of the legislation introduced to limit electricity price growth and provide support to vulnerable customers. The effect of the freeze in electricity prices was offset by a PLN 1,669 million year-on-year change in provisions for onerous contracts in 2022 and 2023.
- PLN (399) million (y/y) – adverse effect of lower (y/y) power generation at the Ostrołęka Power Plant and higher volumes of network losses in the distribution business line.
- PLN (839) million (y/y) – other factors, including mainly higher transmission and transit charges and labour costs.

After depreciation and amortisation expense of PLN (1,192) million, EBIT for 2023 came in at PLN 1,626 million.

In 2023, net finance costs were PLN (613) million. After tax expense of PLN (469) million, net result for 2023 was PLN 537 million.

As at 31 December 2023, net debt fell by PLN (111) million y/y, to PLN 5,419 million.

As at 31 December 2023, the workforce was 8,732, having decreased by (49) persons.

#### 5. ANWIL

Item	UoM	2023	2022	2021	change	change (%)
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	3,092	5,737	3,156	(2,645)	(46.1%)
<b>EBITDA</b>	<b>PLN million</b>	<b>59</b>	<b>1,069</b>	<b>722</b>	<b>(1,010)</b>	<b>(94.5%)</b>
EBIT	PLN million	(193)	830	494	(1,023)	-
Net profit/(loss)	PLN million	(98)	697	376	(795)	-
Equity	PLN million	2,623	2,560	1,783	63	2.5%
Total assets	PLN million	4,928	5,332	4,341	(404)	(7.6%)
Headcount as at 31 December	no. of persons	1,696	1,660	1,610	36	2.2%

Impairment losses on non-current assets recognised in 2023, 2022 and 2021 were PLN 0 million, PLN (40) million and PLN 29 million, respectively.

Revenue was PLN 3,092 million, having decreased by (46.1)% (y/y).

In 2023, EBITDA was PLN 59 million, down by PLN (1,010) million y/y as a result of:

- PLN (349) million (y/y) – negative effect of the macroeconomic conditions, including mainly lower margins on fertilizers and PVC.
- PLN (368) million (y/y) – negative effect of lower sales volumes, mainly of PVC (down (32)% y/y) and sodium lye (33%), with higher sales of fertilizers (up 17% y/y).
- PLN (293) million (y/y) – other factors, including mainly the effect of lower sales margins, higher overheads and labour costs (y/y), partially offset by the positive effect of the net balance of other income and expenses, relating mainly to the settlement of the of PLN 98 million compensation for energy-intensive enterprises for 2022 received in 2023.

After depreciation and amortisation expense of PLN (252) million, EBIT came in at PLN (193) million in 2023.

In 2023, net finance income was PLN 57 million. After tax expense of PLN (38) million, the net result for 2023 was PLN (98) million, i.e. PLN (795) million less y/y.

Net debt as at 31 December 2023 was PLN 733 million.

As at 31 December 2023, the workforce was 1,696, having increased by 36 persons (y/y).

## 6. ORLEN POŁUDNIE GROUP

Item	UoM	2023	2022	2021	change	change (%)
1	2	3	4		6=(3-4)	7=(3-4)/4
Revenue	PLN million	3,610	5,036	3,502	(1,426)	(28.3%)
<b>EBITDA</b>	<b>PLN million</b>	<b>247</b>	<b>312</b>	<b>433</b>	<b>(65)</b>	<b>(20.8%)</b>
<b>LIFO-based EBITDA</b>	<b>PLN million</b>	<b>271</b>	<b>325</b>	<b>401</b>	<b>(54)</b>	<b>(16.6%)</b>
EBIT	PLN million	141	225	383	(84)	(37.3%)
Net profit	PLN million	104	165	315	(61)	(37.0%)
Equity	PLN million	2,082	1,424	1,132	658	46.2%
Total assets	PLN million	3,438	3,018	2,366	420	13.9%
Headcount as at 31 December	no. of persons	780	778	753	2	0.3%

1) Impairment losses on non-current assets recognised in 2023, 2022 and 2021 were PLN (1) million, PLN (1) million, and PLN 70 million, respectively.

Revenue amounted to PLN 3,610 million, having decreased by 28.3% (y/y).

EBITDA in 2023 amounted to PLN 247 million. The effect of crude oil price movements on the valuation of inventories, recognised in EBITDA, was PLN (24) million. As a result, the ORLEN Południe Group's LIFO-based EBITDA for 2023 was PLN 271 million, down PLN (54) million (y/y):

- PLN 60 million (y/y) – positive effect of macroeconomic parameters as a result of lower costs of energy utilities (lower prices of natural gas) and positive effect of higher margins (cracks) in operating segments (except for the Petroleum segment).
- PLN (12) million (y/y) – negative effect of lower sales volumes in the Fuels, Regeneration and Solvents segment.
- PLN (102) million (y/y) – other factors, including mainly the negative effect of utilisation of historical inventory layers and higher (y/y) overheads and labour costs.

After depreciation and amortisation expense of PLN (106) million, EBIT came in at PLN 141 million in 2023.

In 2023, net finance income was PLN 32 million. After tax expense of PLN (69) million, net profit for 2023 was PLN 104 million, down by PLN (61) million (y/y).

Net debt as at 31 December 2023 was PLN 620 million, having decreased by PLN 115 million.



As at 31 December 2023, the headcount was 780, having increased by 2 persons (y/y).

## 7. ORLEN PALIWA

Item	UoM	2023	2022	2021	change	change (%)
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	32,313	33,883	21,624	(1,570)	(4.6%)
<b>EBITDA</b>	<b>PLN million</b>	<b>286</b>	<b>459</b>	<b>227</b>	<b>(173)</b>	<b>(37.7%)</b>
EBIT	PLN million	256	431	199	(175)	(40.6%)
Net profit	PLN million	275	365	159	(90)	(24.7%)
Equity	PLN million	497	561	355	(64)	(11.4%)
Total assets	PLN million	3,369	2,814	2,218	555	19.7%
Headcount as at 31 December	no. of persons	372	387	376	(15)	(3.9%)

In 2021-2023, no impairment losses on non-current assets were recognised.

Revenue was PLN 32,313 million, having increased by 4.6% (y/y).

In 2023, EBITDA was PLN 286 million, down by PLN (173) million y/y as a result of:

- PLN 125 million (y/y) – positive effect of higher sales volumes of diesel oil – by 27%, gasoline – by 9%, and LPG – by 3% (y/y).
- PLN (298) million (y/y) – other factors, including mainly the effect of lower wholesale margins on fuels and higher variable costs, overheads, and labour costs.

After depreciation and amortisation expense of PLN (30) million, EBIT came in at PLN 256 million in 2023.

In 2023, net finance income was PLN 84 million. After tax expense of PLN (66) million, net profit for 2023 was PLN 275 million, down by PLN (91) million (y/y).

Negative net debt (cash surplus) as at 31 December 2022 was PLN (45) million.

As at 31 December 2023, the workforce was 372, having decreased by (15) persons.

## 8. ORLEN DEUTSCHLAND GROUP

Item	UoM	2023	2022	2021	change	change (%)
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	14,700	17,742	13,672	(3,042)	(17.1%)
<b>EBITDA</b>	<b>PLN million</b>	<b>410</b>	<b>733</b>	<b>651</b>	<b>(323)</b>	<b>(44.1%)</b>
EBIT	PLN million	195	528	453	(333)	(63.1%)
Net profit	PLN million	144	364	318	(220)	(60.4%)
Equity	PLN million	942	1,013	710	(71)	(7.0%)
Total assets	PLN million	3,444	3,589	3,281	(145)	(4.0%)
Headcount as at 31 December	no. of persons	267	234	225	33	14.1%

Impairment losses on non-current assets recognised in 2023, 2022 and 2021 were PLN 0 million, PLN (9) million and PLN (10) million, respectively.

Revenue was PLN 14,700 million, having decreased by (17.1)% (y/y).

EBITDA in 2023 was PLN 410 million, down by PLN (323) million (y/y):

- PLN (243) million (y/y) – negative effect of lower fuel margins, partly offset by improved non-fuel margins.
- PLN 14 million (y/y) – 1.5% increase in sales of diesel oil and 21.4% increase in sales of light fuel oil, with sales volumes of gasoline down by (3.0)% and LPG down by (15.0)%.
- PLN (94) million (y/y) – other factors, including mainly lower sales margins (y/y) and higher overheads and labour costs (y/y).

After depreciation and amortisation expense of PLN (215) million, EBIT for 2023 came in at PLN 195 million.

In 2023, net finance income was PLN 17 million. After tax expense of PLN (67) million, net profit for 2023 was PLN 144 million.

Negative net debt (cash surplus) as at 31 December 2023 was PLN (104) million.

As at 31 December 2023, the workforce was 267, having increased by 33 persons (y/y).

## 9. ORLEN UPSTREAM GROUP

Item	UoM	2023	2022	2021	change	change (%)
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	905	1,467	828	(562)	(38.3%)
<b>EBITDA</b>	<b>PLN million</b>	<b>(902)</b>	<b>1,145</b>	<b>1,309</b>	<b>(2,047)</b>	<b>-</b>
EBIT	PLN million	(1,248)	807	1,057	(2,055)	-
Net profit/(loss)	PLN million	(1,051)	639	992	(1,690)	-
Equity	PLN million	2,401	3,667	2,997	(1,266)	(34.5%)
Total assets	PLN million	3,767	5,050	4,534	(1,283)	(25.4%)
Headcount as at 31 December	no. of persons	144	148	159	(4)	(2.7%)

Impairment losses on non-current assets recognised in 2023, 2022 and 2021 were PLN (1,238) million, PLN 122 million and PLN 918 million, respectively.

Revenue amounted to PLN 905 million, having decreased by (38.3)% y/y.

EBITDA in 2023 was PLN (902) million, down by PLN (2,047) million (y/y):

- PLN (1,360) million (y/y) – negative effect of impairment losses on assets, of PLN (1,238) million, recognised mainly in 2023.
- PLN (398) million (y/y) – lower CLS, AECO gas and NGL condensate prices, partly offset by a positive effect of cash flow hedging transactions.
- PLN (72) million (y/y) – negative effect of volume changes attributable mainly to a 5% year-on-year decrease in hydrocarbon production in Canada and lower production in Poland as a result of a natural decline in well production capacity.
- PLN (217) million (y/y) – other factors, including mainly the recognition of contribution to the Price Difference Compensation Fund.

After depreciation and amortisation expense of PLN (346) million, EBIT came in at PLN (1,248) million in 2023.

In 2023, net finance costs were PLN (56) million. After tax expense of PLN 218 million, net result for 2023 was PLN (901) million.

As at 31 December 2023, net debt rose by PLN 3 million (y/y), to PLN 856 million.

As at 31 December 2023, the workforce was 144, having decreased by (4) persons.

## 10. OTHER ORLEN GROUP COMPANIES AND CONSOLIDATION ADJUSTMENTS – LIFO-based EBITDA of PLN 6,284 million, including mainly:

- PLN 7,385 million – consolidation of the results of former PGNiG Group companies,
- PLN 1,210 million – consolidation of the results of former LOTOS Group,
- PLN (1,420) million – ORLEN Trading Switzerland,
- PLN 185 million – the ORLEN Oil Group,

- PLN 87 million – IKS Solino,
- PLN 58 million – ORLEN Asphalt,
- PLN 56 million – ORLEN Projekt,
- PLN 56 million – ORLEN Serwis,
- PLN 44 million – the ORLEN WIND3 Group,
- PLN (57) million – ORLEN ENERGIA,
- PLN (33) million – the RUCH Group,
- PLN (1,287) million – other and consolidation adjustments, including mainly the impairment loss on investment in EuRoPol GAZ reducing its amount to fair value corresponding to the ORLEN Group's equity interest in that company, of PLN (942) million, the share of entities consolidated using the equity method of accounting of PLN (362) million – mainly consolidation of the results of Basell ORLEN Polyolefin, Baltic Power and Naftoport.

#### **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 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 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 31 December 2023 ORLEN S.A. held 277 properties not used in day-to-day operations, with a total carrying amount of PLN 265.97 million, which are not planned to be used. 20 of these properties, with a total market value of PLN 2.4 million, were held for sale, and 19, with a total annual asking rental value of PLN 1.15 million, were held for lease.

In 2023, 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 2023, two properties with a net carrying amount of PLN 0.228 million were sold for PLN 2.86 million (VAT exclusive). Following the issue of administrative decisions permitting the execution of road construction projects, the Company forfeited legal titles to 10 properties with a total carrying amount of PLN 0.753 million through expropriation in favour of the State Treasury. Net compensation received by the Company was PLN 3.68 million.

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 2023, 423 lease or rental contracts were in force, for a total amount of PLN 21.6 million (VAT exclusive)

At ORLEN S.A., 1,112 items of non-current assets (including plant and equipment) which are not used by the Company in its 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 2.9 million.

Chair of the Supervisory Board  
ORLEN S.A.  
Wojciech Popiołek

Warsaw, May 2024

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<sup>1</sup> Directly by the persons responsible for these functions and the Management Board of ORLEN S.A.

<sup>2</sup> ARC Rynek i Opinia – “Monitoring survey on ORLEN’s sponsorship activities. Module 1: ORLEN on the sponsorship market. Measurement 3/2023”, November 2023.

<sup>3</sup> Survey: ORLEN’s perception by residents of Płock and the surrounding areas, Warsaw, February 2024.

<sup>4</sup> Since the consolidation periods for the former LOTOS Group and PGNiG in 2022 and 2023 are not comparable, the business effects described below have been calculated for the ORLEN Group’s organisational structure on a comparable basis (y/y). The LOTOS Group has been included in the consolidated figures of the ORLEN Group since August 2022, and the PGNiG Group since November 2022. Therefore, the effect of the change in the two Groups’ results is presented as the effect of other factors.

<sup>5</sup> Given the incomparable structure of the Parent resulting from the consolidation of LOTOS Group’s and PGNiG Group’s operational activities in 2022 and 2023 within ORLEN S.A., the following business effects were calculated on a comparable (y/y) organisational structure of ORLEN S.A. The effect of changes in results for the added business areas of Grupa LOTOS and PGNiG recognised within ORLEN S.A. is presented in other operating factors.