



## **PKN ORLEN S.A.**

**REPORT ON ENTERTAINMENT EXPENSES, LEGAL EXPENSES,  
MARKETING EXPENSES, PUBLIC RELATIONS AND SOCIAL  
COMMUNICATION EXPENSES, AND MANAGEMENT  
CONSULTANCY FEES IN 2022**

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**2022**

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## A. INTRODUCTION

This report on entertainment expenses, legal expenses, marketing expenses, public relations and social communication expenses, and management consultancy fees (the "report on expenses") has been prepared pursuant to Art. 9.11 of the Articles of Association of the Company in conjunction with Art. 17.6 of the Act on State Property Management of December 16th 2016 (Dz. U. of 2016, item 2259, as amended).

This report on expenses has been prepared on an accrual basis, with amounts given net of VAT. All amounts are stated in thousands of zloty (PLN '000).

On August 1st 2022, PKN ORLEN merged with Grupa LOTOS, and on November 2nd 2022 with PGNiG. The transactions were effected through an exchange of shares, with PKN ORLEN increasing its share capital by issuing shares, which were then allotted to Grupa LOTOS and PGNiG shareholders.

This report on expenses for 2022 includes expenses incurred by Grupa LOTOS and PGNiG from the date PKN ORLEN acquired control thereof.

In addition, in accordance with IFRS 11 *Joint Arrangements*, as at December 31st 2022 PKN ORLEN assessed that its investment in Rafineria Gdańska was a joint arrangement constituting a joint operation. Accordingly, PKN ORLEN presented its 70% interest in the joint operation in the financial statements for 2022 by recognising the respective portions of assets, liabilities, revenue and expenses resulting from the rights and obligations assigned to Rafineria Gdańska under the relevant arrangements. This report on expenses for 2022 also takes into account 70% of the total entertainment, legal, marketing, public relations, and social communication expenses and management consultancy fees incurred in 2022 in connection with Rafineria Gdańska.

## B. MARKETING EXPENSES

	2022	2021	Share in revenue	
			2022	2021
<b>Marketing expenses</b>	<b>410,833</b>	<b>320,519</b>	<b>0.200%</b>	<b>0.357%</b>

The objectives of using marketing services were to support the sales staff in meeting their annual operational targets and maintaining the Company's leading market position, to build and maintain strong ORLEN brand recognition, and to promote the desired attributes of the ORLEN brand as well as the ORLEN product brands. The marketing communication in 2022 emphasized the Group's key role in ensuring Poland's energy security. The decision to place a particular focus on that aspect of the Group's operations was a consequence of the unprecedented situation caused by the war in Ukraine. Various marketing activities supported the communication of special projects aimed at stabilising fuel and energy prices in Poland. They were intended to help build PKN ORLEN's image as an international multi-energy group, a leader in the energy transition in the region, and a socially responsible company.

Marketing expenses included primarily:

- costs of promotional services and communication (creation, media buying, production of promotional and advertising media),
- sponsorship of community projects dedicated to promoting education and patriotic attitudes, amateur sports, children's and teenagers' sports activities, professional sports, cultural initiatives,
- various other public events, the VITAY loyalty scheme for customers,
- CSR activities, including implementation of the ORLEN Group Sustainable Development Strategy for 2021–2023, aimed at creating the image of a business that cares for its environment, managing the relationship with local communities, and carrying out programmes for security enhancement and for health and environmental protection.

The presented marketing expenses do not include donations, which are disclosed in Note 12.10 to the separate financial statements of PKN ORLEN S.A. for 2022.

### INCLUDING:

#### B.1. SPONSORSHIP

	2022	2021	Share in revenue	
			2022	2021
<b>Sponsorship expenses</b>	<b>266,758</b>	<b>204,806</b>	<b>0.130%</b>	<b>0.228%</b>

The sponsorship activities pursued were intended to enhance the global recognition of the ORLEN brand and support building lasting relations with local communities. The Company's flagship sponsorship project in 2022 continued to be the title sponsorship of the Alfa Romeo F1 Team ORLEN and collaboration with Robert Kubica, the ORLEN brand ambassador. The project provided a marketing and communication platform not only for the Polish market, but also for the Czech and German markets, where it supported the rebranding of the Benzina and Star service station networks, and in Slovakia and Hungary, where it supported the opening of new outlets following the Company's merger with Grupa LOTOS. PKN ORLEN also continued to sponsor a range of local sports, cultural, and other community initiatives under the ORLEN for Plock programme, a testament to the Company's dedication to the city of Plock and its greater region. Following the merger with Grupa LOTOS and PGNiG, the beneficiaries of the Company's sponsorship activities include more than 90 athletes, over 70 sports clubs, and 12 sports associations, including the Polish Football Association, the Polish Ski Association and the Polish Handball Association under sponsorship

contracts taken over from the acquirees. PKN ORLEN has thus strengthened its leading position among Poland's most recognisable and active sports sponsors.

The main categories of sponsorship expenses were consideration paid under sponsorship agreements, communication services related to sponsorship projects, and events.

### C. PUBLIC RELATIONS AND SOCIAL COMMUNICATION EXPENSES

	2022	2021	Share in revenue	
			2022	2021
<b>Public relations and social communication expenses</b>	<b>25,965</b>	<b>20,631</b>	<b>0.013%</b>	<b>0.023%</b>

PR expenses comprised spending on internal and external communication activities.

In the case of external communication, the expenditure included cooperation with the media on placing business themes of importance for the Company as well as development and creation of various materials (infographics, animations, videos) for social media. Expenses were also incurred to hold press conferences and organise on-site tours and visits for journalists, attended by representatives of the PKN ORLEN Management Board. In 2022, PKN ORLEN allocated considerable funds for communicating the Company's efforts to build a multi-utility group, including primarily its planned integration with Grupa LOTOS and PGNiG. At the same, the Company's support for local communities, including Gdańsk and Płock, was widely communicated.

With respect to internal communication, the funds were spent on maintenance and development of internal communication channels, such as the in-house *TV Studio GO!* television, *MGO!* printed employee magazine and intranet, as well as on creation of photographic images and videos, communication of M&A processes, and projects addressed to PKN ORLEN employees.

### D. MANAGEMENT CONSULTANCY FEES

	2022	2021	Share in revenue	
			2022	2021
<b>Management consultancy fees</b>	<b>68,578</b>	<b>57,440</b>	<b>0.033%</b>	<b>0.064%</b>

Management consultancy fees related mainly to consultancy on M&A projects and projects pursued as part of delivery of the ORLEN Group Strategy, pre-project costs throughout PKN ORLEN's value chain, and regulatory compliance consultancy services.

### E. LEGAL EXPENSES

	2022	2021	Share in revenue	
			2022	2021
<b>Legal expenses</b>	<b>54,761</b>	<b>34,321</b>	<b>0.027%</b>	<b>0.038%</b>

The expenditure covered the cost of legal advice provided on an ongoing basis to PKN ORLEN and the costs of conducting proceedings before courts and other authorities. Services of legal advisers were used specifically in the preparation and negotiation of major contracts, for legal and regulatory matters, and in cases where knowledge of foreign legal systems was required. A significant part of these expenses related to legal support for new strategic projects, including investment projects being developed or in progress.

### F. ENTERTAINMENT EXPENSES

	2022	2021	Share in revenue	
			2022	2021
<b>Entertainment expenses</b>	<b>2,934</b>	<b>2,738</b>	<b>0.001%</b>	<b>0.003%</b>

The expenditure included mainly the organisation of business meetings in Poland and abroad in connection with investment projects and/or to maintain existing and build new business relations, strengthen PKN ORLEN's position in Central and Eastern Europe, and help ensure the region's energy security.

**G. SUMMARY**

	2022	2021	Share in revenue 2022	Share in revenue 2021
Marketing expenses	410,833	320,519	0.200%	0.357%
<i>including sports, culture, and media sponsorship</i>	266,758	204,806	0.130%	0.228%
Public relations and social communication expenses	25,965	20,631	0.013%	0.023%
Management consultancy fees	68,578	57,440	0.033%	0.064%
Legal expenses	54,761	34,321	0.027%	0.038%
Entertainment expenses	2,934	2,738	0.001%	0.003%
<b>TOTAL</b>	<b>563,071</b>	<b>435,649</b>	<b>0.274%</b>	<b>0.486%</b>

The following table summarises the expenses presented in this report:

This report on expenses was signed by the Management Board of PKN ORLEN S.A. on April 25th 2023.

.....  
Daniel Obajtek  
President of the Management Board

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Armen Artwich  
Member of the Management Board

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Adam Burak  
Member of the Management Board

.....  
Patrycja Klarecka  
Member of the Management Board

.....  
Krzysztof Nowicki  
Member of the Management Board

.....  
Robert Perkowski  
Member of the Management Board

.....  
Michał Róg  
Member of the Management Board

.....  
Piotr Sabat  
Member of the Management Board

.....  
Jan Szewczak  
Member of the Management Board

.....  
Iwona Waksmundzka-Olejniczak  
Member of the Management Board

.....  
Józef Węgrecki  
Member of the Management Board