



ORLEN

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

REPORT
OF THE SUPERVISORY BOARD OF PKN ORLEN S.A.
FOR THE FINANCIAL YEAR 2021

WARSAW, April 2022

I. COMPOSITION OF THE SUPERVISORY BOARD

Composition of the Supervisory Board as at January 1st 2021

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

Dominik Kaczmarek resigned from the position of Member of the Supervisory Board of PKN ORLEN S.A. with effect from June 6th 2021.

Composition of the Supervisory Board as at December 31st 2021

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

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

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

II. ACTIVITIES OF THE SUPERVISORY BOARD

In 2021, the Supervisory Board held 11 minuted meetings and passed 219 resolutions.

The attendance of Supervisory Board members at the meetings held in 2021 was approximately 99%. 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 2021, there were no unauthorised absences of members of the Supervisory Board from the meetings.

In the financial year 2021, in the exercise of its supervisory and control powers and functions, the Supervisory Board among other things:

- executed employment contracts with members of the Management Board on behalf of the Company;
- granted consent for members of the Management Board to serve, and receive remuneration for serving, on supervisory or management bodies of other entities;
- approved the 'Rules for setting and assessment of delivery of individual bonus-triggering objectives for members of the Management Board of PKN ORLEN S.A. for 2021';
- approved MBO sheets for the Management Board members for 2021 along with separate objectives which, if achieved, would trigger payment of bonuses;
- set the discharge of the obligations under the Act on State Property Management of December 16th 2016 at the Company's subsidiaries as the criteria for assessing delivery of the additional Management Objective, whose achievement is a precondition for payment of variable remuneration to members of the Management Board of PKN ORLEN S.A. for 2021 and subsequent periods;
- assessed delivery of qualitative bonus-triggering objectives, and separate objectives triggering payment of variable remuneration for 2020, and granted variable remuneration to members of the Management Board for the financial year 2020;
- assessed the financial statements of Polski Koncern Naftowy ORLEN Spółka Akcyjna for the year ended December 31st 2020;
- assessed the Directors' Report on the operations of the ORLEN Group and PKN ORLEN S.A. in 2020;
- assessed the consolidated financial statements of the ORLEN Group for the year ended December 31st 2020;
- adopted the statement on the policy for selection and appointment of the audit firm and the Audit Committee;
- approved amendments to the policy of and the procedure for selection and appointment of the audit firm;
- appointed an audit firm to audit or review the financial statements of the Company and the consolidated financial statements of the Group;

- approved extension of the scope of audit services and increase in the amount of consideration for such services due to the need to include financial data of Energa in the financial statements of the ORLEN Group;
- endorsed the Management Board's proposal to cover PKN ORLEN S.A.'s net loss for 2020;
- endorsed the Management Board's recommendation on the amount of dividend to be paid in 2021;
- gave positive opinions on proposals submitted to the Annual General Meeting for consideration;
- issued favourable opinions on the agenda and draft resolutions for the Annual General Meeting of PKN ORLEN S.A. convened for May 27th 2021;
- adopted amendments to the Rules of Procedure for the PKN ORLEN Supervisory Board;
- authorised the execution of investment projects and assumption of related liabilities if these involve expenditure or charges exceeding the equivalent of a half of the Company's share capital;
- approved conclusion or amendment of a contract/contracts for the provision of legal services, marketing services, public relations and communication services, and management consultancy services where the total amount of expected fees for the services provided under such contracts or under other agreements concluded with the same entity exceed PLN 500,000.00 (VAT exclusive) per year;
- granted consent for PKN ORLEN S.A. to incur liabilities which under a single legal transaction or a series of related legal transactions executed in 2021 exceeded the equivalent of one-fifth of the Company's share capital;
- authorised the grant of in-kind and financial donations by PKN ORLEN S.A.;
- authorised the conclusion of an investment agreement and assumption of liabilities thereunder;
- authorised the establishment of and acquisition of shares in companies;
- authorised the conclusion of a debt retirement agreement;
- authorised share capital increase at selected ORLEN Group companies;
- authorised the voting of shares in certain ORLEN Group companies concerning changes in their corporate documents;
- authorised disposals of real property, usufruct rights to or interests in real property where the net carrying amount of individual assets did not exceed one-twentieth of the Company's share capital;
- adopted the updated 'Procedure for periodic assessment of material transactions executed PKN ORLEN S.A. on arm's length terms in the ordinary course of business';
- issued a favourable opinion on the aggregate statement of material related-party transactions, as defined in the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, which PKN ORLEN S.A. and other ORLEN Group companies entered into in 2020 and accepted that the transactions satisfied the conditions under Art. 90j.1.1 of the said Act;
- issued a favourable opinion on the 2021 budget for PKN ORLEN S.A. and the ORLEN Group;
- approved the 'Remuneration Policy for Members of Management and Supervisory Boards of ORLEN Group Companies'.

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

All activities of the Supervisory Board were documented by resolutions and minutes of the Supervisory Board meetings held in 2021.

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 2021, the following standing Committees operated within the Supervisory Board:

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

Changes in the composition of the Supervisory Board in 2021 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 2021 was documented in minutes of the Committees' meetings (in 2021, the Committees held 44 meetings).

Audit Committee

In 2021, the Audit Committee consisted of:

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

In 2021, the Audit Committee held 16 minuted meetings.

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

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

Pursuant to Section 15 of the Rules of Procedure for the Supervisory Board, the Audit Committee is responsible for advising the Supervisory Board on proper implementation of the budget and financial reporting as well as internal control at the Company and the ORLEN Group (within the meaning of the Accounting Act) and cooperation with the Company's auditors.

In 2021, the Audit Committee formulated a recommendation with respect to the appointment of an audit firm in accordance with the Supervisory Board-approved updated auditor selection policy and auditor selection procedure for audits and reviews of financial statements.

In 2021, the Audit Committee performed its tasks by:

- inspecting and monitoring the audit firm, work of the Company's auditors and the auditors' independence;
- assessing the qualified auditor's independence and giving consent to the provision by the auditor of permitted non-audit services;
- reviewing interim financial statements as well as full-year separate and consolidated financial statements of PKN ORLEN S.A.;
- discussing any issues or reservations that may be identified in the course of or arise from the audit of financial statements;
- analysing, on a quarterly basis, the ORLEN Group's actual results and performance relative to the original targets and budgets;
- issuing an opinion on the Management Board's proposal to cover PKN ORLEN S.A.'s net loss for 2020 and its recommendation on the amount of dividend to be paid in 2021;
- assessing the Company's standing, which included assessment of the internal audit, risk management and compliance systems, and of the internal audit function;
- assessing the use of non-current assets by the Company;
- reviewing and assessing the operations of the Group companies in the assessment of the Group's consolidated financial statements;
- reviewing the report on the activities of PKN ORLEN S.A.'s and the ORLEN Group companies' audit functions;
- discussing reports on financial audits carried out by the Financial Control Department of the Financial Control, Risk and Compliance Management Office and on internal audits carried out by the Control and Security Office;
- monitoring the implementation of recommendations issued by the Audit Office, the Control and Security Office and the Financial Control Department of the Financial Control, Risk and Compliance Management Office;
- discussing the report of a professional third-party auditor on the independent validation of the PKN ORLEN Audit Office's self-assessment against the International Standards for Professional Internal Auditing.

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

Strategy and Development Committee

As at January 1st 2021, the Strategy and Development Committee consisted of:

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

Dominik Kaczmarek	Member of the Committee
Andrzej Kapała	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)
Anna Sakowicz-Kacz	Member of the Committee (<i>Supervisory Board Member meeting the independence criteria under the Best Practice for WSE Listed Companies 2021</i>)

Following resignation by Dominik Kaczmarek from the position of Member of the Supervisory Board of PKN ORLEN S.A. as of June 6th 2021, the composition of the Strategy and Development Committee changed, and as at December 31st 2021 the Committee consisted of:

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

In 2021, the Strategy and Development Committee held 7 minuted meetings.

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, office directors, and advisers.

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 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 giving opinions on all strategic documents, the Company's development strategies and long-term budgets.

In 2021, in the exercise of its functions, the Strategy and Development Committee:

- discussed the programme for the business transformation and integration of PKN ORLEN and the Energy Group, summarising the work carried out in 2020;
- discussed the manner of reporting on delivery of the Strategy until 2030 in the context of the 2021 Budget and CAPEX Plan;
- reviewed, on a quarterly basis, the progress of PKN ORLEN's strategy;
- discussed the ORLEN Group Hydrogen Strategy until 2030;
- discussed the status of the proposed acquisition by PKN ORLEN S.A. of control of Grupa LOTOS S.A.

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

Corporate Governance Committee

As at January 1st 2021, the Corporate Governance Committee of the Supervisory Board of PKN ORLEN S.A. consisted of:

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

Following resignation by Dominik Kaczmarek from the position of Member of the Supervisory Board of PKN ORLEN S.A. as of June 6th 2021, the composition of the Corporate Governance Committee changed, and as at December 31st 2020 the Committee consisted of:

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

In 2021, the Corporate Governance Committee held five 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 concerning implementation of corporate governance standards, assessing the implementation of corporate governance standards, giving opinions on corporate governance documents and proposed amendments thereto, as well as drafting such amendments in the case of the Supervisory Board's own documents, monitoring the Company management in terms of compliance with legal and regulatory requirements,

including disclosure obligations on the capital market, as well as compliance with the Core Values and Standards of Conduct of PKN ORLEN S.A. and corporate governance principles, and assessing reports on compliance with corporate governance standards prepared for the Warsaw Stock Exchange and reports on compliance with the best practices referred to in Art. 7.3 of the Act on State Property Management.

In 2021, in the exercise of its functions, the Corporate Governance Committee:

- gave an opinion on the annual report on PKN ORLEN S.A.'s compliance with the Code of Best Practice for WSE Listed Companies;
- assessed the Company's compliance with its corporate governance disclosure obligations;
- reviewed the Company's Statement of Compliance with the newly issued Best Practice for WSE Listed Companies 2021;
- gave an opinion on draft resolutions of the Annual General Meeting of PKN ORLEN S.A. to amend the Articles of Association of the Company;
- gave an opinion on the Management Board's proposals to amend articles of association of the following ORLEN Group companies: Energa S.A., Polska Press Sp. z o.o. and OTP Sp. z o.o.;
- gave an opinion on proposed amendments to the Rules of Procedure for the Supervisory Board;
- developed a template for contract-related motions submitted at Supervisory Board meetings.

Nomination and Remuneration Committee

In 2021, the Nomination and Remuneration Committee consisted of:

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

In 2021, the Nomination and Remuneration Committee held 6 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 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 2021, in the exercise of its functions, the Nomination and Remuneration Committee:

- recommended the proposed MBO sheets for members of the PKN ORLEN Management Board for 2021 and the proposed objectives whose achievement would determine payment of variable remuneration to members of the PKN ORLEN Management Board in 2021;
- prepared a recommendation on assessment of the delivery of the qualitative objectives by members of the PKN ORLEN Management Board for 2020 and of the delivery of the objective whose achievement determined payment of variable remuneration in 2020;
- formulated a recommendation to amend the management service contracts with members of the Management Board;
- formulated a recommendation on approval of the delivery of individual bonus-triggering objectives and passing of resolutions to grant variable remuneration to members of the PKN ORLEN Management Board for the financial year 2020;
- recommended the adoption of the Report of the Supervisory Board of PKN ORLEN S.A. on remuneration of members of the Management Board and the Supervisory Board for 2019–2020;
- formulated a recommendation to set the discharge of the obligations under the Act on State Property Management of December 16th 2016 at the Company's subsidiaries as the criteria for assessing delivery of the additional Management Objective, whose achievement is a precondition for payment of variable remuneration to members of the Management Board of PKN ORLEN S.A. for 2021 and subsequent periods;
- issued an opinion on the Rules of the Incentive Scheme for the Management Board of PKN ORLEN S.A.;
- issued an opinion on the updated Remuneration Policy for Members of Management and Supervisory Boards of ORLEN Group Companies;
- assessed the Human Resources Management system at PKN ORLEN S.A.;
- approved the procedure set out in the Instructions for preparing the Report of the Supervisory Board of PKN ORLEN S.A. on remuneration of members of the Management Board and the Supervisory Board.

Corporate Social Responsibility Committee (CSR Committee)

In 2021, the CSR Committee consisted of:

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

The responsibilities of the CSR Committee are set out in Section 19 and Section 20 of the Rules of Procedure for the Supervisory Board. The Committee is responsible for supporting the Company in the pursuit of its strategic goals by incorporating social, ethical and environmental objectives in its activities and relations with stakeholders. The responsibilities of the Committee also include oversight of the Company's implementation of the CSR strategy, monitoring of the Company management in terms of compliance with the Core Values and Standards of Conduct of PKN ORLEN S.A., periodic assessment of the Company's CSR activities, and approval of the Company's annual CSR reports.

In 2021, the CSR Committee held 10 minuted meetings.

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

In 2021, in the exercise of its functions the CSR Committee:

- reviewed information on the implementation of PKN ORLEN S.A.'s charitable policy in 2020;
- discussed the implementation of the ORLEN Group CSR Strategy until 2022 in 2020 and carried out a periodic assessment of the Group's CSR activities;
- assessed the reasonableness of PKN ORLEN's community sponsorship activities in 2020;
- discussed the implementation of the ORLEN Group CSR Strategy until 2022 in the six months ended June 30th 2021 and carried out a periodic assessment of the Group's CSR activities;
- discussed the report on implementation of the Community Sponsorship in the six months ended June 30th 2021;
- reviewed the 'Assessment of the Effectiveness, Utility and Impact of Various Activities from the Perspective of Beneficiaries of Certain CSR Projects Pursued by the ORLEN Foundation and its Settlor – PKN ORLEN S.A.';
- reviewed statement on consistency of the Company's management practices with the 'Core Values and Standards of Conduct of PKN ORLEN S.A.';
- reviewed information on CSR activities carried out by various functions at PKN ORLEN S.A. CSR for compliance with the ORLEN Group Code of Ethics;
- reviewed information on the 'PKN ORLEN Sustainable Development Strategy for 2021–2023';
- prepared a draft report on the Company's and the Group's sponsorship and donation spending, including the amount spent on these purposes with justification.

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

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

In compliance with the reporting obligation, in 2021 the Supervisory Board provided the Ministry of State Assets with quarterly reports on the Company, signed by a Supervisory Board member representing the State Treasury.

The quarterly reports were submitted on the following dates:

- for the fourth quarter of 2020 – February 8th 2021.
- for the first quarter of 2021 – April 30th 2021
- for the second quarter of 2021 – July 30th 2021
- for the third quarter of 2021 – October 29th 2021
- for the fourth quarter of 2021 – February 2nd 2022.

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 supervision exercised by the Supervisory Board.

V. ASSESSMENT OF THE DIRECTORS' REPORT ON THE OPERATIONS OF THE ORLEN GROUP AND PKN ORLEN S.A. IN 2021

Acting pursuant to Art. 8.11.6 and 8.11.6a of the Company's Articles of Association in conjunction with Art. 382.3 of the Commercial Companies Code and Art. 49 and 55.2a of the Accounting Act in conjunction with Art. 7.7.1 of the Company's Articles of Association, the Supervisory Board gives a favourable assessment of the Directors' Report on the operations of the ORLEN Group and PKN ORLEN S.A. in 2021, having found the report to be consistent with accounting books, documents and facts.

VI. ASSESSMENT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31ST 2021

Acting pursuant to Art. 382.3 of the Commercial Companies Code and Art. 8.11.6 of the Company's Articles of Association in conjunction with Art. 395.2.1 of the Commercial Companies Code, and pursuant to Art. 45 and Art. 53.1 of the Accounting Act and Art. 7.7.1 of the Company's Articles of Association, the Supervisory Board gives a favourable assessment of the audited financial statements of Polski Koncern Naftowy ORLEN Spółka Akcyjna for the year ended December 31st 2021, comprising:

- the separate statement of profit or loss (presented in the statement of profit or loss and other comprehensive income) for the period from January 1st 2021 to December 31st 2021, showing a net profit of PLN 8,397,702,761.43 (eight billion, three hundred and ninety-seven million, seven hundred and two thousand, seven hundred and sixty-one złoty, 43/100);
- the separate statement of financial position as at December 31st 2021, showing total assets and total equity and liabilities of PLN 70,952,632,038.88 (seventy billion, nine hundred and fifty-two million, six hundred and thirty-two thousand, thirty-eight złoty, 88/100);
- the separate statement of changes in equity, showing an increase in equity as at December 31st 2021 by PLN 6,586,060,000.40 (six billion, five hundred and eighty-six million, sixty thousand złoty, 40/100);
- the separate statement of cash flows, showing a net increase in cash of PLN 941,542,448.77 (nine hundred and forty-one million, five hundred and forty-two thousand, four hundred and forty-eight złoty, 77/100);
- supplementary information, comprising the introduction and notes to the separate financial statements; having found the statements complete, accurate and consistent with the relevant accounting records and documents.

Acting pursuant to Art. 8.11.6a of the Company's Articles of Association, in conjunction with Art. 382.1 of the Commercial Companies Code, and Art. 55 and Art. 63c.4 of the Accounting Act in conjunction with Art. 7.7.1 of the Company's Articles of Association, the Supervisory Board gives a favourable assessment of the audited consolidated financial statements of the ORLEN Group for the year ended December 31st 2021, comprising:

- the consolidated statement of profit or loss (presented in the consolidated statement of profit or loss and other comprehensive income) for the period from January 1st 2021 to December 31st 2021, showing a net profit of PLN 11,187,806,593.84 (eleven billion, one hundred and eighty-seven million, eight hundred and six thousand, five hundred and ninety-three złoty, 84/100);
- the consolidated statement of financial position as at December 31st 2021, showing total assets and total equity and liabilities of PLN 106,754,418,790.70 (one hundred and six billion, seven hundred and fifty-four million, four hundred and eighteen thousand, seven hundred and ninety złoty, 70/100);
- the consolidated statement of changes in equity, showing an increase in equity as at December 31st 2021 by PLN 10,188,499,184.62 (ten billion, one hundred and eighty-eight million, four hundred and ninety-nine thousand, one hundred and eighty-four złoty, 62/100);
- the consolidated statement of cash flows, showing a net increase in cash and cash equivalents of PLN 1,550,038,427.75 (one billion, five hundred and fifty million, thirty-eight thousand, four hundred and twenty-seven złoty, 75/100);
- supplementary information, comprising the introduction and notes to the consolidated financial statements;

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

VII. ASSESSMENT OF THE PROPOSAL FOR ALLOCATION OF PROFIT FOR 2021 AND DIVIDEND PAYMENT

Acting pursuant to Art. 382.3 of the Commercial Companies Code, and Art. 8.11.6 of the Company's Articles of Association in conjunction with Art. 395.2.2 and Art. 348.1 of the Commercial Companies Code, and Art. 7.7.3 of the Company's Articles of Association, the Supervisory Board gives a favourable assessment of the Management Board's proposal to allocate the net profit for the financial year 2021, of PLN 8,397,702,761.43 (eight billion, three hundred and ninety-seven million, seven hundred and two thousand, seven hundred and sixty-one zloty, 43/100), as follows:

- PLN 1,496,981,713.50 (one billion, four hundred and ninety-six million, nine hundred and eighty-one thousand, seven hundred and thirteen zloty, 50/100) is recommended to be distributed as dividend (of PLN 3.50 per share);
- the balance, i.e. PLN 6,900,721,047.93 (six billion, nine hundred million, seven hundred and twenty-one thousand, forty-seven zloty, 93/100), is recommended 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 2022 is consistent with the Company's strategy and objectives.

The Supervisory Board gives a favourable assessment of the Management Board's recommendation to set August 10th 2022 as the dividend record date and October 3rd 2022 as the dividend payment date.

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

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

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

The persons responsible for managing the internal control, risk management, compliance, and internal audit functions have confirmed their effectiveness based on such inputs as the conclusions of inspections, audits, analyses and reports, etc., concerning all of the functions and performance metrics specific to a particular function only.

The audit function is performed by the Audit Office of PKN ORLEN S.A., which operates under conditions ensuring objectivity and independence. One of the Audit Office's objectives is also to coordinate audit activities at the ORLEN Group (ORLEN Unipetrol and Energa S.A.) with a view to enhancing the effectiveness of the ORLEN Group's audit function. 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). In 2021, the internal audit function operated 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. Internal audit units monitor implementation of their recommendations and, twice a year, prepare reports on their findings in this regard. All monitoring reports are submitted to the Company's Management Board and the Audit Committee of the Company's Supervisory Board, which is in charge of ongoing assessment of the entire organisation's functioning.

The Control and Security Office of PKN ORLEN S.A. conducts inspections and inquiries at PKN ORLEN and other ORLEN Group companies. The Office assesses compliance by PKN ORLEN and ORLEN Group employees with applicable laws and regulations and internal policies as well as countering any threats to the Group's interests. The ORLEN Group companies have control units responsible for carrying out internal inspections. The Control and Security Office has developed an organisational standard for segment oversight in the ORLEN Group's control function to enhance segment oversight in the control function and harmonised control standards across ORLEN Group companies.

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

Financial audit activities are performed on the basis of annual plans approved by the President of the PKN ORLEN Management Board. Additionally, the Financial Control Department also performs ad hoc and investigative audits upon requests submitted by Members of the PKN ORLEN Management Board and individual business functions.

The financial control functions monitors the implementation of post-audit instructions continuously until it is confirmed that the corrective measures have been implemented. Reports summarising the financial audits and the monitoring of implementation of post-audit instructions are drawn up for the PKN ORLEN Management Board and Supervisory Board twice a year.

PKN ORLEN S.A. has a Corporate Risk Management Team, which coordinates the risk management process across the Group. Risk management at each of the ORLEN Group companies is the direct responsibility of its management board and the coordinator appointed by that board. As part of its assessment of the risk management function, the Supervisory Board, once a year, reviews the corporate risk management report presented by the Financial Control, Risk Management and Compliance Office.

PKN ORLEN operates a compliance function, which is responsible for supervising compliance by ORLEN Group companies with applicable laws and regulations, internal policies, voluntary standards of conduct, and ethical standards. The compliance function is a dispersed function, where compliance risk is managed by Directors reporting directly to a member of the Management Board, under the supervision of the Head of the Financial Control, Risk and Compliance Management Office. The compliance system in place at PKN ORLEN S.A. and other ORLEN Group companies involves implementation of consistent legal and organisational solutions to ensure compliance of all business processes at PKN ORLEN S.A. and other ORLEN Group companies. The compliance management process is regularly reported on to the Company's Management and Supervisory Boards.

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

In the first six months of 2021, PKN ORLEN continued to comply with the Best Practice for WSE Listed Companies 2016 ("Best Practice 2016"), while in the latter half of the year it began to implement the Best Practice for WSE Listed Companies 2021 ("Best Practice 2021"), which came into force on July 1st 2021.

In the first half of 2021, PKN ORLEN applied all principles of the Best Practice 2016.

In accordance with the Best Practice 2021, on July 29th 2021 PKN ORLEN published Statement of Compliance by the Company with the Principles of the Best Practice for WSE Listed Companies 2021. PKN ORLEN stated that it did not comply with the following four principles: 2.1., 2.2., 2.11.6., 4.1. (concerning the diversity policy and virtual or hybrid general meetings). In accordance with the 'comply or explain' formula, PKN ORLEN published an explanation why it did not comply with the following principles:

- 2.1., 2.2., and 2.11.6. on the diversity policy:

At PKN ORLEN, the diversity policy relating to the Company's employees is covered by a range of internal documents. However, there is no formal document governing diversity at the level of the PKN ORLEN Management Board and Supervisory Board. The Company presents the diversity indicators for the supervisory and management bodies within the Group on an annual basis. The gender diversity ratio is not applied in the Company's diversity management practices. The gender diversity requirement of the Code of Good Practice is met by the Company's Supervisory Board, which has a minority share of no less than 30%; but not by the PKN ORLEN's Management Board.

- 4.1. concerning virtual or hybrid general meetings (e-meetings):

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

The Company has in place procedures ensuring its compliance with Section 29.3 of the WSE Rules, pursuant to which if the Company permanently does not comply with or has incidentally violated a principle set forth in the Code of Best Practice, it discloses such non-compliance or violation in a current report issued through the EBL reporting system.

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

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

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

The PKN ORLEN Supervisory Board adopts resolutions to delegate its members to individually perform supervisory duties with respect to the Company's compliance with the corporate governance disclosure obligations set forth in the WSE Rules and the regulations on current and periodic information to be published by issuers of securities. In 2021, Mr Andrzej Szumański, Vice Chairperson of the Supervisory Board, was delegated to perform such duties.

In July 2021, the Supervisory Board reviewed the newly issued Best Practice 2021 and approved the 'Statement of Compliance by the Company with the Principles of the Best Practice for WSE Listed Companies 2021' prior to its publication. In February 2022, the PKN ORLEN Supervisory Board approved an annual report on the fulfilment by PKN ORLEN S.A. of disclosure obligations imposed on it as a public company. The report includes a discussion of the internal procedures, summary of inside information

published in 2021, overview of notification obligations of members of the Management and Supervisory Boards, statement of compliance by the Company with the Best Practice for WSE Listed Companies, and summary of the Company's correspondence with the PFSA.

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

In accordance with Principle 1.5 of the Best Practice for WSE Listed Companies 2021, the Supervisory Board has reviewed the Company's report on the sponsorship and donation spending of PKN ORLEN S.A. and the ORLEN Group for 2021, which shows that PKN ORLEN S.A.'s sponsorship and donation spending totalled PLN 169,813 thousand and PLN 76,642 thousand, respectively, while the same figures for the ORLEN Group were PLN 51,149 thousand and PLN 22,855 thousand.

The Supervisory Board positively assessed the report.

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

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

In 2021, Group companies were actively involved in projects run by the ORLEN Foundation, such as grant and scholarship programmes, thus supporting their employees and local communities and helping enhance their own image among those stakeholders. Responding to the needs and expectations of employees, their families and the immediate environment is a key priority for the ORLEN Group with respect to its charitable activities. Group companies sponsored various educational, sports, cultural, environment protection and healthy lifestyle projects, keeping in mind their environmental aspects. Most donations were made in communities where ORLEN Group companies operate, helping foster their relations with those communities as well as other stakeholders. Charitable projects and initiatives enhance the positive image of the entire ORLEN Group, and thus of each its companies, as a CSR Leader.

PKN ORLEN's sponsorship activities in 2021 contributed significantly to the delivery of Group's strategic objectives. Key to building the Group's global reach and enhancing its brand recognition worldwide was the title sponsorship of the Alfa Romeo Racing ORLEN team and collaboration with Robert Kubica, the ORLEN Brand Ambassador. These projects were the Group's marketing platform for the Polish, Czech and German markets. In 2021, the advertising value equivalent from global exposure through the Company's involvement in the F1 team totalled PLN 648m.¹

The sponsorship of various sports projects, including children's and teenagers' sports activities, cultural events and community initiatives helped the Group attain its image building objectives and sales targets. The ORLEN Group's sponsorship activities were in line with the preferences of the Polish society, which expects large companies to provide support in such areas.² The total media value of the PKN ORLEN brands'

¹ Nielsen 'ORLEN – Exposure Analysis 2021' – report prepared for PKN ORLEN by Sauber Motorsport AG

² Pentagon Research – 'Media value of the PKN ORLEN brand in January–December 2021'

exposures on the Polish market in the period from January to December 2021 was estimated at more PLN 640m, with the number of exposures amounting to 1,113,129.² The effectiveness of the Group's sponsorship and charitable giving policy is also confirmed by the results of market surveys conducted by ARC Rynek i Opinia, which show that PKN ORLEN is the most recognisable CSR sponsor among companies operating in Poland, and its sponsorship activities inform Poles' purchase decisions.³ It is also noteworthy that according to regular market surveys, there are no threats to PKN ORLEN continuing as the perceived leader of sponsorship activities in Poland.

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

The ORLEN Group consistently strengthens the position of its core companies, expanding its operations in the Power Generation, Refining, Petrochemicals and Retail segments, and pursuing a policy of cautious continuation in the Upstream segment. The purpose of the measures undertaken by the ORLEN Group is to increase its market value, boost its position on home markets, and expand its product offering and geographical reach. The ORLEN Group also seeks to diversify its operations towards a multi-energy group, both organically and through acquisitions.

In line with the business strategy adopted in 2020, the ORLEN Group's key objectives include being a regional leader in energy transition, developing new renewable power generation capacities, and pursuing decarbonisation, while preserving operational efficiency and financial strength in its traditional business segments. Aware of the prevailing market trends, in 2021 the ORLEN Group consistently diversified its business towards building a multi-utility conglomerate. The effective acquisition of the Energa Group and continued work on other acquisition targets, such as the ongoing merger of PKN ORLEN, the LOTOS Group and PGNiG, are part of this process. Recognising the importance of the retail segment, the ORLEN Group proceeded with expanding its service station chain in Poland and abroad and with development of the non-fuel retail segment, including through the acquisition of the RUCH Group and Polska Press Sp. z o.o. The ORLEN Group also continued its strategic growth in petrochemicals and gas-fired power generation, as well as in new business areas such as new mobility, hydrogen technologies, recycling, R&D and digital transformation.

Effective growth of the ORLEN Group would not be possible without full operational and cost efficiency. The ORLEN Group continually took steps to improve its management processes, optimise its business model and consolidate its assets. As a result of this strategy, it consistently strengthened its position on home markets and steadily expanded its product range and geographical reach. To ensure effective management, holding management policies designed to achieve shared goals across the ORLEN Group were introduced. The holding management concept was implemented based on the ORLEN Group Constitution, which ensures uniformity of the organisational standards and information exchange rules, as well as effective monitoring of key business decisions. PKN ORLEN S.A.'s effective corporate supervision over the ORLEN Group companies relies on ongoing oversight of the Group's operations based on uniform standards, as well as financial, and formal and legal supervision.

The Parent's policy with respect to the ORLEN Group focused on reinforcing the position of core-business companies, as well as on improving the management of and consolidating the Group's assets. As at December 31st 2021, the ORLEN Group comprised 106 companies: the Parent and 105 fully-consolidated companies.

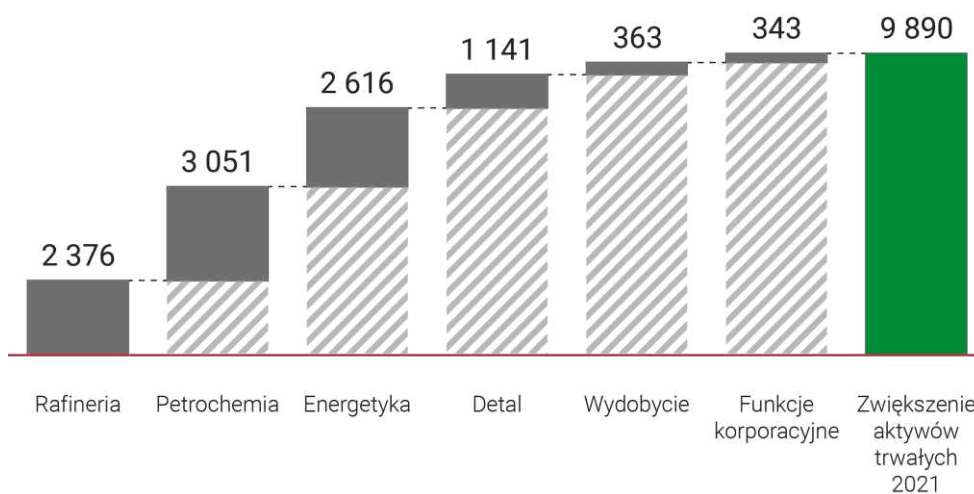
In 2021, despite the continuing COVID-19 pandemic, PKN ORLEN managed to consolidate its position and maintain financial ratios at safe levels. The ORLEN Group's revenue for 2021 came in at PLN 131.3bn, up PLN 45.2bn year on year, driven mainly by a 2% increase in sales volumes and higher prices of refining and petrochemical products. In 2021, the ORLEN Group reported record-high LIFO-based EBITDA of PLN 14.2billion. It is worth noting that in 2021 all of the Group's business segments generated positive EBITDA.

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

The Group's earnings and stable financial condition, confirmed by safe levels of debt ratios and Baa2 rating from Moody's, allowed it to grow CAPEX by PLN 0.9 billion. The Group allocated PLN 9.9 billion to investment projects, which included: construction of a visbreaking unit in Płock, expansion of the olefins production capacity in Płock, expansion of the fertilisers production capacity in ANWIL, upgrades of the existing assets and connection of new customers in the ENERGA Group, construction of a propylene glycol unit in Trzebinia and the R&D Centre in Płock, development of a wind farm project in the Baltic Sea, and launch of another 263 alternative refuelling points (454 in total).

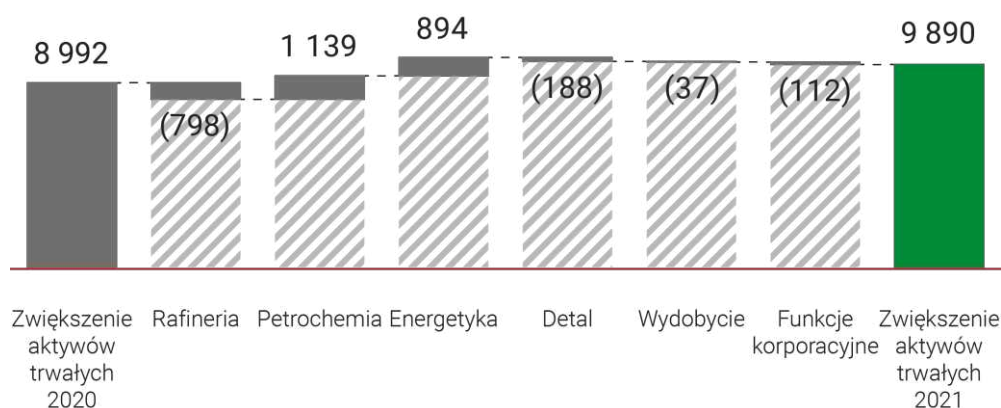
In 2021, PKN ORLEN was again awarded the titles of The World's Most Ethical Company 2021 and Top Employer Polska 2021.

Increase in non-current assets in 2021 [PLN million]



Rafineria	Refining
Petrochemia	Petrochemicals
Energetyka	Power Generation
Detal	Retail
Wydobycie	Upstream
Funkcje korporacyjne	Corporate Functions
Zwiększenie aktywów trwałych 2021	Increase in non-current assets in 2021

Change in non-current assets by segment [PLN million]



Major investment projects carried out in 2021 included:

- construction of a visbreaker unit in Płock
- construction of a polypropylene glycol unit at ORLEN Południe
- expansion of olefins production capacities at Płock
- construction of a DCPD plant at ORLEN Unipetrol
- expansion of fertilizer production capacities at Anwil
- upgrades of existing assets and connection of new customers at the ENERGA Group
- upgrade of DCS for the power system in Płock
- upgrade of the TG1 turbine generator set at the CHP plant in Płock
- construction of offshore wind farms in the Baltic Sea
- opening a total of 59 service stations;
- upgrade of 13 service stations;
- opening of 37 Stop Cafe/Star Connect outlets (including convenience stores)
- deployment of 263 EV charging stations, including 62 fast chargers
- continued hydrocarbon production from the Edge, Miocen and Płotki projects in Poland and from the Kakwa and Ferrier projects in Canada.

In line with the ORLEN2030 strategy adopted in November 2020, the Group resumed the pre-COVID-19 dividend policy, which means paying dividends of at least PLN 3.50 per share, compared with PLN 1.00 in 2020, and maintaining or increasing the distributions in the coming years. This dividend level reflects the Group's robust liquidity and financial position.

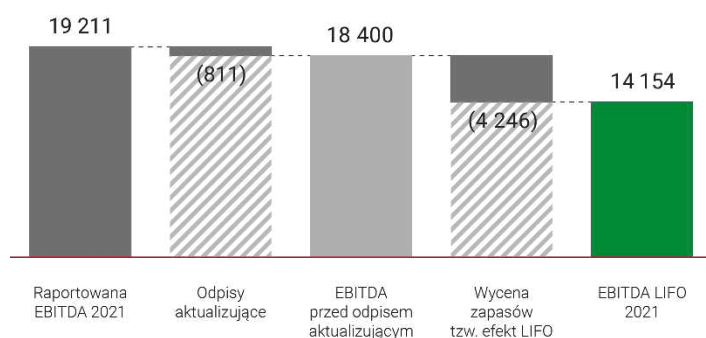
RESULTS OF THE ORLEN GROUP

Item	UoM	2021	2020	2019	change	% change
Revenue	1	2	3	4	5	6=(3-4)/4
Revenue	PLN million	131,341	86,180	111,203	45,161	52.4%
EBITDA	PLN million	19,211	8,465	8,862	10,746	126.9%
EBITDA before impairment ¹	PLN million	18,400	10,056	9,041	8,344	83.0%
LIFO EBITDA before impairment¹	PLN million	14,154	12,430	9,172	1,724	13.9%
Operating profit (EBIT)	PLN million	13,870	3,908	5,365	9,962	254.9%
Net profit	PLN million	11,188	2,825	4,298	8,363	296.0%
Equity	PLN million	52,578	42,389	38,607	10,189	24.0%
Total assets	PLN million	106,754	84,048	71,202	22,706	27.0%
Headcount as at Dec 31	no. of persons	35,424	33,377	22,337	2,047	6.1%

1) Impairment losses on non-current assets recognised in 2021, 2020, and 2019 were PLN 811m, PLN (1,591)m and PLN (179)m, respectively.

The ORLEN Group's revenue for 2021 was PLN 131,341m, having increased by PLN 45,161m year on year. The year-on-year increase was driven by a 2% growth of sales volume (in the Refining and Retail segments, partly offset by lower sales volumes in the Petrochemicals and Upstream segments) and reflected a 69% increase in crude oil prices and, consequently, prices of main products. Year on year, in the 12 months ended December 31st 2021 gasoline prices increased by 75%, diesel oil prices by 58%, jet fuel prices by 69%, heavy fuel oil prices by 69%, ethylene prices by 38% and propylene prices by 50%.

Reported EBITDA and LIFO-based EBITDA before impairment losses [PLN million]



EBITDA of the ORLEN Group in 2021 reached PLN 19,211m.

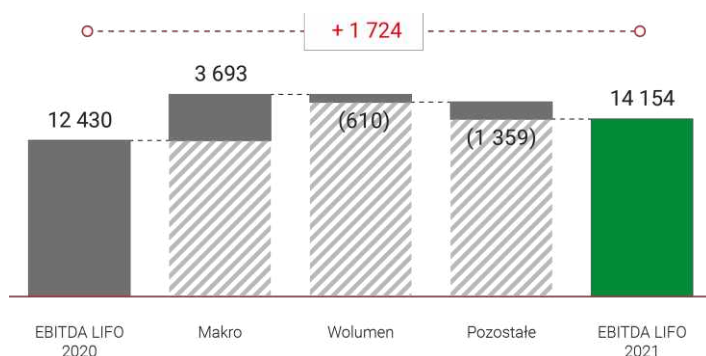
EBITDA of the ORLEN Group before reversal of impairment losses of PLN 811m was PLN 18,400m.

The effect of oil price movements on the value of inventories (LIFO effect), reflected in EBITDA, was PLN 4,246m.

As a result, **the ORLEN Group's LIFO-based EBITDA for 2021, net of the effect of impairment losses on non-current assets, came in at PLN 14,154m.**

Raportowana EBITDA 2021	Reported 2021 EBITDA
Odpisy aktualizujące	Impairment losses
EBITDA przed odpisem aktualizującym	EBITDA before impairment
Wycena zapasów tzw. efekt LIFO	Valuation of inventories (the LIFO effect)
EBITDA LIFO 2021	LIFO-based EBITDA 2021

LIFO-based EBITDA evolution (y/y) [PLN million]



Due to changes in macroeconomic factors, the ORLEN Group's results improved by **PLN 3,693m** (y/y), mainly on the back of an increase in Urals/Brent differential by USD (1.3)/bbl and higher margins on light distillates, olefins, polyolefins, PTA, PVC and fertilizers. ORLEN Group's results were also supported by a year-on-year PLN 2,807m change in valuation and settlement of CO₂ futures within a separate trading portfolio. The positive effects were partly offset by lower margins on middle distillates and higher cost of captive consumption due to a USD 29/bbl increase in crude oil prices. In 2020, there was a steep decline in prices of crude oil and petroleum products, which yielded a positive result on hedges recognised in other operating activities, mostly in the first quarter of the year. An increase in crude oil and petroleum product prices in 2021 resulted in a negative effect of the hedges, and the their total year-on-year impact, excluding the result on CO₂ futures, was PLN (1,509)m.

The impact of higher year-on-year sales volumes at the ORLEN Group in the second, third and fourth quarters of 2021 was positive but it did not offset the negative effect of lower volumes seen in the first quarter of 2021 as compared to sales in the first quarter of 2020 not yet affected by the market constraints resulting from the COVID-19 pandemic. A maintenance shutdown scheduled for the Olefins II unit additionally pushed down sales volumes in the Petrochemicals segment. These trends in sales volumes had a negative effect on the ORLEN Group's results of **PLN (610)m** (y/y).

The effect of other factors was negative at **PLN (1,359)m** (y/y) and included:

- PLN (4,062)m – absence of gain on bargain purchase of 80% of shares in ENERGA in 2020.
- PLN 2,204m (y/y) – positive impact of utilisation of historical inventory layers.
- PLN 1,522m (y/y) – improved performance of the ENERGA Group, mainly as a result of non-comparable periods of ENERGA's consolidation within the ORLEN Group.
- PLN 320m (y/y) – positive effect of inventory write-downs to net realisable values. The impact of inventory write-downs for the year ended December 31st 2021 was positive at PLN 211m (2020:PLN (109)m).
- PLN 184m (y/y) – prescription of liability claims of ORLEN UNIPETROL minority shareholders.
- PLN 156m (y/y) – positive effect of change in the ownership structure of Baltic Power.
- (PLN 1,683)m (y/y) – other items, including remeasurement of CO₂ allowance provisions and higher costs of operation of service stations, overheads and labour costs, partially offset by higher wholesale margins compared to the previous year.

EBITDA LIFO 2020	LIFO-based EBITDA 2020
Makro	Macro
Wolumen	Volumes
Pozostałe	Other

After accounting for depreciation and amortisation expense of PLN (5,341)m, the ORLEN Group reported **EBIT** of **PLN 13,870m** for 2021.

In the reporting period, net financial costs were PLN (179)m and included mainly a net interest expense of PLN (443)m and PLN 294m on settlement and measurement of financial derivatives.

After income tax of PLN (2,495)m, the ORLEN Group posted a **net profit** of **PLN 11,188m** for 2021, an increase of PLN 8,363m (y/y).

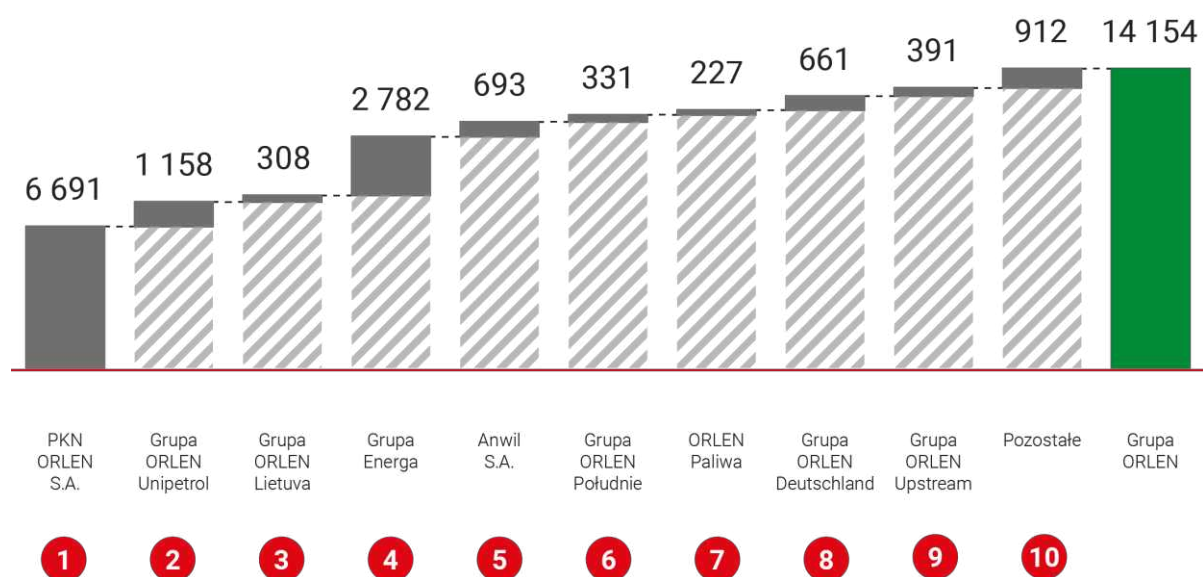
As at December 31st 2021 equity was PLN 52,578m, having increased by PLN 10189m year on year, mainly as a result of recognition of a PLN 11,188m net profit for 2021, a PLN (414) negative effect of change in hedging reserve, a PLN (1,497)m payment of dividend from retained earnings to PKN ORLEN shareholders, and PLN 783m of foreign exchange differences on translation of the equity of foreign operations resulting mostly from higher CZK, USD and CAD exchange rates.

Net financial debt of the ORLEN Group as at December 31st 2021 was PLN 12,275m, a decrease of PLN (785)m on year-end 2020, mainly due to net inflows which included proceeds from and repayments of loans and borrowings as well as repurchase and issuance of bonds for a total amount of PLN 460m, a PLN (1,656)m increase in net cash and cash equivalents, a PLN 60m increase in short-term deposits, and the net effect of valuation and remeasurement of debt due to exchange differences as well as new acquisitions within the Group for a total amount of PLN 351m.

In 2021, the ORLEN Group's hiring policy was focused on recruiting top quality specialists for both day-to-day tasks and strategic projects. Acquisition of the Polska Press Group (1,827 people) and ORLEN Transport (180 people) in 2021 and expansion of the ORLEN Group's power generation, IT and retail areas led to a **year-on-year increase in total workforce by 2,047 people, to 35,424 employees.**

I. LIFO-based EBITDA OF KEY ORLEN GROUP COMPANIES IN 2021

LIFO-based EBITDA of key ORLEN Group companies before net impairment of non-current assets



1. PKN ORLEN S.A.

Item	UoM	2021	2020	2019	change	% change
Revenue	PLN million	89,680	58,816	89,049	30,864	52.5%
EBITDA	PLN million	9,936	3,473	5,818	6,463	186.1%
EBITDA before impairment ¹	PLN million	10,014	3,496	5,826	6,518	186.4%
LIFO EBITDA before impairment¹	PLN million	6,691	5,549	5,972	1,142	20.6%
Operating profit (EBIT)	PLN million	7,830	1,550	4,059	6,280	405.2%
Net profit	PLN million	8,398	(2,356)	4,813	10,754	-
Equity	PLN million	38,455	31,869	34,924	6,586	20.7%
Total assets	PLN million	70,953	54,552	60,276	16,401	30.1%
Headcount as at Dec 31	no. of persons	5,878	5,727	5,447	151	2.6%

¹) Impairment losses on non-current assets recognised in 2021, 2020 and 2019 were PLN (78)m, PLN (23)m and PLN (8)m, respectively.

PKN ORLEN's sales revenues in 2021 were PLN 89,680m, having increased by PLN 30,864m y/y. The (y/y) increase reflects a 69% increase in crude oil prices and the resulting increase in prices of main products. Year on year, in the 12 months ended December 31st 2021 gasoline prices increased by 75%, diesel oil prices by 58%, jet fuel prices by 69%, heavy fuel oil prices by 69%, ethylene prices by 38% and propylene prices by 50%.

PKN ORLEN's EBITDA in 2021 was PLN 9,936m. Impairment losses recognised in 2021 amounted to PLN (78)m and EBITDA before the impairment losses was PLN 10,014m.

The effect of crude price movements on the amount of inventories, reflected in EBITDA, was PLN 3,323m. **As a result, PKN ORLEN's LIFO-based EBITDA for 2021 before impairment losses was PLN 6,691m, up PLN 1,142m year on year:**

- **PLN 2,134m** (y/y) – the positive effect of macroeconomic factors, including an increase in Urals/Brent differential by USD (1.3)/bbl and higher margins on light distillates, olefins and PTA. PKN ORLEN's results were also supported by a PLN 2,807m year-on-year change in valuation and settlement of CO₂ futures within a separate trading portfolio. The positive effects were partly offset by lower margins on middle distillates and higher cost of captive consumption due to a USD 29/bbl increase in crude oil prices. In 2020, there was a steep decline in prices of crude oil and petroleum products, which yielded a positive result on hedges recognised in other operating activities, mostly in the first quarter of the year. Subsequent increase in prices of crude oil and petroleum products in 2021 resulted in a negative effect on the hedge instruments, with the total year-on-year effect of the hedges at PLN (634)m.

- **PLN (770)m** (y/y) – a decline in revenues on lower sales volumes, mainly due to market restrictions seen in the first quarter of 2021 as compared the first quarter of 2020 when the market was not yet depressed by the pandemic. Sales volumes were further affected by the shutdown of the Olefins II unit in the Petrochemical segment.
- **PLN (222)m** y/y – combined negative effect of other factors, including:
 - PLN 1,003m (y/y) – positive impact of utilisation of historical inventory layers.
 - PLN 184m (y/y) – prescription of liability claims of ORLEN UNIPETROL minority shareholders.
 - (PLN 1,409)m (y/y) – other items, including remeasurement of CO₂ allowance provisions, higher general costs and cost of labour and lower retail margins, partially offset by higher (y/y) wholesale margins.

After depreciation and amortisation of PLN (2,106)m, EBIT for 2021 amounted to PLN 7,830m.

In 2021, net financial income was PLN 2,075m and mainly included the following items:

- net reversal of revaluation write-downs on shares in subsidiaries of PLN 1,252m,
- dividend income of PLN 891m, received chiefly from ORLEN Deutschland, ORLEN Paliwa, ORLEN Asphalt and Basell ORLEN Polyolefins;
- net settlement and measurement of derivative financial instruments hedging: currency risk exposures to payments of foreign currency invoices for crude oil, currency risk exposures in liquidity transactions, and interest rates and interest payments on bonds, for a total amount of PLN 29m.
- PLN 47m exchange gains on foreign currency loans and other items,
- net interest calculated using the effective interest rate, interest on leases and interest on tax liabilities, for a total amount of totalling PLN (146)m.

After a PLN (1,501)m tax expense, PKN ORLEN posted a net profit of PLN 8,398m for 2021, an increase of by PLN 10,754m (y/y).

As at December 31st 2021, net debt rose by PLN (1,172)m (y/y), to PLN 8,377m.

As PKN ORLEN pursues an employment policy focused on ensuring top specialists to deliver day-to-day operational tasks as well as strategic projects across all business areas, headcount at PKN ORLEN increased by 151, to 5,878 at the end of 2021.

2. ORLEN UNIPETROL GROUP

Item	UoM	2021	2020	2019	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	23,855	13,979	21,582	9,876	70.6%
EBITDA	PLN million	1,756	(309)	938	2,065	-
EBITDA before impairment ¹	PLN million	1,796	(232)	977	2,028	-
LIFO EBITDA before impairment¹	PLN million	1,158	(25)	975	1,183	-
Operating profit (EBIT)	PLN million	761	(1,138)	174	1,899	-
Net profit	PLN million	570	(950)	105	1,520	-
Equity	PLN million	10,426	9,286	9,867	1,140	12.3%
Total assets	PLN million	19,508	14,784	15,696	4,724	32.0%
Headcount as at Dec 31	no. of persons	4,876	4,930	4,913	(54)	(1.1%)

¹) Impairment losses on non-current assets recognised in 2021, 2020 and 2019 were PLN (40)m, PLN (77)m and PLN (39)m, respectively.

Revenue amounted to PLN 23,855m, having increased by 70.6% (y/y) as a result of a (11.9)% growth in sales volume and a 69% increase in crude oil prices and, consequently, prices of key products.

EBITDA in 2021 was PLN 1,756m. Impairment losses on non-current assets recognised in 2021 were PLN (40)m, having decreased by PLN (37)m (y/y). EBITDA before the impairment losses was PLN 1,796m, having increased by PLN 2,028m (y/y).

The effect of crude oil price movements on the valuation of inventories, recognised in EBITDA, was PLN 638m. As a result, **the Unipetrol Group's LIFO-based EBITDA for 2021 before impairment losses was PLN 1,158m, having increased by PLN 1,183m (y/y):**

- **PLN 514m (y/y)** – positive impact of the macroeconomic conditions, particularly visible in the petrochemical segment, partly offset by the negative impact of exchange rates and the settlement and measurement of financial instruments.
- **PLN 495m (y/y)** – positive effect of higher sales volumes across all segments, i.e. by 10% in the refining segment, 19% in the petrochemical segment, and 7% in the retail segment.
- **PLN 174m (y/y)** – effect of the other factors, including the positive impact of utilisation of historical inventory layers (PLN 871m (y/y)), revaluation of inventories to net realisable values (PLN 133m), and higher retail margins (y/y), partly offset by lower sales margins, higher costs of CO₂ allowances, and higher general and labour costs.

After depreciation and amortisation expense of PLN (995)m, EBIT came in at PLN 761m in 2021.

In 2021, net finance costs were PLN (28)m. After tax expense of PLN (164)m, the net result for 2021 was PLN 570m, compared with net loss of PLN (950)m in 2020.

Net debt as at December 31st 2021 was PLN 247m.

As at December 31st 2021, the workforce was 4,876, having decreased by 54 persons.

3. ORLEN LIETUVA GROUP

Item	UoM	2021	2020	2019	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	19,692	10,926	19,676	8,766	80.2%
EBITDA	PLN million	551	(660)	427	1,211	-
EBITDA before impairment ¹	PLN million	545	(579)	426	1,124	-
LIFO EBITDA before impairment¹	PLN million	308	(480)	419	788	-
Operating profit (EBIT)	PLN million	382	(808)	276	1,190	-
Net profit	PLN million	341	(650)	290	991	-
Equity	PLN million	2,066	1,575	2,233	491	31.2%
Total assets	PLN million	5,447	3,094	4,078	2,353	76.1%
Headcount as at Dec 31	no. of persons	1,467	1,446	1,429	21	1.5%

1) Impairment losses on non-current assets recognised in 2021, 2020 and 2019 were PLN 6m, PLN (81)m and PLN 1m, respectively.

Revenue amounted to PLN 19,692m, having increased by 80.2% (y/y) as a result of a 6.7% growth in sales volume and a 69% increase in crude oil prices and, consequently, prices of key products.

EBITDA in 2021 was PLN 551m, i.e. PLN 1,211m more (y/y). Impairment losses on non-current assets recognised in 2021 were PLN 6m, having decreased by PLN 87m (y/y). EBITDA before the impairment losses was PLN 545m, having increased by PLN 1,124m (y/y). The effect of crude oil price movements on the valuation of inventories, recognised in EBITDA, was PLN 237m. As a result, **the ORLEN Lietuva Group's LIFO-based EBITDA for 2021 before impairment losses was PLN 308m, having increased by PLN 788m (y/y):**

- **PLN 312m (y/y)** – positive effect of macroeconomic changes, including mainly higher Ural/Brent differential and improved margins on light distillates and olefins, which were partly offset by lower margins on middle distillates, higher cost of internal consumption (y/y) and negative impact of cash flow hedges on crude oil purchases and sales of products.
- **PLN (136)m (y/y)** – negative volume effect, mainly due to lower (y/y) refining volumes.
- **PLN 612m (y/y)** – effect of the other factors, including the positive impact of utilisation of historical inventory layers (PLN 299m (y/y)), revaluation of inventories to net realisable values (PLN 187m), and higher wholesale margins (y/y), partly offset by higher costs of CO₂ allowances.

After depreciation and amortisation expense of PLN (169)m, EBIT came in at PLN 382m in 2021.

In 2021, net finance costs were PLN (17)m. After tax expense of PLN (24)m, net profit for 2021 was PLN 341m, up by PLN 991m y/y.

Net debt (cash surplus) as at December 31st 2021 was PLN 172m.

As at December 31st 2021, the headcount was 1,467, having increased by 21 persons y/y.

4. ENERGA GROUP

Item	UoM	2021	2020	2019	change	% change
1	2	3	4		6=(3-4)	7=(3-4)/4
Revenue	PLN million	13,791	8,223	-	5,568	67.7%
EBITDA	PLN million	2,705	1,260	-	1,445	114.7%
EBITDA before impairment¹	PLN million	2,782	1,260	-	1,522	120.8%
Operating profit (EBIT)	PLN million	1,633	570	-	1,063	186.5%
Net profit	PLN million	1,256	382	-	874	228.8%
Equity	PLN million	10,111	8,784	-	1,327	15.1%
Total assets	PLN million	21,280	19,629	-	1,651	8.4%
Headcount as at Dec 31	no. of persons	8,888	9,731	-	(843)	(8.7%)

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

Revenue totalled PLN 13,791m, up 67.7% year on year, with the increase driven mainly by higher revenue from sales of electricity and higher sales prices, as well as higher revenue from provision of ancillary services.

EBITDA in 2021 was PLN 2,705m. Impairment losses recognised in 2021 were PLN (77) m. EBITDA before the impairment losses was PLN 2,782m, having increased by PLN 1,522m (y/y), mainly as a result of non-comparable periods of ENERGA's consolidation within the ORLEN Group.

After depreciation and amortisation expense of PLN (1,072)m, EBIT came in at PLN 1,633m in 2021.

Net finance income was PLN 28m. After tax expense of PLN (397)m, the net result for 2021 was PLN 1,256m.

Net debt as at December 31st 2021 was PLN 4,876m.

As at December 31st 2021, the workforce was 8,888, having decreased by 843 persons.

5. ANWIL

Item	UoM	2021	2020	2019	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	3,156	2,208	2,234	948	42.9%
EBITDA	PLN million	722	425	470	297	69.9%
EBITDA before impairment¹	PLN million	693	425	470	268	63.1%
Operating profit (EBIT)	PLN million	494	244	325	250	102.5%
Net profit	PLN million	376	159	257	217	136.5%
Equity	PLN million	1,783	1,467	1,318	316	21.5%
Total assets	PLN million	4,341	3,092	2,199	1,249	40.4%
Headcount as at Dec 31	no. of persons	1,610	1,485	1,364	125	8.4%

1) Impairment losses on non-current assets recognised in 2021, 2020 and 2019 were PLN 29m, PLN 0m and PLN 0m, respectively.

Revenue was PLN 3,156m, having increased by 42.9% y/y.

EBITDA in 2021 reached PLN 722m. Net impairment losses on assets recognised in 2021 amounted to PLN 29m and **EBITDA before those impairment losses was PLN 693m, up PLN 268m year on year:**

- **PLN 260m (y/y)** – positive effect of the macroeconomic environment, including mainly higher margins on fertilizers and PVC, partly offset by higher cost of internal consumption (y/y), mainly due to higher prices of electricity and natural gas.
- **PLN (110) m (y/y)** – negative effect of lower sales volumes, mainly of PVC (by (21)%) and soda lye (by (26)%).
- **PLN 118m (y/y)** – other factors, including mainly higher sales margins and lower costs of CO₂ allowances.

After depreciation and amortisation expense of PLN (228)m, EBIT for 2021 came in at PLN 494m.

In 2021, net finance costs were PLN (5)m. After tax expense of PLN (84)m, net profit for 2021 was PLN 376m, up by PLN 217m y/y.

Net debt as at December 31st 2021 was PLN 1,107m.

As at December 31st 2021, the workforce was 1,610, having increased by 125 persons y/y.

6. ORLEN POLUDNIE GROUP

Item	UoM	2021	2020	2019	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	3,502	1,819	2,155	1,683	92.5%
EBITDA	PLN million	433	9	81	424	4,711.1%
EBITDA before impairment¹	PLN million	363	9	82	354	3933.3%
LIFO EBITDA before impairment¹	PLN million	331	19	73	312	1,642.1%
Operating profit (EBIT)	PLN million	383	(28)	46	411	-
Net profit	PLN million	315	(24)	38	339	-
Equity	PLN million	1,132	461	486	671	145.6%
Total assets	PLN million	2,366	1,557	1,075	809	52.0%
Headcount as at Dec 31	no. of persons	753	686	665	67	9.8%

1) Impairment losses on non-current assets recognised in 2021, 2020 and 2019 were PLN 70m, PLN 0m and PLN (1)m, respectively.

Revenue was PLN 3,502m, having increased by 92.5% y/y, reflecting, among others, a 18.1% y/y increase in sales volumes.

EBITDA in 2021 amounted to PLN 433m. Impairment losses recognised in 2021 were PLN 70 m. EBITDA before the impairment losses was PLN 363m, having increased by PLN 354m (y/y).

The effect of crude oil price movements on the valuation of inventories, recognised in EBITDA, was PLN 32m. As a result, **the ORLEN Poludnie Group's LIFO-based EBITDA for 2021 before impairment losses was PLN 331m, up PLN 312m year on year:**

- **PLN 169m (y/y)** – positive effect of macroeconomic factors in all operating segments except fuels.
- **PLN 34m (y/y)** – positive effect of higher sales volumes of bio-components, solvents, oil, paraffins, fuels, and glycol.
- **PLN 108m (y/y)** – other factors, including mainly the effect of higher sales margins and utilisation of historical inventory layers (y/y).

After depreciation and amortisation expense of PLN (50)m, EBIT for 2021 came in at PLN 383m.

Net finance income was PLN 3m. After tax expense of PLN (71)m, net profit for 2021 was PLN 315m, up by PLN 339m y/y.

Net debt as at December 31st 2021 was PLN 385m.

As at December 31st 2021, the headcount was 753, having increased by 67 persons y/y.

7. ORLEN PALIWA

Item	UoM	2021	2020	2019	change	% change
1	2	3	4		6=(3-4)	7=(3-4)/4
Revenue	PLN million	21,624	16,615	21,706	5,009	30.1%
EBITDA	PLN million	227	166	147	61	36.7%
Operating profit (EBIT)	PLN million	199	143	129	56	39.2%
Net profit	PLN million	159	119	106	40	33.6%
Equity	PLN million	355	420	301	(65)	(15.5%)
Total assets	PLN million	2,218	1,671	1,747	547	32.7%
Headcount as at Dec 31	no. of persons	376	380	355	(4)	(1.1%)

In 2019-2021, no impairment losses on non-current assets were recognised.

Revenue was PLN 21,624m, having increased by 30.1% y/y, reflecting, among others, increased prices of key products.

In 2021, EBITDA was PLN 227m, up by PLN 61m y/y as a result of:

- **PLN (7)m (y/y)** – negative effect of lower sales volumes of liquid fuels.
- **PLN 68m (y/y)** – other factors, including mainly the effect of higher wholesale margins on fuels and sale of NRT allowances to PKN ORLEN, partly offset by higher general and labour costs.

After depreciation and amortisation expense of PLN (28)m, EBIT came in at PLN 199m in 2021.

In 2021, net finance costs were PLN (3)m. After tax expense of PLN (37)m, net profit for 2021 was PLN 159m, up by PLN 40m y/y.

Negative net debt (cash surplus) as at December 31st 2021 was PLN (32)m.

As at December 31st 2021, the workforce was 376, having decreased by (4) persons.

8. ORLEN DEUTSCHLAND GROUP

Item	UoM	2021	2020	2019	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	13,672	10,766	13,586	2,906	27.0%
EBITDA	PLN million	651	568	457	83	14.6%
EBITDA before impairment¹	PLN million	661	585	457	76	13.0%
Operating profit (EBIT)	PLN million	453	367	283	86	23.4%
Net profit	PLN million	318	266	187	52	19.5%
Equity	PLN million	710	664	560	46	6.9%
Total assets	PLN million	3,281	2,811	2,800	470	16.7%
Headcount as at Dec 31	no. of persons	225	203	167	22	10.8%

1) Impairment losses on non-current assets recognised in 2021, 2020 and 2019 were PLN (10)m, PLN (17)m and PLN 0m, respectively.

Revenue was PLN 13,672m, having increased by 27.0% y/y, reflecting, among others, increased prices of key products.

EBITDA in 2021 amounted to PLN 651m. Impairment losses recognised in 2021 were PLN (10)m. **EBITDA before the impairment losses was PLN 661m, having increased by PLN 76m (y/y):**

- **PLN 45m (y/y)** – improvement of fuel and non-fuel margins.
- **PLN (21)m (y/y)** – lower fuel sales volumes.
- **PLN 52m (y/y)** – other factors, including primarily the positive impact of a change in the balance of other operating income/expenses (net of the net effect of impairment losses on assets), which accounts for the absence of VAT provisions of 2020 and higher (y/y) sales margins.

After depreciation and amortisation expense of PLN (198)m, EBIT for 2021 came in at PLN 453m.

In 2021, net finance costs were PLN (12)m. After tax expense of PLN (123)m, net profit for 2021 was PLN 318m, up by PLN 52m y/y.

Negative net debt (cash surplus) as at December 31st 2021 was PLN (40)m.

As at December 31st 2021, the headcount was 225, having increased by 22 persons y/y.

9. ORLEN UPSTREAM GROUP

Item	UoM	2021	2020	2019	change	% change
1	2	3	4	5	6=(3-4)	7=(3-4)/4
Revenue	PLN million	828	484	609	344	71.1%
EBITDA	PLN million	1,309	(1,097)	166	2,406	-
EBITDA before impairment¹	PLN million	391	325	297	66	20.3%
Operating profit (EBIT)	PLN million	1,057	(1,441)	(147)	2,498	-
Net profit/(loss)	PLN million	992	(1,361)	(150)	2,353	-
Equity	PLN million	2,997	1,774	3,034	1,223	68.9%
Total assets	PLN million	4,534	3,317	4,572	1,217	36.7%
Headcount as at Dec 31	no. of persons	159	152	135	7	4.6%

1) Impairment losses on non-current assets recognised in 2021, 2020 and 2019 were PLN 918m, PLN (1,422)m and PLN (131)m, respectively.

Revenue amounted to PLN 828m, having increased by PLN 344m (y/y), which reflected a 69% increase in crude oil price.

EBITDA in 2021 was PLN 1,309m. Reversal of net impairment losses on assets in 2021 amounted to PLN 918m, and **EBITDA before those impairment losses was PLN 391m, i.e. PLN 66m more (y/y):**

- **PLN 184m (y/y)** – higher CLS crude and NGL condensate prices, with a negative effect of cash flow hedging transactions.
- **PLN (39) m (y/y)** – negative effect of lower sales volumes, mainly due to the shutdown of an external customer's hydrocarbon processing infrastructure in Canada.
- **PLN (79) m (y/y)** – other factors, including mainly absence of positive impact of the provision for tax liabilities related to the acquisition of FX Energy by ORLEN Upstream of 2020, increase in taxes on hydrocarbon extraction and certain minerals due to higher hydrocarbon prices, and increase in operating costs at the new Bystrowice extraction facility, partially offset by compensation for damage to the Miłosław-6H well.

After depreciation and amortisation expense of PLN (252)m, EBIT for 2021 was PLN 1,057m.

In 2021, net finance costs were PLN (41)m. After tax expense of PLN (25)m, net profit for 2021 was PLN 992m, up by PLN 2,353m y/y.

As at December 31st 2021, net debt increased by PLN 50m (y/y), to PLN 1,054m.

As at December 31st 2021, the headcount was 159, having increased by 7 persons y/y.

10. OTHER ORLEN GROUP COMPANIES AND CONSOLIDATION ADJUSTMENTS – LIFO-based EBITDA of PLN 912m before impairment losses, including mainly:

- PLN 613m – share of equity-accounted entities (mainly consolidation of net profit of Basell ORLEN Polyolefins and PPPT).
- PLN 77m – Koltrans,
- PLN 56m – ORLEN Serwis,
- PLN 44m – ORLEN Asphalt,
- PLN 43m – ORLEN Oil,
- PLN 40m – IKS Solino,
- PLN 23m – ORLEN Aviation,
- PLN 21m – ORLEN Serwis,
- PLN (5)m – other and consolidation adjustments.

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

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

As at December 31st 2021, 132 of PKN ORLEN S.A.'s properties, with a total net carrying amount of PLN 61.149 m, were held for sale or lease.

In 2021, the Company sold: 4 properties with a carrying amount of PLN 0.906 m were sold for a price of PLN 3.048 m (VAT-exclusive). One property, with a net carrying amount of PLN 1.56m and a net market value of PLN 1.36 m, was transferred under a donation agreement. Following the issue of administrative decisions permitting the execution of road construction projects, the Company lost legal titles to 11 properties with a total carrying amount of PLN 2.651m, through expropriation by the State Treasury. Net compensation received by the Company was PLN 9.738 m.

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 2021, 72 lease or rental contracts were in force, for a total amount of PLN 3.2m.

At PKN ORLEN S.A., 477 items of non-current assets (including plant and equipment) which are not used in day-to-day operations and are not planned to be used in the future have been identified for potential disposal, decommissioning, lease or rental. Their total carrying amount is PLN 3.581m.

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

Warsaw, April 2022