

## Annual report 2020



## **Content:**

- 1. Identification and contact information**
- 2. Company profile and other information**
- 3. Auditors report**
- 4. Financial statements by IFRS**
- 5. Report on relations between the controlling person and the controlled person**

## 1. Identification and contact information

**Name:** PETROTRANS, s.r.o.

**Registered office:** Praha 8, Střelnická 2221/50, PSČ: 182 00

**Company number:** 25123041

**Legal form:** public limited company

**Statutory Representatives:** Paweł Łamacz, Dawid Durawa, Tomáš Sedlák

The Supervisory Board was not established

**Incorporation registration:** Municipal court in Prague section C file 124377

**Phone:** 283 882 733;

**Fax:** 283 882 734

**E-mail:** petrotrans@petrotrans.cz

**http:** www.petrotrans.cz

**Share capital:** 16.000.000,- CZK

In the share capital there are no decisions and still unrealized or unregistered changes.

The company is part of the ORLEN Unipetrol Group, where is the managing company ORLEN Unipetrol a.s.. ORLEN Unipetrol a.s. has registered office Milevská 2095/5, Praha 4, 140 00, company number: 616 72 190. ORLEN Unipetrol a.s. is a part of the group Polski Koncern Naftowy ORLEN S.A. based Chemików, Płock, Poland.

The company was owned by two partners – ORLEN Unipetrol RPA s.r.o. with registered office at Litvínov - Záluží 1, Corporate ID: 275 97 075, (owning a share of the corresponding contribution to the registered capital of the company amounting to 15,900,000,- CZK) and ORLEN Unipetrol a.s. with registered office at Milevská 2095/5, 140 00 Praha 4, Corporate ID: 616 72 190, (owning a share of the corresponding contribution to the registered capital of the company amounting to 100,000,- CZK).

PETROTRANS, s.r.o did not acquire any share of the managing company in the year 2020.

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations approved by the International Accounting

Standards Board (IASB) which were adopted by the European Union (EU) and were in force as at 31<sup>st</sup> December 2020. The English language version of PETROTRANS' Annual Report 2020 is a convenience translation. The version in the Czech language is the definitive version.

## 2. Company profile and other information

Organizational units of the company are located exclusively in the Czech Republic, the Company has no organizational unit abroad.

The company is not active in research and development. In the area of labor relations or in the field of ecology not entail any specific obligation to society.

PETROTRANS, s.r.o. is engaged in the special tank transportation of liquid combustible substances. For various business partners the company provides the supply of petrol stations for retail and deliveries for wholesale companies, mainly in the Czech Republic and Slovakia. The company did not trade the transported products.

Financial situation of the company was very good. PETROTRANS, s.r.o met its obligation to the third parties and employees in required periods. This way intends to continue in 2020.

Prague 23<sup>th</sup> February 2021

Signature of statutory representatives



Paweł Łamacz  
Statutory Representative



Tomáš Sedlák  
Statutory Representative



Dawid Durawa  
Statutory Representative

**Attachments:**

- 1. Auditors report**
- 2. Financial statements by IFRS**
- 3. Report on relations between the controlling person and the controlled person**





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audit&consult

MSI Global Alliance  
Independent Member Firm

# **INDEPENDENT AUDITOR'S REPORT**

**on the 2020 Financial Statements**

**of**

**PETROTRANS, s.r.o.**

**23<sup>rd</sup> February 2021**



## **INTRODUCTORY DATA**

### **Audited entity**

PETROTRANS, s.r.o.  
Seated Praha 8, Střelničná 2221, PSČ 182 00  
IČ: 251 23 041  
Subject of enterprise:  
domestic freight transport

### **Audit Report receiver**

shareholders after a discussion with a statutory representative of the audited entity

### **Subject of the audit**

Financial Statements for the year ended 31 December 2020 – accounting period 1.1.2020 – 31.12.2020

### **Audit dates**

interim: 29.10.2020 – 9.11.2020  
final: 13.1.2021 – 23.2.2021

### **Audit performed and Audit Report prepared by**

22HLAV s.r.o.  
Všebořická 82/2, Ústí nad Labem  
Audit firm licence No. 277  
Member of MSI Global Alliance,  
Legal & Accounting Firms

responsible auditor: Ing. Miroslava Nebuželská, Auditor licence No. 2092





## **INDEPENDENT AUDITOR'S REPORT**

**for the shareholders of PETROTRANS, s.r.o.**

### **Financial Statements Audit Report**

#### **Opinion**

We have audited the financial statements of PETROTRANS, s.r.o. (hereinafter also the "Company") prepared in accordance with International Financial Reporting Standards as endorsed by the European Union, which comprise the statement of financial position as at 31 December 2020, and the income statement and statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of PETROTRANS, s.r.o. as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as endorsed by the European Union.

#### **Basis for Opinion**

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

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

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.



Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

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

### **Responsibilities of the Company's Board of Directors and for the Financial Statements**

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on



the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

22HLAV s.r.o.

Member of MSI Global Alliance, Legal & Accounting Firms

Všebořická 82/2, 400 01 Ústí nad Labem

Audit firm licence No. 277

23<sup>rd</sup> February 2021

Ing. Miroslava Nebuželská  
Auditors licence No. 2092



Ing. Miroslava  
Nebuželská

Digitálně podepsal Ing.  
Miroslava Nebuželská  
Datum: 2021.02.23  
09:49:05 +01'00'

This Auditor's Report includes the following attachments:

1. Statement of profit or loss and other comprehensive income for the year ended 31.12.2020
2. Statement of financial position as of 31.12.2020
3. Statement of changes in equity for the year ended 31.12.2020
4. Statement of cash flow for the year ended 31.12.2020
5. Notes for the year ended 31.12.2020

This Audit Report is a translation of the Czech Audit Report for the audit of the 2020 financial statements





**PETROTRANS, s.r.o.**

**SEPARATE FINANCIAL STATEMENTS**

*Translated from the Czech original*

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

**FOR THE YEAR 2020**





**Index**

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

Statement of profit or loss and other comprehensive income

	Note	2020	2019
<b>Statement of profits or loss</b>			
Revenues	3.	315 586	339 603
Cost of sales	4.	(253 883)	(293 540)
Gross profit on sales		61 683	46 063
Distribution expenses		(28 857)	(22 268)
Administrative expenses		(7 036)	(7 550)
Other operating income	5.1.	4 984	7 513
Other operating expenses	5.2.	(1 393)	(612)
Profit from operations		29 369	23 146
Finance income	6.	79	-
Finance costs	6.	(2 664)	(2 892)
Net finance costs		(2 605)	(2 892)
Profit before tax		26 764	20 254
Tax expense	7.	(5 067)	(3 845)
Net profit		21 687	16 409
<b>Other comprehensive income</b>			
<b>Items which will not be reclassified subsequently into profit or loss</b>			
Actuarial gains and losses	7.	7	4
Deferred tax	7.2.	(1)	(1)
		6	3
<b>Total net comprehensive income</b>		<b>21 693</b>	<b>16 412</b>



The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8 to 39.

**Statement of financial position**

	Note	31/12/2020	31/12/2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	145 357	133 735
Intangible assets	8	1 843	1 226
Right of use assets	17.1	44 775	32 952
		<b>194 775</b>	<b>167 813</b>
<b>Current assets</b>			
Trade and other receivables	10	39 904	43 109
Current tax assets		347	1 631
Cash and cash equivalents	12	3 437	1 678
		<b>43 688</b>	<b>46 416</b>
<b>Total assets</b>		<b>238 463</b>	<b>214 329</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	13.1	16 000	16 000
Retained earnings	13.2	87 269	65 698
<b>Total equity</b>		<b>103 269</b>	<b>81 698</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	14	269	232
Deferred tax liabilities	7.2	6 615	2 411
Lease liabilities	17.1	40 060	28 657
		<b>46 944</b>	<b>31 300</b>
<b>Current liabilities</b>			
Trade and other liabilities	15	36 520	50 459
Provisions	14	70	48
Lease liabilities	17.1	5 904	4 809
Other financial liabilities	18	45 736	46 117
		<b>88 230</b>	<b>101 433</b>
<b>Total liabilities</b>		<b>135 174</b>	<b>132 733</b>
<b>Total equity and liabilities</b>		<b>238 463</b>	<b>214 329</b>



The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 8 to 39.

**Statement of changes in equity**

	Equity attributable to equity owners of the parent		Total equity
	Share capital	Retained earnings	
01/01/2020	16 000	65 696	81 696
Net profit	-	21 667	21 667
Items of other comprehensive income	-	6	6
<b>Total net comprehensive income</b>	-	<b>21 673</b>	<b>21 673</b>
<b>31/12/2020</b>	<b>16 000</b>	<b>87 269</b>	<b>103 269</b>
01/01/2019	16 000	49 184	65 184
Net profit	-	16 409	16 409
Items of other comprehensive income	-	3	3
<b>Total net comprehensive income</b>	-	<b>16 412</b>	<b>16 412</b>
<b>31/12/2019</b>	<b>16 000</b>	<b>65 596</b>	<b>81 596</b>



The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 6 to 39.

**Statement of cash flows**

	Note	2020	2019
<b>Cash flows from operating activities</b>			
Profit before tax		26 754	29 284
Adjustments for:	4., 8., 9.		
Depreciation and amortisation	8.	28 657	22 266
Interest and dividends, net		2 810	2 509
Profit on investing activities		(1 406)	(6 989)
Change in provisions		67	59
Other adjustments		-	1 766
Change in working capital		(12 504)	2 081
Receivables		1 435	1 574
Liabilities		(13 939)	507
Income tax (paid)	7.3.	421	(4 991)
<b>Net cash from operating activities</b>		<b>44 908</b>	<b>37 686</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment, intangible assets and right of use assets		(35 954)	(54 306)
Disposal of property, plant and equipment and intangible assets and right of use assets		2 763	6 965
<b>Net cash used in investing activities</b>		<b>(33 201)</b>	<b>(47 411)</b>
<b>Cash flows from financing activities</b>			
Proceeds/(outflows) from cash pool liabilities		(307)	19 460
Interest paid		(2 845)	(2 418)
Payments of liabilities under lease agreements		(6 894)	(7 801)
<b>Net cash from/used in financing activities</b>		<b>(9 846)</b>	<b>9 433</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1 761</b>	<b>(989)</b>
Cash and cash equivalents, beginning of the year		1 676	2 645
Cash and cash equivalents, end of the year	12.	3 437	1 676



The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 6 to 39.

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

### 1. Description of the Company

#### *Establishment of the Company*

PETROTRANS, s.r.o. (the "Company") is a Czech limited liability company that was incorporated on 21 April 1997.

#### *Identification number of the Company*

251 23 041

#### *Registered office of the Company*

PETROTRANS, s.r.o.  
Střelnická 2221/50  
182 00 Prague 8  
Czech Republic

#### *Principal activities*

The principal business activity of the Company is road freight transport.

#### *Other activities are:*

- production and processing of fuels and lubricants,
- brokering services,
- purchase of goods for resale and sale,
- repair services for the operation of motorized road transport and consultancy in the field of road transport,
- road passenger transport,
- lease and rent of movables.

#### *Share capital and ownership structure*

The Company's share capital amounts to CZK 16,000 thousand. The majority shareholder of the Company is ORLEN Unipetrol RPA s.r.o. with share of 99.4%. There were no changes in the ownership structure during 2020. The information about rebranding of shareholders is presented under note 24.

#### *Statutory representatives of the company*

Statutory representatives of the Company as at 31 December 2020 were as follows:

Position	Name
Statutory representative	Paweł Łamacz
Statutory representative	Dawid Durawa
Statutory representative	Tomáš Sedláč

There were no changes in the statutory representatives during 2020.

Each statutory representative acts independently on behalf of the Company.

#### *Group identification and consolidation*

The Company is part of the consolidation group of ORLEN Unipetrol a.s. ("the Group"). Pursuant to section 62(2) of Decree No. 500/2002 Coll., the financial statements of the Company and of all entities consolidated by ORLEN Unipetrol a.s. have been included in the consolidated financial statements of ORLEN Unipetrol a.s. with its registered office at Prague 4, Mlévská 2095/5, 140 00, ID No. 616 72 190.

### 2. Principles of preparation of financial statements

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations approved by the International Accounting Standards Board (IASB) which were adopted by the European Union (EU) and were in force as at 31 December 2020. The financial statements have been prepared based on historical cost, except for derivatives, financial instruments at fair value through profit and loss, financial assets available for sale, and investment properties stated at fair value.

The separate financial statements are compliant with all requirements of IFRSs adopted by the EU and present a true and fair view of the Company's financial position as at 31 December 2020, results of its operations and cash flows for the year ended 31 December 2020.

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

The separate financial statements, except for the statement of cash flows, are prepared on the accrual basis of accounting. Applied accounting policies are listed in note 21.3.



EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS

3. Revenues

	2020	2019
Revenues from sales of finished goods and services, net	315 566	339 603
revenue from contracts with customers	315 566	339 576
excluded from scope of IFRS 15	-	26
	315 566	339 603

Revenues from contracts with customers arising from transport of fuels and lubricants amounted to CZK 315 566 thousand. The Company has one individual major customer to which realized revenues represented of 10% of total sales, which is from the Group.

3.1. Revenues by geographical division – disclosed by customer's premises countries

	2020	2019
Revenue from contracts with customers	315 566	339 576
Czech Republic	284 570	316 762
Slovakia	30 996	22 825
excluded from scope of IFRS 15	-	26
Czech Republic	-	26
	315 566	339 603

3.2. Revenues from contracts with customers by type of contract

	2020	2019
Based on fixed price contracts	315 566	339 576
	315 566	339 576

3.3. Revenues from contracts with customers by date of transfer

	2020	2019
At point of time	-	-
Over time	315 566	339 576
	315 566	339 576

3.4. Revenues from contracts with customers by duration of contract

	2020	2019
Short-term contracts	315 566	339 576
Long-term contracts	-	-
	315 566	339 576

4. Operating expenses

4.1. Cost of sales

	2020	2019
Cost of finished goods and services sold	(263 883)	(263 540)
	(263 883)	(263 540)



#### 4.2. Cost by nature

	2020	2019
Materials and energy	(83 216)	(77 086)
External services	(42 458)	(70 838)
Employee benefits	(128 226)	(128 856)
Depreciation and amortisation	(28 857)	(22 268)
Taxes and charges	(18 978)	(17 483)
Other	(9 436)	(7 379)
<b>Operating expenses</b>	<b>(291 171)</b>	<b>(323 970)</b>
Distribution expenses	28 857	22 268
Administrative expenses	7 038	7 590
Other operating expenses	1 393	612
<b>Cost of sales</b>	<b>(253 883)</b>	<b>(293 640)</b>

#### 4.3. Employee benefits costs

	2020	2019
Wages and salaries	(81 825)	(92 650)
Future benefits expenses	(67)	(59)
Social security expenses	(31 022)	(31 808)
Other employee benefits expenses	(5 312)	(4 441)
	<b>(128 226)</b>	<b>(128 956)</b>

Future benefits expenses include change in provisions for jubilee bonuses and retirement benefits.

##### 4.3.1. Employee benefits costs – additional information

2020	Employees	Key management personnel	Total
Wages and salaries	(82 713)	(9 112)	(91 825)
Social and health insurance	(28 668)	(2 354)	(31 022)
Social expense	(4 124)	(1 188)	(5 312)
Change of employee benefits provision	(57)	-	(57)
	<b>(115 572)</b>	<b>(12 653)</b>	<b>(128 225)</b>
Number of employees average per year	157	3	160
Number of employees as at balance sheet day	158	3	161

  

2019	Employees	Key management personnel	Total
Wages and salaries	(84 418)	(8 232)	(92 650)
Social and health insurance	(29 205)	(2 602)	(31 807)
Social expense	(4 222)	(218)	(4 440)
Change of employee benefits provision	(59)	-	(59)
	<b>(117 904)</b>	<b>(11 052)</b>	<b>(128 956)</b>
Number of employees average per year	150	3	153
Number of employees as at balance sheet day	153	3	156

#### 5. Other operating income and expenses

##### 5.1. Other operating income

	2020	2019
Profit on sale of non-current non-financial assets	2 497	8 989
Penalties and compensations	1 745	375
Other	722	149
	<b>4 964</b>	<b>9 513</b>

##### 5.2. Other operating expenses

	2020	2019
Loss on sale of non-current non-financial assets	(1 092)	-
Penalties and compensations	(255)	(384)
Other	(46)	(228)
	<b>(1 393)</b>	<b>(612)</b>



**6. Finance result**

	2020	2019
Interest	(2 619)	(2 509)
Foreign exchange gain/loss surplus	79	(291)
Other	(85)	(92)
	<b>(2 625)</b>	<b>(2 892)</b>

**7. Tax expense**

	2020	2019
Income tax expense in the statement of profit or loss		
Current income tax	(984)	(2 134)
Deferred income tax	(4 203)	(1 711)
	<b>(5 087)</b>	<b>(3 845)</b>
Income tax expense in other comprehensive income		
Other	(1)	(1)
	<b>(1)</b>	<b>(1)</b>
	<b>(5 088)</b>	<b>(3 846)</b>

Domestic income tax is calculated in accordance with the Czech tax regulations at the rate of 19% in 2020 (2019: 19%) of the estimated taxable income for the year. The deferred tax has been calculated using tax rate approved for the year 2021 and forward i.e. 19%.

**7.1. Reconciliation of effective tax rate**

	2020	2019
Profit for the year	21 687	16 409
Total income tax expense	(5 087)	(3 845)
Profit excluding income tax	26 754	20 254
Income tax using domestic income tax rate	(5 083)	(3 845)
Non-deductible expenses	(94)	(138)
Tax relief	111	141
Total income tax expense	<b>(5 066)</b>	<b>(3 842)</b>
Effective tax rate	<b>18.94%</b>	<b>18.89%</b>

**7.2. Deferred tax**

Deferred income tax results from future tax benefits and costs related to the differences between the tax basis of assets and liabilities and the amounts reported in the financial statements. The deferred income taxes have been calculated using the tax rate expected to apply to periods when the respective asset is realized or liability is settled (i.e. 19% in 2021 and onward).

The movements in deferred tax liabilities in 2020 were as follows:

	31/12/2019	Deferred tax recognized in statement of Profit or loss	Deferred tax recognized in Other comprehensive income	31/12/2020
Deferred tax liabilities				
Property, plant and equipment	4 685	3 464	-	8 149
Provisions	(2 176)	880	1	(1 295)
Other	(95)	(141)	-	(236)
	<b>2 411</b>	<b>4 205</b>	<b>1</b>	<b>6 615</b>
	<b>2 411</b>	<b>4 205</b>	<b>1</b>	<b>6 615</b>

The movements in deferred tax liabilities in 2019 were as follows:

	31/12/2018	Deferred tax recognized in statement of Profit or loss	Deferred tax recognized in Other comprehensive income	31/12/2019
Deferred tax liabilities				
Property, plant and equipment	2 111	2 574	-	4 685
Provisions	(1 411)	(786)	1	(2 176)
Other	-	(95)	-	(95)
	<b>700</b>	<b>1 711</b>	<b>1</b>	<b>2 411</b>
	<b>700</b>	<b>1 711</b>	<b>1</b>	<b>2 411</b>

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.





### 7.3. Income tax (paid)

	2020	2019
Tax expense on profit before tax	(5 087)	(3 845)
Change in deferred tax assets and liabilities	4 204	1 711
Change in current tax assets and liabilities	1 284	(2 828)
	421	(4 961)

## 8. Property, plant and equipment

### 8.1. Changes in property, plant and equipment

	Machinery and equipment	Vehicles and other	Total
<b>01/01/2020</b>			
Net carrying amount			
Gross carrying amount	503	189 318	189 821
Accumulated depreciation and impairment allowances	(484)	(55 803)	(56 087)
	20	133 715	133 735
<b>Increases/(decrease), net</b>			
Investment expenditures	-	37 043	37 043
Depreciation	(2)	(21 072)	(21 074)
Sale	-	(1 347)	(1 347)
<b>31/12/2020</b>			
Net carrying amount	18	148 338	148 357
Gross carrying amount	503	203 564	204 068
Accumulated depreciation and impairment allowances	(485)	(55 226)	(55 711)
	18	148 338	148 357
<b>01/01/2019</b>			
Net carrying amount			
Gross carrying amount	503	178 982	179 485
Accumulated depreciation and impairment allowances	(482)	(81 541)	(82 022)
	22	97 441	97 463
<b>Increases/(decrease), net</b>			
Investment expenditures	-	52 071	52 071
Depreciation	(2)	(15 798)	(15 800)
<b>31/12/2019</b>			
Net carrying amount	20	133 715	133 735

### 8.2. Other information

	2020	2019
The gross book value of all fully depreciated property, plant and equipment still in use	11 151	16 611
	11 151	16 611

The Company reviews economic useful lives of property, plant and equipment and introduces adjustments to depreciation charge prospectively according to its accounting policy. Should the depreciation policy from the previous year be applied, the depreciation expense for 2020 would remain unchanged.

## 9. Intangible assets

### 9.1. Changes in intangible assets

	Software	Assets under development	Total
<b>01/01/2020</b>			
Net carrying amount			
Gross carrying amount	3 480	100	3 580
Accumulated amortisation and impairment allowances	(2 354)	-	(2 354)
	1 126	100	1 226
<b>Increase/(decrease), net</b>			
Investment expenditures	320	360	680
Amortization	(263)	-	(263)
<b>31/12/2020</b>			
Net carrying amount	1 183	460	1 644
Gross carrying amount	3 810	460	4 271
Accumulated amortisation and impairment allowances	(2 627)	-	(2 627)
	1 183	460	1 644
<b>01/01/2019</b>			
Net carrying amount			
Gross carrying amount	2 321	714	3 035
Accumulated amortisation and impairment allowances	(2 180)	-	(2 180)
	141	714	855
<b>Increase/(decrease), net</b>			
Investment expenditures	556	-	556
Amortization	(184)	-	(184)
Reclassifications	614	(614)	-
<b>31/12/2019</b>			
Net carrying amount	1 126	100	1 226

### 9.2. Other information

	2020	2019
The gross book value of all fully depreciated intangible assets still in use	280	280
	280	280

The Company reviews economic useful lives of intangible assets and introduces adjustments to amortization charge prospectively according to its accounting policy. Should the amortization rates from the previous year be applied, the amortization expense for 2020 would be without change.

## 10. Trade and other receivables

	31/12/2020	31/12/2019
Trade receivables	37 715	38 302
Other	547	223
Financial assets	38 262	38 525
Other taxation, duty, social security receivables	447	1 625
Prepayments and deferred costs	1 195	1 190
Non-financial assets	1 642	4 584
Receivables, net	38 904	43 108
Expected credit loss	3 195	3 195
Receivables, gross	43 099	46 304

Trade receivables result primarily from sales of services. The management considers that the carrying amount of trade receivables approximates their fair value. The average credit period on sales of services is 39 days.

The Company exposure to credit and currency risk related to trade and other receivables is disclosed in note 16 and detailed information about receivables from related parties is presented in note 19.

## 11. Cash and cash equivalents

	31/12/2020	31/12/2019
Cash on hand and in bank	3 437	1 676
	3 437	1 676

## 12. Equity

### 12.1. Share capital

The share capital of the Company as at 31 December 2020 amounted to CZK 16 000 thousand (as at 31 December 2019: CZK 16 000 thousand). Share of 99.4 % is owned by ORLEN Unipetrol RPA s.r.o., remaining share is owned by ORLEN Unipetrol a.s.

### 12.2. Retained earnings

On the basis of shareholders' decision the profit for the year 2019 of CZK 16 409 thousand was transferred to retained earnings of past years.

## 13. Provisions

	Long-term		Short-term		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Jubilee bonuses and retirement benefits provision	289	232	70	48	339	280
	289	232	70	48	339	280

### 13.1. Changes in provisions

	Jubilee bonuses and retirement benefits provision	Total
01/01/2020	279	279
Recognition	100	100
Utilization of provision	(40)	(40)
	339	339

	Jubilee bonuses and retirement benefits provision	Total
01/01/2019	224	224
Recognition	80	80
Utilization of provision	(24)	(24)
	280	280

### 13.2. Provisions for jubilee bonuses and retirement benefits

The Company realizes a program of paying out retirement benefits in line with the remuneration policies in force. The retirement benefits are paid as one-time payments at retirement. The jubilee bonuses are paid to employees after a specified number of years at a significant anniversary. The base for the calculation of provision for an employee is expected benefit, which the Company is obliged to pay in accordance with an internal regulation.

The present value of these obligations is estimated at the end of each reporting year and adjusted if there are any material indications impacting the value of the obligations. The accrued liabilities equal discounted future payments considering employee rotation.

Employment benefit provisions were created using discount rate 1.10% p.a. in 2020 (2019: 1.40%). Should the prior year's assumptions be used, the provision for the jubilee bonuses and retirement benefits would be lower by CZK 22 thousand.

### 13.2.1. Change in employee benefits obligations

	Provision for jubilee bonuses		Retirement benefits		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
At the beginning of the year	160	121	119	103	279	224
Current service cost	42	40	33	29	75	69
Interest expense	2	2	2	2	4	4
Actuarial gains and losses net	28	10	(6)	(3)	22	7
demographic assumptions	13	4	4	(9)	17	(5)
financial assumptions	2	3	4	6	6	9
other issues	13	3	(14)	-	(1)	3
Payments under program	(40)	(13)	-	(11)	(40)	(24)
	192	160	148	120	340	280

The carrying amount of employee benefits liabilities is identical to their present value as at 31 December 2020 and as at 31 December 2019.

### 13.2.2. Division of employee benefits liabilities by employees

	Active employees		Pensioners		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Czech Republic	340	280	-	-	340	280
	340	280			340	280

### 13.2.3. Geographical division of employee benefits liabilities

	Provision for jubilee bonuses		Retirement benefits		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Czech Republic	192	160	148	120	340	280
	192	160	148	120	340	280

### 13.2.4. Sensitivity analysis to changes in actuarial assumptions

The Company analysed the impact of the financial and demographic assumptions and calculated that the changes or ratios: remuneration ratio by +/- 0.5 p.p., the discount rate by +/- 0.5 p.p. and the rate of turnover by +/- 0.5 p.p. are no higher than CZK 5 thousand. Therefore, the Company does not present any detailed information.

The Company carried out the employee benefit payments from current resources. As at 31 December 2020 there were no funded plans and the Company paid no contributions to fund liabilities.

### 13.2.5. Employee benefits maturity and payments of liabilities analysis

#### 13.2.5.1. Maturity of employee benefits analysis

	Provision for jubilee bonuses		Retirement benefits		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Less than one year	58	33	14	13	70	46
Between one and three years	71	64	16	11	87	75
Between three and five years	32	36	13	13	45	49
Later than five years	33	27	105	83	138	110
					340	280

Weighted average duration of liability	9	9	9	9
Prior year's assumption to be used, the provision will be lower (-)/higher (+)	(22)	(3)		

#### 13.2.5.2. Ageing of employee benefits payments analysis

	Provision for jubilee bonuses		Retirement benefits		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Less than one year	65	37	16	16	80	53
Between one and three years	103	100	31	23	133	122
Between three and five years	72	80	35	43	108	124
Later than five years	111	69	444	383	556	462
	351	316	526	445	877	761



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

	31/12/2020	31/12/2019
<b>In profit and loss</b>		
Current service cost	(75)	(68)
Interest expense	(4)	(4)
Actuarial gains and losses net	(28)	(10)
<i>demographic assumptions</i>	(13)	(4)
<i>financial assumptions</i>	(2)	(3)
<i>other issues</i>	(13)	(3)
Payments under program	40	24
	(67)	(58)
<b>In components of other comprehensive income</b>		
Gains and losses arising from changes	6	3
<i>demographic assumptions</i>	(4)	9
<i>financial assumptions</i>	(4)	(6)
<i>other issues</i>	14	0
	6	3
	(61)	(55)

Provision for employee benefits recognized in profit or loss were accounted as follows:

	31/12/2020	31/12/2019
<b>Cost of sales</b>	(67)	(58)
	(67)	(58)

Based on current legislation, the Company is obliged to pay contributions to the national pension insurance. These expenses are recognized as social security and healthcare insurance costs. The Company has no other obligations in this respect. Additional information about the jubilee and retirement benefits are in note 21.3.23.

**14. Trade and other liabilities**

	31/12/2020	31/12/2019
<b>Trade liabilities</b>	12 188	19 884
<b>Lease liabilities</b>	5 904	4 808
<b>Other</b>	128	119
<b>Financial liabilities</b>	18 218	24 812
<b>Payroll liabilities</b>	6 028	5 872
<b>Other taxation, duties, social security and other benefits</b>	4 719	5 602
<b>Accruals</b>	13 459	18 882
<i>wages accrual</i>	6 540	11 172
<i>other</i>	6 919	7 810
<b>Non-financial liabilities</b>	24 206	30 486
	42 424	55 288

The management considers that the carrying amount of trade and other liabilities approximates their fair value.

**15. Other financial liabilities**

	31/12/2020	31/12/2019
<b>Cash pool</b>	45 734	48 117
	45 734	48 117

Based on a loan agreement with the company ORLEN Unipetrol a.s., the Company may utilize current unsecured loans in the form of overdrafts (cash pool) or loans. Interest is paid on the first working day after the close of the reporting period. The interest rates are based on appropriate inter-bank rates and the fair value of the loans approximated its carrying amount.



## EXPLANATORY NOTES TO FINANCIAL INSTRUMENTS

### 16. Financial instruments

#### 16.1. Financial instruments by category and class

##### Financial assets

31/12/2020		Financial instruments by category	
Financial instruments by class	Note	Loans and receivables	Total
Trade and other receivables	10.	38 262	38 262
Cash and cash equivalents	11.	3 437	3 437
		41 699	41 699

31/12/2019		Financial instruments by category	
Financial instruments by class	Note	Loans and receivables	Total
Trade and other receivables	10.	38 625	38 625
Cash and cash equivalents	11.	1 676	1 676
		40 201	40 201

##### Financial liabilities

31/12/2020		Financial instruments by category	
Financial instruments by class	Note	Financial liabilities measured at amortised cost	Liabilities excluded from the scope of IFRS 9
Lease liabilities		-	45 984
Trade liabilities	14.	12 186	-
Cash pool	15	45 736	-
Other	14.	126	-
		88 050	45 984
			104 014

31/12/2019		Financial instruments by category	
Financial instruments by class	Note	Financial liabilities measured at amortised cost	Liabilities excluded from the scope of IFRS 9
Lease liabilities		-	33 486
Trade liabilities	14.	19 884	-
Cash pool	15	48 117	-
Other	14.	119	-
		68 120	33 486
			98 596

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

2020		Financial instruments by category		
	Note	Loans and receivables	Financial liabilities measured at amortised cost	Liabilities excluded from the scope of IFRS 9
Interest costs	6.	-	(766)	(1 820)
Foreign exchange gain/(loss)	6.	477	(368)	-
Other	6.	-	(65)	-
		477	(1 262)	(1 820)
				(2 610)

2019		Financial instruments by category		
	Note	Loans and receivables	Financial liabilities measured at amortised cost	Liabilities excluded from the scope of IFRS 9
Interest costs	6.	-	(1 313)	(1 166)
Foreign exchange gain/(loss)	6.	47	(337)	-
Other	6.	-	(62)	-
		47	(1 743)	(1 166)
				(2 562)

### 16.3. Fair value measurement

31/12/2020				Fair value hierarchy	
	Note	Carrying amount	Fair value	Level 1	Level 2
<b>Financial assets</b>					
Trade and other receivables	10.	38 282	38 282	-	38 282
Cash and cash equivalents	11.	3 437	3 437	-	3 437
		<b>41 699</b>	<b>41 699</b>	-	<b>41 699</b>
<b>Financial liabilities</b>					
Trade liabilities	14.	12 188	12 188	-	12 188
Lease liabilities		45 984	45 984	-	45 984
Cash pool	15.	45 738	45 738	-	45 738
Other	14.	126	126	-	126
		<b>104 014</b>	<b>104 014</b>	-	<b>104 014</b>

  

31/12/2019				Fair value hierarchy	
	Note	Carrying amount	Fair value	Level 1	Level 2
<b>Financial assets</b>					
Trade and other receivables	10.	38 525	38 525	-	38 525
Cash and cash equivalents	11.	1 676	1 676	-	1 676
		<b>40 201</b>	<b>40 201</b>	-	<b>40 201</b>
<b>Financial liabilities</b>					
Trade liabilities	14.	19 884	19 884	-	19 884
Lease liabilities		33 466	33 466	-	33 466
Cash pool	15.	48 117	48 117	-	48 117
Other	14.	119	119	-	119
		<b>99 586</b>	<b>99 586</b>	-	<b>99 586</b>

### 16.4. Methods applied in determining fair values of financial instruments (fair value hierarchy)

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

Financial assets and liabilities carried at fair value by the Company belong to Level 2 as defined by IFRS.

In the year ended 31 December 2020 and the comparative period there were no transfers between Levels 1, 2 and 3 in the Company.

### 16.5. Risk Identification

The Company's activities are exposed to many different types of risk. Risk management is mainly focused on the unpredictability of financial markets and aims to minimize any potential negative impacts on the Company's financial results.

#### 16.5.1. Currency risk

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

#### Currency structure of financial instruments denominated in main foreign currencies as at 31 December 2020

Financial instruments by class	EUR	Total after translation to CZK
<b>Financial assets</b>		
Trade and other receivables	94	2 458
Cash and cash equivalents	109	2 872
	<b>203</b>	<b>5 328</b>
<b>Financial liabilities</b>		
Trade liabilities	3	81
	<b>3</b>	<b>81</b>

#### Currency structure of financial instruments denominated in main foreign currencies as at 31 December 2019

Financial instruments by class	EUR	Total after translation to CZK
<b>Financial assets</b>		
Trade and other receivables	100	2 539
Cash and cash equivalents	86	1 434
	<b>186</b>	<b>3 973</b>
<b>Financial liabilities</b>		
	-	-

### Sensitivity analysis for currency changes risk

The influence of potential changes in carrying amounts of financial instruments as at 31 December 2020 and as at 31 December 2019 arising from hypothetical changes in exchange rates of relevant currencies in relation to functional currency on profit before tax:

31/12/2020

	Influence on profit before tax			
	Increase of exchange rate	Total influence	Decrease of exchange rate	Total influence
EUR/CZK	15%	787	15%	(787)
		787		(787)

31/12/2019

	Influence on profit before tax			
	Increase of exchange rate	Total influence	Decrease of exchange rate	Total influence
EUR/CZK	15%	598	15%	(598)
		598		(598)

### 16.5.2. Interest rate risk

#### Interest rate structure of financial instruments

	PRIBOR		Carrying amount	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Financial assets	-	-	-	-
Financial liabilities				
Cash pool	45 735	46 117	45 735	46 117
	45 735	46 117	45 735	46 117

### Sensitivity analysis for interest rate risk

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

Interest rate	Assumed variation		Total	
	31/12/2020	31/12/2019	2020	2019
PRIBOR	+0.5 pp	+0.5 pp	(229)	(231)
			(229)	(231)

The above interest rates variations were calculated based on observations of interest rates fluctuations in the current and prior year as well as on the basis of available forecasts.

The sensitivity analysis was performed on the basis of instruments held as at 31 December 2020 and 31 December 2019. The influence of interest rates changes was presented on annual basis.

### 16.5.3. Liquidity and credit risk

#### Liquidity risk

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

#### Maturity analysis of financial liabilities

	Note	31/12/2020				Total	Carrying amount
		Up to 1 year	From 1 to 3 years	From 3 to 5 years	Above 5 years		
Cash pool - undiscounted value		45 736	-	-	-	45 736	45 736
Trade liabilities	14.	12 188	-	-	-	12 188	12 188
Lease liabilities	17.	5 904	11 809	6 363	33 450	57 626	45 865
Other	14.	126	-	-	-	126	126
		63 954	11 809	6 363	33 450	115 076	104 914

	Note	31/12/2019				Total	Carrying amount
		Up to 1 year	From 1 to 3 years	From 3 to 5 years	Above 5 years		
Cash pool - undiscounted value		46 117	-	-	-	46 117	46 117
Trade liabilities	14.	19 884	-	-	-	19 884	19 884
Lease liabilities	17.	4 809	9 199	5 235	25 168	47 411	33 406
Other	14.	119	-	-	-	119	119
		70 929	9 199	5 235	25 168	110 531	99 526





### Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of impairment losses, estimated by the Company's management based on prior experience and their assessment of the credit status of its customers.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a mean of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregated value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Management Board. Before accepting any new customer, the Company uses own or external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Trade receivables of the customers outside the Group did not exceed 5% of the total trade receivables (except for one creditworthy customer) as at 31 December 2020.

Based on the analysis receivables, the counterparties were divided into two groups:

- Group I – counterparty with good or very good history of cooperation in the current year,
- Group II – other counterparties.

### The division of not past due trade and other receivables

	Note	31/12/2020	31/12/2019
Group I	10.	36 796	36 525
		36 796	36 525

### Change in expected credit loss of trade and other receivables

	31/12/2020	31/12/2019
At the beginning of the period	3 195	3 195
Recognition	-	-
Usage	-	-
	3 195	3 195

### Ageing analysis of trade receivables and expected credit loss as at 31 December 2020

	Trade receivables, gross	Expected credit loss (in horizon of whole life)	Weighted average rate of expected credit loss	Trade receivables, net
current	36 249	-	-	36 249
from 1 to 30 days	473	-	-	473
from 31 to 60 days	615	-	-	615
from 61 to 90 days	-	-	n/a	-
more than 90 days past due	3 573	3 195	0.89	376
	40 910	3 195		37 715

### Ageing analysis of trade receivables and expected credit loss as at 31 December 2019

	Trade receivables, gross	Expected credit loss (in horizon of whole life)	Weighted average rate of expected credit loss	Trade receivables, net
current	38 302	-	-	38 302
from 1 to 30 days	-	-	n/a	-
from 31 to 60 days	-	-	n/a	-
from 61 to 90 days	-	-	n/a	-
more than 90 days past due	3 195	3 195	1.00	-
	41 497	3 195		38 302

The Company sets impairment allowances based on analysis of customers' creditworthiness and ageing of receivables. In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the debtor from the date credit was initially granted up to the reporting date. The management considers that there is no further credit risk allowance required in excess of the allowance for impairment charges.

Increases and reversals of impairment allowances in respect of the principal amount of trade and other receivables are included in other operating expense or income, and default interest is included in financial expense or income.

The carrying amount of financial assets represents the maximum credit exposure.

The maximum credit risk in respect of each class of financial assets is equal to the book value.

OTHER EXPLANATORY NOTES

17. Lease

17.1. The Company as a lessee

Change in right of use assets

	Buildings and constructions	Vehicles and other	Total
<b>01/01/2020</b>			
Net carrying amount			
Gross carrying amount	29 884	9 371	39 255
Accumulated depreciation and impairment allowances	(1 792)	(4 482)	(6 274)
	28 092	4 889	32 981
<b>increase/(decrease), net</b>			
New lease agreements, increase in leasing remuneration	9 585	9 779	19 364
Depreciation	(2 287)	(5 233)	(7 520)
<b>31/12/2020</b>			
Net carrying amount	35 380	9 425	44 805
Gross carrying amount	39 429	19 150	58 579
Accumulated depreciation and impairment allowances	(4 079)	(9 725)	(13 804)
	35 380	9 425	44 805
<b>01/01/2019</b>			
Net carrying amount at 01/01/2019 – impact of IFRS 16 adoption			
Gross carrying amount	32 251	8 278	40 529
	32 251	8 278	40 529
<b>increase/(decrease), net</b>			
New lease agreements, increase in leasing remuneration	2 115	1 083	3 208
Depreciation	(1 792)	(4 482)	(6 274)
Other	(4 502)	-	(4 502)
<b>31/12/2019</b>			
Net carrying amount	28 072	4 880	32 952

Maturity analysis for undiscounted lease liabilities

	2020	2019
up to 1 year	5 904	4 809
from 1 to 2 years	7 136	5 912
from 2 to 3 years	4 783	3 287
from 3 to 4 years	3 181	2 757
from 4 to 5 years	3 181	2 478
above 5 years	33 459	28 168
	57 624	47 411
Discount	(11 661)	(13 945)
	45 963	33 466

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

	2020	2019
<b>Costs due to:</b>	(2 844)	(3 031)
Interest on lease	(1 869)	(1 249)
short-term lease	(85)	(1 332)
lease of low-value assets that are not short-term lease	(910)	(450)
Finance costs	(1 869)	(1 249)
Cost by nature: External Services	(85)	(1 332)
Cost by nature: External Services	(910)	(450)

17.2. The Company as a lessor

As at 31 December 2020 and as at 31 December 2019 the Company did not possess any finance lease agreements as a lessor.

18. Investment expenditures incurred and future commitments resulting from signed investment contracts

The Company realized in the year 2020 investments in total value of CZK 57 041 thousand (CZK 55 835 thousand in 2019). The major investment realized in 2020 was purchase of truck tanks and trailers.

As at 31 December 2020 the Company had no capital commitments for capital expenditures (31 December 2019: CZK 33 716 thousand).

## 19. Related parties transactions

### 19.1. Material transactions concluded by the Company with related parties

In 2020 and 2019 there were no transactions concluded by the Company with related parties on other than market terms.

### 19.2. Transactions with key management personnel

In 2020 and 2019 the Company did not grant to key management personnel and their relatives any advances, loans, guarantees and commitments or other agreements obliging them to render services to the Company and related parties. There were no significant transactions concluded with members of statutory bodies or with their family members or other related parties in 2020 and 2019.

### 19.3. Transaction with related parties concluded by key management personnel of the Company

In 2020 and 2019 the members of the key executive personnel, based on the submitted statements, did not conclude any transactions with their related parties.

### 19.4. Transactions and balances of settlements of the Company with related parties

#### Ultimate controlling party

Ultimate controlling party is POLSKI KONCERN NAFTOWY ORLEN S.A., which owned a majority (100%, resp. 100%) of shares in parent companies ORLEN Unipetrol RPA s.r.o. and ORLEN Unipetrol a.s. during 2020 and 2019.

2020	PKN Orlen	ORLEN Unipetrol RPA s.r.o.	Entities under control or significant influence of ORLEN Unipetrol a.s.	Entities under control or significant influence of PKN Orlen
Sales	-	251 847	30 996	-
Purchases	-	28 241	858	-
Finance costs	-	-	813	-

31/12/2020	PKN Orlen	ORLEN Unipetrol RPA s.r.o.	Entities under control or significant influence of ORLEN Unipetrol a.s.	Entities under control or significant influence of PKN Orlen
Trade and other receivables	-	22 991	2 456	-
Trade and other liabilities, including loans	-	11 484	47 468	-

2019	PKN Orlen	ORLEN Unipetrol RPA s.r.o.	Entities under control or significant influence of ORLEN Unipetrol a.s.	Entities under control or significant influence of PKN Orlen
Sales	-	279 181	22 825	-
Purchases	-	32 894	331	-
Finance costs	-	8	1 305	-

31/12/2019	PKN Orlen	ORLEN Unipetrol RPA s.r.o.	Entities under control or significant influence of ORLEN Unipetrol a.s.	Entities under control or significant influence of PKN Orlen
Trade and other receivables	-	26 917	2 539	-
Trade and other liabilities, including loans	-	13 879	47 842	-

## 20. Remuneration paid and due or potentially due to the key executive personnel and statutory representatives

The remuneration of the key executive personnel and statutory representatives includes short-term employee benefits paid, due and potentially due during the year.

### 20.1. Key management personnel and statutory representatives compensation

	2020		2019	
	Short-term benefits	Termination benefits	Short-term benefits	Termination benefits
Remuneration of current period (costs)	3 287	-	5 200	-
Paid for previous year	41	-	1 624	-
Potentially due to be paid in the following year	8 952	-	2 548	-
	12 280	-	9 372	-

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

## 20.2. Bonus system for key executive personnel of the Company

In 2020 the key executive personnel was participating in the annual MBO bonus system (management by objectives). The persons subject to the above-mentioned system are remunerated for the accomplishment of specific goals set at the beginning of the bonus period. The bonus systems are structured in such way, to promote to achieve the best possible results for the Company. The goals so-called are qualitative or quantitative (measurable) and are evaluated following the end of the year for which they were set, based on the rules adopted in the applicable Bonus System Regulations.

## 21. Accounting principles

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

#### 21.1.1. Binding amendments to IFRSs and interpretations

Standards and interpretations adopted by the EU	Impact on financial statements
Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	no impact
Amendments to IFRS 3 Business Combinations – Definition of a Business	no impact
Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform	no impact
Amendments to References to the Conceptual Framework in IFRS Standards	no impact

#### 21.1.2. IFRSs, amendments and interpretations to IFRSs endorsed by the European Union, not yet effective

New and revised IFRS Standards adopted by the EU in issue but not yet effective	Possible impact on financial statements
Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions	no impact expected
Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9	no impact expected
Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2	no impact expected

#### 21.1.3. New and revised IFRS standards, amendments and interpretations adopted by International Accounting Standards Board, waiting for approval of the European Union

New and revised IFRS Standards adopted by the EU in issue but not yet effective	Possible impact on financial statements
IFRS 17 Insurance Contracts	no impact expected
Amendment to IFRS 3 Business combinations	no impact expected
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments	no impact expected
Amendments to IAS 1 Classification of Liabilities as Current or Non-Current	no impact expected
Amendments to IAS 16 Property, Plant and Equipment	no impact expected
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets	no impact expected
Amendments to various standards due to "Improvements to IFRSs (cycle 2018-2020)"	no impact expected

## 21.2. Functional currency and presentation currency of financial statements

These separate financial statements are presented in Czech crowns (CZK), which is the Company's presentation and functional currency. All financial information presented in CZK has been rounded to the nearest thousand.

## 21.3. Applied accounting policies

### 21.3.1. Transactions in foreign currency

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. The transaction day is the day on which the transaction for the first time qualifies for recognition under IFRS. In particular, when the transfer of significant risks and rewards of ownership of assets (IAS 18) or in the case of financial instruments, the day on which the Company commits to purchase or sell an asset.

At the end of the reporting period:

- foreign currency monetary items including units of currency held by the Company as well as receivables and liabilities due in defined or definable units of currency are translated using the closing rate, i.e. spot rate as at the end of the reporting period,
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement and valuation of monetary items are recognised as income or expense in the period in which different from those at which they were translated on initial recognition as financial assets or liabilities.





they arise, except for monetary items which hedge the currency risk, are accounted in accordance with cash flow hedge accounting principles.

Foreign exchange differences are included in the financial result (or in certain circumstances in other comprehensive income) on a net basis, unless they relate to the individually significant transactions.

### 21.3.2. Revenues

The Company applies the principles of IFRS 15 in a five-step model in relation to the portfolio of contracts (or performance obligations) with similar characteristics, if the entity reasonably expects that the impact of the following principles on the financial statements will not significantly differ from the application of the following principles to individual contracts (or performance obligations).

#### *Requirements to identify a contract with a customer*

A contract with a customer meets its definition when all of the following criteria are met: the parties of the contract have approved the contract and are committed to perform their obligations; the Company can identify each party's rights regarding goods or services to be transferred; the Company can identify the payment terms for the goods or services to be transferred; the contract has commercial substance and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

#### *Identification of performance obligations*

At contract inception the Company assesses the goods or services promised in the contract with a customer and identifies as a performance obligation each promise to transfer to the customer: goods or services (or a bundle of goods or services) that can be separated or groups of separate goods or services which are basically the same and for which the transfer to the customer is of the same nature.

#### *Determination of the transaction price*

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes, fuel charges, excise taxes). The consideration promised in the contract with a customer may include fixed amounts, variable amounts or both.

To estimate variable consideration, the Company decided to apply the most probable value method for contracts with one value threshold and the expected value method for contracts with more value thresholds from which a rebate is granted to the customer.

#### *Allocating the transaction price to individual performance obligations*

The Company allocates the transaction price to each performance obligation (or distinct good or service) at an amount that reflects the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer.

#### *Recognition of revenue when performance obligations are satisfied*

The Company recognises revenue when (or as) the Company satisfies performance obligations by transferring a promised good or service (i.e. an asset) to a customer (the customer obtains control of that asset). Revenues are recognised as amounts equal to the transaction price that has been allocated to a given performance obligation.

The Company transfers control of good or service over time and, therefore, satisfies a performance obligation and recognises revenues over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits from performance as the Company performs,
- the asset is created or enhanced as a result of the performance, and the customer controls the asset as it is created or enhanced,
- as a result of the performance of the service, an alternative component for the Company is not created, and the Company has an enforceable right to payment for performance completed to date.

### 21.3.3. Costs

Costs (relating to operating activity) include costs that relate to core activities, i.e. activities for which the Company was founded, costs are recurring and are not of incidental character.

Costs are recognized in the statement of profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

The Company recognizes costs in accordance with the principle of proportionality of revenues and costs. In line with matching concept, cost that relate to the earned revenues are:

- costs that may be directly attributed to the revenues of the reporting period,
- costs that are not directly attributable to the revenues, for which there is evidence that they led to the economic benefits received in the reporting period.

Cost of sales comprises costs of finished goods, services, merchandise and raw materials sold and adjustments related to inventories written down to net realizable value.

#### *Additional costs of contract inception and costs of performance of the contract*

The Company recognizes costs in accordance with matching concept. In line with matching concept, cost that relate to the earned revenues are: additional costs of contract inception are recognized as costs when they are incurred, if the depreciation period of the asset that would otherwise were recognized by the Company is one year or less.

Distribution expenses include trading expenses, advertising and promotion expenses as well as distribution expenses.

General and administrative expenses include expenses relating to management and administration of the Company as a whole.



#### 21.3.4. Other operating income and expenses

Other operating revenues and expenses indirectly refer to operating activity and are incidental.

Other operating income includes, in particular income from liquidation and sale of non-financial non-current assets, surplus assets, return of court fees, penalties earned, excess of grants received to revenues over the value of costs, assets received free of charge, reversal of receivable impairment allowances, non-current assets and intangible assets, right of use assets and some provisions, compensations earned and revaluation gains, valuation and gain on the sale of investment property, settlement and valuation of derivative financial instruments (in scope of exposure to risk related to operating activity).

Other operating expenses include in particular loss on liquidation and sale of non-financial non-current assets, assets deficit, court fees, contractual penalties and fines, penalties for non-compliance with environmental protection regulations, cash and tangible assets transferred free of charge, impairment allowances (except those that are recognized as financial costs and cost of sales), compensation paid, write-off of construction in progress which have not produced the desired economic effect, cost of recovery of receivables and revaluation losses, valuation and loss on sale of investment property, settlement and valuation of derivative financial instruments (in scope of exposure to risk related to operating activity).

#### 21.3.5. Finance income and costs

Finance income and costs are related to financial operations, including obtaining financing sources and its servicing.

Finance income includes, in particular, income from the sale of shares and other securities, dividends received, interest earned on cash in bank accounts, term deposits and loans granted, increase in the value of financial assets and net foreign exchange gains, settlement and valuation of derivative financial instruments (in terms of exposure to risk related to financial activity). Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Finance costs include, in particular, loss on sale of shares and securities and costs associated with such sale, impairment losses relating to financial assets such as shares, securities and interest, net foreign exchange losses, interest on own bonds and other securities issued, interest on finance lease, commissions on bank loans, borrowings and guarantees, settlement and valuation of derivative financial instruments (in terms of exposure to risk related to financial activity).

#### 21.3.6. Losses due to impairment of financial instruments

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

- losses due to impairment of receivables,
- losses due to impairment of interest on receivables,
- reversal of losses due to impairment of receivables,
- reversal of losses due to impairment of interest on receivables,
- losses due to impairment of loans granted,
- reversal of losses due to impairment of loans granted,
- losses due to impairment of other financial instruments,
- reversal of losses due to impairment of other financial instruments

#### 21.3.7. Tax expense

Income tax expenses include current tax and deferred tax.

Current tax expense is determined in accordance with the relevant tax law based on the taxable profit for a given period and is recognized as a liability, in the amount which has not been paid or as an asset, if the amount of the current and prior periods income tax paid exceeds the amount due.

Deferred tax assets and liabilities are accounted for as non-current, are not discounted and are offset in the statement of financial position, if there is a legally enforceable right to offset the recognized amounts.

The transactions settled directly in equity are recognized in equity.

### 21.3.8. Property, plant and equipment

Property, plant and equipment are assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period (one year or the operating cycle, if longer than one year).

Property, plant and equipment include both fixed assets (assets that are in the condition necessary for them to be capable of operating in the manner intended by management) as well as construction in progress (assets that are in the course of construction or development necessary for them to be capable of operating in the manner intended by management).

Property, plant and equipment are initially stated at cost, including grants related to assets (IAS 20). The cost of an item of property, plant and equipment comprises its purchase price, including any costs directly attributable to bringing the asset into use.

The cost of an item of property, plant and equipment also includes estimated costs of dismantling and removing the item and restoring the site/land on which it is located, the obligation for which is connected with acquisition or construction of an item of property, plant and equipment and capitalized borrowing costs.

Property, plant and equipment are stated in the statement of financial position prepared at the end of the reporting period at the carrying amount, including grants related to assets. The carrying amount is the amount at which an asset is initially recognized (cost) after deducting any accumulated depreciation and accumulated impairment losses.

Borrowing cost directly attributable to the acquisition, construction or production of an item of property, plant and equipment are part of the initial cost.

Land, precious metal and pieces of art are not depreciated. Their value is decreased by impairment allowances. Their value is decreased by the eventual impairment allowances.

Depreciation of an item of property, plant and equipment begins when it is available for use that is from the month it is in the location and condition necessary for it to be capable of operating in the manner intended by the management, over the period reflecting their estimated useful life, considering the residual value. Components of property, plant and equipment which are material for the whole item are depreciated separately in accordance with their useful lives.

The following standard useful lives are used for property, plant and equipment:

Buildings and constructions	10-40 years
Machinery and equipment	4-35 years
Vehicles and other	2-20 years

The straight-line method of depreciation is used. Residual values, estimated useful lives and depreciation methods are reassessed annually. The adjustments to depreciation expense are accounted for in subsequent period (prospectively).

The costs of significant repairs and regular maintenance programs are recognized as property, plant and equipment and depreciated in accordance with their useful lives. The costs of current maintenance of property, plant and equipment are recognized as an expense when they are incurred.

Property, plant and equipment are tested for impairment, when there are indicators or events that may imply that the carrying amount of those assets may not be recoverable.

### 21.3.9. Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.

Investment property shall be recognized as an asset when, and only when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the Company, and
- the cost of the investment property can be measured reliably.

An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs. For internally constructed investment property the cost is set at the date of construction completion when the asset is brought into use, in accordance with rules set for property, plant and equipment.

After initial recognition investment property shall be measured at fair value applying comparative and income methods depending on the nature of the investments. Gains and losses resulting from changes in fair value of investment property are presented in the statement of profit or loss and other comprehensive income in the period which they arise. The Company determines fair value without any deduction for transaction costs it may incur on sale or other disposal.

If the Company determines that the fair value of an investment property is not reliably determinable on a continuing basis, the Company shall measure that investment property at cost in accordance with rules set for property, plant and equipment. An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected.

### 21.3.10. Intangible assets

Intangible assets include identifiable non-monetary assets without physical substance. An asset is identifiable if it is either separable, i.e. is capable of being separated or divided from the Company and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Company intends to do so, or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Company or from other rights and obligations.

Intangible assets are recognized if it is probable that the expected future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

An intangible asset arising from development (or from development phase of an internal project) shall be recognized if, and only if, the Company can demonstrate all of the following: the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset and use or sell it, its ability to use or sell the intangible asset, how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, its ability to measure reliably the expenditure attributable to the intangible asset during its development.

If the definition criteria of an intangible asset are not met, the cost incurred to acquire or self develop an asset are recognized in profit or loss when incurred. An intangible asset that is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date.

An intangible asset shall be measured initially at cost, including grants related to assets (IAS 20). An intangible asset that is acquired in a business combination, is recognized initially at fair value.

After initial recognition, an intangible asset shall be presented in the financial statements at its net carrying amount, including grants related to assets.

Intangible assets are measured at acquisition or at construction cost less amortization and impairment allowances. Intangible assets with a finite useful life are amortized when they become available for use that is when they are in the location and condition necessary for them to be capable of operating in the manner intended by the management over their estimated useful life. The depreciable amount of an asset with a finite useful life is determined after deducting its residual value. Excluding particular cases, the residual value of an intangible asset with a finite useful life shall be assumed to be zero.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, e.g. interest, commissions, are part of the initial cost.

The following standard useful lives are used for intangible assets:

Acquired licenses, patents, and similar intangible assets

2-15 years

Acquired computer software

2-10 years

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

### 21.3.11. Carbon dioxide emission allowances

By the virtue of The Kyoto Protocol, the countries, which decided to ratify the Protocol, obliged themselves to reduce emissions of greenhouse gases, i.e. carbon dioxide (CO<sub>2</sub>).

In the European Union countries, the plants and companies, which reach productivity exceeding 20 MW and some other industrial plants were obliged to participate in an emissions trading system. All mentioned entities are allowed to emit CO<sub>2</sub> or they are partially granted free of charge in a specified quantity under the derogations provided in article 10a and 10c of the EU Directive 2009/29/EC and are obliged to redeem them in a number corresponding to the size of emission realized in a given year.

CO<sub>2</sub> emission rights are initially recognized as intangible assets, which are not amortized (assuming the high residual value), but tested for impairment.

Granted emission allowances should be presented separately as intangible assets in correspondence with deferred income at fair value as at the date of registration (grant in scope of IAS 20). Purchased allowances should be presented as intangible assets at purchase price.

For the estimated CO<sub>2</sub> emission during the reporting period, a provision is created in costs of operating activity (taxes and charges).

Grants are recognized on a systematic basis to ensure proportionality with the relevant costs of created reserve.

Consumption of allowances is recognized using FIFO method (First In, First Out) within the individual types of rights (EUA - European Union Allowances, ERU - Emission Reductions Units, CER - Certified Emission Reduction).





### 21.3.12. Right of use assets

At the commencement date, the Company measures the right of use assets at cost.

The cost of the right of use asset comprises:

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

Other variable payments, which do not depend on an index or a rate and do not have a set minimal level, should not be taken into account when calculating lease liability. Such payments are recognized in the profit and loss account in the period of the occurrence which renders them payable.

After the commencement date, the lessee shall measure the right of use asset applying the cost model:

- in applying the cost model, the lessee shall measure the cost of the right of use asset, less any accumulated amortization and any accumulated impairment losses and combined losses on account of loss of value.
- corrected in respect of any updates to the measurement of lease liability not resulting in the necessity for recognition of a separate asset.

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

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right of use asset reflects the fact that the Company will exercise the call option, the lessee shall depreciate the right of use asset from the date of commencement until the end of the useful life of the underlying assets. Otherwise the Company shall depreciate the right of use asset from the date of commencement of the lease until the end of the useful life of the asset or the lease term, whichever is sooner.

In determining the lease term, the Company shall consider all important facts and incidents behind the economic incentives to make use of the option to extend the lease or not to exercise the option of its termination. The useful life of right of use assets is shall be determined in the same manner as for tangible fixed assets.

The lessee shall apply IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

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

At the end of the reporting period the Company assesses whether there are indicators that an asset or cash generating unit (CGU) may be impaired or any indicators that the previously recognized impairment should be reversed. If any such indicator exists, the Company shall estimate the recoverable amount of the asset (CGU).

The recoverable amount of other assets is the higher of the fair value less costs to sell and value in use.

Fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less costs to sell.

Value in use is the present value of the future cash flows expected to be derived from an asset or CGU.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Assets that do not generate independent cash flows are grouped at the lowest level at which cash flows, independent from cash flows from other assets, are generated (cash generating units).

To the cash generating unit the following assets are allocated:

- goodwill, if it may be assumed, that the cash generating unit benefited from the synergies associated with a business combination with another entity,
- corporate assets, if they may be allocated on a reasonable and coherent basis.

If there are external or internal indicators that the carrying amount of an asset as at the end of the reporting period may not be recoverable, impairment tests are carried out. The tests are also carried out annually for intangible assets with an indefinite useful life and for goodwill.

When the carrying amount of an asset or a cash generating unit exceeds its recoverable amount, the carrying amount is decreased to the recoverable amount by an adequate impairment allowance charged against cost in profit or loss.

The impairment loss shall be allocated to the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

At the end of each reporting period an assessment shall be made whether an impairment loss recognized in prior periods for an asset shall be partly or completely reversed. Indications of a potential decrease in an impairment loss mainly mirror the indications of a potential impairment loss in prior periods.

A reversal of an impairment loss for an asset other than goodwill shall be recognized immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard.

#### 21.3.14. Inventories

Inventories are assets held for sale in the ordinary course of business, or in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories comprise products, semi-finished products and work in progress, merchandise and materials.

Finished goods, semi-finished products and work in progress are measured initially at production cost. Production costs include costs of materials and costs of conversion for the production period. Costs of production also include a systematic allocation of fixed and variable production overheads estimated for normal production level.

Finished goods, semi-finished products and work in progress shall be measured at the end of the reporting period at the lower of cost or net realizable value, after deducting any impairment losses.

Disposals of finished goods, semi-finished products and work in progress are determined based on the weighted average cost formula, the cost of each item is determined from the weighted average of the cost of similar items produced during the reporting period.

Merchandise and materials are measured initially at acquisition cost.

As at the end of the reporting period merchandise and raw materials are measured at the lower of cost or net realizable value, considering any impairment allowances. Disposals of merchandise and raw materials are determined based on the weighted average acquisition cost or production cost formula. Impairment tests for specific items of inventories are carried out on a current basis during an annual reporting period. Write-down to net realizable value concerns raw materials and merchandise that are damaged or obsolete.

Raw materials held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realizable value, the materials are written down to net realizable value.

Recognition and reversal of impairment allowances of inventories is recognized in cost of sales.

#### 21.3.15. Trade and other receivables

Receivables, excluding trade receivables, are recognized initially at a fair value and subsequently, at amortized cost using the effective interest rate including expected credit loss. On initial recognition, the Company measures trade receivables that do not have a significant financing component at their transaction price.

The Company applies simplified method of valuation of receivables measured at amortized cost if it does not distort information concluded in the statement of financial position, in particular when the period until the repayment date is not long.

Receivables accounted at amortised cost, where the Company applies simplifications, are accounted at the initial recognition in the amount due, and later, including at the end of the reporting period, in the amount of the payment due less impairment allowances.

Recognition and reversal of impairment losses of receivables are recognized in other operating activity in relation to the principal amount and in financial activities in relation to interest for delayed payments.

As default the Company considers the event when the customer does not meet obligations after 90 days from maturity of receivables.

For the purpose of estimating the expected credit loss, the Company uses the provision matrix, which was estimated based on historical levels of repayment and recoveries from receivables from customers. The Company includes information on the future in parameters used in the expected loss estimation model, through the management adjustment of the basis default probability rates.

The Company does not monitor changes in the credit risk during life of instrument. From 1 January 2018 the Company estimates the expected credit loss until maturity of the instrument. The expected credit loss is calculated when the receivables are recognised in the statement of financial position and is updated on each subsequent day ending the reporting period.

#### 21.3.16. Cash and cash equivalents

Cash comprises cash on hand and in bank accounts as well as cash in transit. Cash equivalents are short-term, highly liquid investments (of original maturity up to three months) that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

### 21.3.17. Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale.

Non-current assets are classified as held for sale when the following criteria are simultaneously met:

- the sales were declared by the appropriate level of management;
- the assets are available for an immediate sale in their present condition;
- an active program to locate a buyer has been initiated;
- the sale transaction is highly probable and can be settled within 12 months following the sale decision;
- the selling price is reasonable in relation to its current fair value;
- it is unlikely that significant changes to the sales plan of these assets will be introduced.

The classification of assets into this category is made in the reporting period when the classification criteria are met. If the criteria for classification of a non-current asset as held for sale are met after the reporting period, an entity shall not classify a non-current asset as held for sale in those financial statements when issued.

Immediately, before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets (excluding financial assets) are measured at the lower of their carrying amount or fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or investment property, which continue to be measured in accordance with the Company's accounting policies. While a non-current asset is classified as held for sale it shall not be depreciated (or amortized). A gain is recognized for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been previously recognized.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

The Company shall re-present the disclosures presented with reference to the discontinued operation for prior periods presented in the consolidated financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

If the Company ceases to classify discontinued operations, the results of operations previously presented in discontinued operations shall be reclassified and included in the results from continuing operations for all periods presented. The amounts for prior periods shall be described as having been re-presented.

### 21.3.18. Equity

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

#### Share capital

The share capital is paid by shareholders and is stated at nominal value in accordance with the parent company's articles of association and the entry in the Commercial Register.

#### Hedging reserve

The hedging reserve relates to valuation and settlement of hedging instruments that meet the criteria of cash flow hedge accounting. The Company applies cash flow hedge accounting to hedge commodity risk, exchange rate risk and interest rate risk. Changes in fair value, which are an ineffective part of the hedge relationship, are recognized in the statement of profit or loss.

#### Revaluation reserve

The revaluation reserve includes revaluation of items, which, according to the Company's regulations, relates to the revaluation reserve, including particularly:

- change in the fair value of the available-for-sale financial assets;
- differences between the net book value and the fair value of an investment property at the date of reclassification from the property occupied by the Company to an investment property.

#### Retained earnings

Retained earnings include:

- the amounts arising from profit distribution/loss cover,
- the undistributed result from prior periods,
- the current reporting period profit/loss,
- the corrections (profit/loss) of prior period errors,
- changes in accounting principles,
- other reserve capital as additional payments to equity,
- actuarial gains and losses from retirement benefits.

**Liabilities, including trade liabilities, are initially stated at fair value, increased by, in the case of financial liability not qualified as those measured at fair value through profit or loss, transaction cost and subsequently, at amortized cost using the effective interest rate method.**

Accruals are liabilities due for goods received or services provided, but not paid, invoiced or formally agreed with the seller, together with amounts due to employees.

Although it is sometimes necessary to estimate the amount or timing of accruals, the related uncertainty is generally much lower than it is for provisions.

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

**Provisions are not recognized for future operating losses.**

The Company creates provisions for future liabilities due to reclamation of contaminated land or water or elimination of harmful substances if there is such a legal or constructive obligation. The environmental provision for reclamation is periodically reviewed on the basis of expert assessment.

Under the Company's remuneration plans, its employees are entitled to jubilee bonuses and retirement benefits. Jubilee bonuses are paid to employees after the elapsing of a defined number of years in service. Retirement benefits are paid once at retirement. The amount of retirement benefits and jubilee bonuses depends on the number of years of service and an employee's average remuneration.

The jubilee bonuses are other long-term employee benefits, whereas retirement and pension benefits are classified as retirement defined benefit plans.

The provision for jubilee bonuses, retirement and pension benefits is created in order to allocate costs to relevant periods.

The provision for jubilee benefits, retirement and pension scheme is created in order to ensure that it is sufficient. The present value of those liabilities is estimated at the end of each reporting period by an independent actuary and adjusted if there are any material indications impacting the value of the liabilities. The accumulated liabilities equal discounted future payments, considering the demographic and financial assumptions including employee rotation, planned increase of remuneration and relate to the period ended at the last day of the reporting year.

**Actuarial gains and losses from:**

- post employment benefits are recognized in components of other comprehensive income,
- other employment benefits, including jubilee bonuses, are recognized in the statement of profit and loss.

**Shield programs provision (restructuring provision)** is created when the Company initiates a restructuring plan or announces the main features of a restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation in them that the restructuring will be carried out. A restructuring provision shall include only the direct expenditures arising from the restructuring, i.e. connected with the termination of employment (paid leave payments and compensations), termination of lease contracts, dismantling of assets.

The Company creates a provision for the estimated CO<sub>2</sub> emissions during the reporting period in operating activity costs (taxes and charges). Provision is recognized based on the value of allowances taking into account the weighted average method. In case of a shortage of allowances, the provision is created based on the purchase price of allowance concluded in forward contracts or market quotations of allowances at the reporting date.

Other provisions include mainly provisions for legal proceedings and are recognized after consideration of all available information, including opinions of independent experts. If on the basis of such information it is more likely than not that a present obligation exists at the end of the reporting period, the Company recognizes a provision (if the recognition criteria are met).

It is more probable that no present obligation exists at the end of the reporting period, the Company discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.



### 21.3.21. Government grant

Government grants are transfers of resources to the Company by the government, government agencies and similar bodies whether local, national or international, in return for past or future compliance with certain conditions relating to the activities of the entity.

Government grants are recognized in the statement of financial position as deferred income when there is reasonable assurance that it will be received and that the Company will comply with the conditions attached to it.

Grants related to costs are presented as compensation to the given cost in the period they are incurred. Surplus of the received grant over the value of the given cost is presented as other operating income.

If the government grant relates to assets, it is presented net with the related asset and is recognized in the statement of profit or loss on a systematic basis over the useful life of the related asset through decreased depreciation charges. The treatment regarding CO<sub>2</sub> emission allowances granted is described in note 21.3.11.

### 21.3.22. Statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method.

Cash and cash equivalents presented in the separate statement of cash flows include cash and cash equivalents less bank overdrafts, if they form an integral part of the Company's cash management.

Dividends received are presented in cash flows from investing activities.

Dividends paid are presented in cash flows from financing activities.

Interest received from finance leases, loans granted, short-term securities and the cash pool system are presented in cash flows from investing activities. Other interests received are presented in cash flows from operating activities.

Interest paid and provisions on bank loans and borrowings received, cash pool facility, debt securities issued and finance leases are presented in cash flows from financing activities. Other interests paid are presented in cash flows from operating activities.

Proceeds and outflows due to the settlement of derivatives which are not recognized as hedge position are presented in cash flows from investing activities.

Lease payment expenditures in relation to short-term and low-cost leases as well as variable lease payments are presented in cash flows from financing activities.

### 21.3.23. Financial instruments

#### Measurement of financial assets and liabilities

At initial recognition, the Company measures financial assets and liabilities not qualified as at fair value through profit or loss (i.e. held for trading) at their fair value plus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The Company does not classify instruments as measured at fair value through profit or loss upon initial recognition, i.e. does not apply the fair value options.

At the end of the reporting period, the Company measures item of financial assets and liabilities at amortized cost using the effective interest rate method, except for derivatives, which are measured at fair value.

The Company uses simplified methods of valuation of financial assets and liabilities measured at amortized cost if it does not distort information included in the statement of financial position, in particular when the period until the repayment of debt or settlement of the liability is not long.

Financial assets measured at amortized cost, where the Company applies simplifications, are accounted at initial recognition in the amount due, and later, including at the end of the reporting period, in the amount of the payment due less impairment allowances.

Financial liabilities for which the Company applies simplifications are measured at initial recognition and at a later date, including at the end of the reporting period, in the amount of payment due less expected credit loss impairment allowances. With regard to equity instrument, in particular quoted/unquoted shares held for trading, the Company classifies the instruments as measured at fair value through other comprehensive income.

Gains and losses resulting from changes in fair value of derivatives, for which hedge accounting is not applicable, are recognized in the current year profit or loss.

The Company classifies financial assets into one of the following categories:

- measured at amortized cost,
- measured at fair value through other comprehensive income,
- measured at fair value through profit or loss,
- hedging financial instruments.

The Company classifies debt financial assets to the appropriate category depending on the business model of financial assets management and on the characteristics of contractual cash flows for a given financial asset.

The Company as assets measured at amortized cost classifies trade receivables, loans granted, other financial receivables as well as cash and cash equivalents.

At the moment of initial recognition, the Company classifies equity instruments, i.e. shares in other entities, to the category of financial instruments measured at fair value through other comprehensive income.

The Company classifies to assets measured at fair value through profit or loss derivatives that are not designated for hedge accounting and hedged items that are measured in accordance with hedge accounting principles.

The Company classifies financial liabilities into one of the following categories:

- measured at amortized cost,
- measured at fair value through profit or loss,
- hedging financial instruments.

### 21.3.23. Financial instruments (continued)

The Company as liabilities measured at amortized cost classifies trade liabilities, loans, borrowings and bonds. Liabilities on derivatives not designated for hedge accounting are classified by the Company as measured at fair value through profit or loss.

The Company classifies to the category of hedging financial instruments, financial assets and liabilities which constitute derivative hedging cash flows and fair value.

#### *Measurement of financial assets at amortized cost*

The Company applies the effective interest rate method to measure financial assets at amortized cost.

Trade receivables after initial recognition are measured at amortized cost using the effective interest rate method, including impairment allowances, while trade receivables with a maturity of less than 12 months from the date of recognition (i.e. not including the financing component) and not appointed to factoring, are not discounted and are measured at nominal value.

#### *Measurement of financial assets at fair value through other comprehensive income*

Gains and losses on a financial asset constituting an equity instrument for which was applied the option of fair value through other comprehensive income is recognized in other comprehensive income, except for revenues from received dividends.

#### *Measurement of financial assets at fair value through profit or loss*

Gains or losses on the measurement of a financial asset that is classified as measured at fair value through profit or loss are recognized in profit or loss during the period in which they were recognized. Gains or losses from the valuation of items measured at fair value through profit or loss also include interest and dividend income.

#### *Measurement of hedging financial instruments*

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

#### *Impairment of financial assets*

The Company recognizes impairment allowances due to expected credit losses on financial assets measured at amortized cost or measured at fair value through other comprehensive income (with the exception of investments in capital assets and contract assets).

The Company uses the following models for determining impairment allowances:

- general model (basic),
- simplified model.

The general model is applied by the Company for financial assets measured at amortized cost other than trade receivables and for debt instruments measured at fair value through other comprehensive income.

In the general model, the Company monitors the changes in the level of credit risk associated with a given financial asset and classifies financial assets to one of the three stages of impairment allowances based on the observation of the change in the credit risk level in relation to the initial recognition of the instrument.

Depending on the classification to particular stages, the impairment allowance is estimated in the 12-month horizon (stage 1) or in the life horizon of the instrument (stage 2 and stage 3).

On each day ending the reporting period, the Company considers the indications resulting in the classification of financial assets to particular stages of determining impairment allowances. Indications may include changes in the debtor's rating, serious financial problems of the debtor, a significant unfavourable change in its economic, legal or market environment.

For the purpose of estimating the expected credit loss, the Company applies default probability levels based on market credit quotes of derivatives for entities with a given rating and from a given sector.

The Company includes information about the future in the parameters of the expected loss estimation model by calculating the probability parameters of insolvency based on current market quotes.

The simplified model is applied by the Company for trade receivables.

In the simplified model, the Company does not monitor changes in the credit risk level during the life and estimates the expected credit loss in the horizon up to maturity of the instrument.

In particular, in case of insolvency ("default") event, the Company recognizes that the contractor defaulted after expiration 90 days after the due date of receivables.

For the purpose of estimating the expected credit loss, the Company applies the provision matrix estimated on the basis of historical levels of repayment and recoveries from receivables from contractors.

The Company includes information about the future in the applied parameters in the expected credit loss estimation model, through the management adjustment of the basic insolvency probability parameters.

The expected credit loss is calculated when the receivable is recognized in the statement of financial position and is updated on each subsequent day ending the reporting period, depending on the number of overdue days of the receivable.

For debt financial instruments measured at fair value through other comprehensive income, losses or gains (reversal of loss) due to impairment, regardless of the stage in which the write-down is calculated, are recognized in profit or loss in correspondence with other comprehensive income (the impairment allowance does not reduce the carrying amount of the financial asset).

The expected credit loss calculated at the moment of initial recognition of the financial asset, and any subsequent increase of the expected credit loss, regardless of the stage in which the write-down is calculated, are recognized in the profit or loss. The Company discloses in the notes financial assets, for which the terms were renegotiated and which would otherwise be overdue or impaired. For assets measured at amortized cost using effective interest rate, the carrying amount of the asset is recalculated by discounting future cash flows (reassessed) using the initial interest rate of a financial asset. The adjustment is recognized as a revenue or expense for the period, respectively.

### 21.3.23. Financial instruments (continued)

#### Transfers

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

### 21.3.24. Lease

#### The Company as a lessee

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

#### Initial recognition and measurement

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

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

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

Lease payments included in the evaluation of lease liability include:

- fixed lease payments;
- variable lease payments, which depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts that are expected to be paid by the lessee as part of the guaranteed residual value;
- the call exercise price, should it be assumed with reasonable certainty that the Company shall decide to exercise the call option;
- penalty payments for termination of a lease, unless it can be assumed with reasonable certainty that the Company shall not terminate the lease.

Variable payments, which do not depend on an index or a rate should not be taken into account when calculating lease liability. Such payments are recognised in the profit or loss in the period of the occurrence which renders them payable.

The lease liability on the commencement date shall be calculated on the basis of the current lease payments that are payable by that date and discounted by the incremental borrowing rates of the lessee.

The Company does not discount lease liabilities by the lease interest rate as the calculation of such rates requires information known only to the lessor (the non-guaranteed final value of the leased asset as well as the direct costs incurred by the lessor).

#### Determining the lessee's incremental borrowing rate

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

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

#### Subsequent measurement

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

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

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

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

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

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

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

#### Depreciation

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

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



#### 21.3.24. Lease (continued)

The Company has leases agreements regarding mainly:

Land, including:

- perpetual usufruct of land for a fixed period of up to 99 years,
- land for petrol stations and motorway service areas concluded for a specified period up to 30 years and for an indefinite period.

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

Vehicles and other, including:

- railway tank concluded for a specified period of 3 to 10 years,
- cars for a fixed period up to 3 years,
- locomotives for a fixed period up to 3 years.

#### Impairment

The Company applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

#### Exemptions, simplifications and practical solutions in the application of IFRS 16

##### Exemptions

Following agreements within the Company are not included within the scope of IFRS 16:

- lease for the exploration or use of natural resources,
- licences granted and recognised in accordance with IFRS 15 – "Revenue from Contracts with Customers", and
- lease of intangible assets in accordance with IAS 38 - Intangible Assets.

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

##### Simplifications and practical solutions

##### Short-term lease

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

Simplifications regarding these contracts involve the settlement of lease payments as costs:

- on a straight-line basis, for the duration of the lease agreement, or
- another systematic method, if it better reflects the way of spreading the benefits gained by the user in time.

##### Leases of low-value assets

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

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

Simplifications in respect of such contracts are due to the settlement of costs on:

- a straight-line basis for the term of the lease contract; or
- another systematic method basis should it be more representative of the time pattern of the user's benefit.

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

The underlying asset may have a low-value only if:

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

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

##### Determining the lease term: Indefinite contracts

When establishing the term for indefinite lease contracts, the Company determines the lease period, in which termination of the contract will not be justified by making a professional judgment and taking into account, among others:

- expenditure incurred in connection with the contract or
- potential costs connected with the termination of the lease contract, including the costs involved in obtaining a new lease contracts, such as negotiation costs; reallocation costs, costs of identifying other underlying asset suitable for the lessee's needs; costs of integrating a new asset into the Company's operations; or termination penalties and similar costs, including costs associated with returning the underlying asset in a contractually specified condition or to a contractually specified location or
- existing business plans and other existing contracts justifying the use of the leased item in the given period.

In cases where the costs connected with the termination of the lease contract are substantial, the lease term adopted is equal to that adopted for the depreciation period of a similar fixed asset with parameters similar to the subject of the lease.

In cases where expenditure incurred in connection with the contract is substantial, the lease term adopted is equal to that of the expected period of economic benefits derived from the incurred expenses.

The value of the incurred expenses represents a separate asset to the right of use asset.

##### Separating non-lease components

From contracts, that include lease and non-lease components, the Company separates and recognises non-lease components separately for all asset classes e.g. service of assets consisting of the subject of the contract and allocates consideration based on the terms of the contract, unless all non-lease items are considered immaterial in the context of the whole contract.





#### 21.3.24. Lease (continued)

##### *Professional judgement*

##### **Determining the lease term**

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

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

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

##### *Estimations*

##### **The useful life of right of use asset**

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

##### **Determining the lessee's incremental borrowing rate**

Due to the fact that the Company does not have information regarding the interest rate for lease contracts, it uses the incremental borrowing rate to measure lease liabilities, that the Company would have to pay, to borrow, over a similar term and with a similar security, the funds in a given currency necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

##### **The Company as a Lessor**

When the Company is the lessor, the lease shall be classified as finance or operations lease on the day of the commencement of the lease.

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

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

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

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

On the date of commencement of the lease the lessor derecognizes any assets leased as part of a financial lease in its statement of financial position and includes them as receivables equal to the value of the net investment in the lease.

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

- fixed lease payments, inclusive of in-substance fixed lease payments, minus any lease incentives;
- variable lease payments, which depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- all guaranteed residual values awarded to the lessor by the lessee, an entity connected to the lessee or an independent third party;
- the call exercise price, should it be assumed with reasonable certainty that the Company shall decide to exercise the call option;
- penalty fee for the termination of the lease, should the conditions of the lease allow for the termination of the lease by the Company.

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

Lease payments and any unguaranteed residual value is equal to the sum of:

- I) the fair value of the leased asset and
- II) any initial direct costs of the lessor.

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

The methods of calculating of impairment allowances for assets used under finance lease are similar to the ones applied for assets owned by the Company.



#### **21.3.24. Lease (continued)**

##### **Subleases**

In respect of subleases, the Company operates as both a lessee and lessor in relation to the same underlying assets. Such contracts are classified as operational or finance leases using the same criteria applied by the lessor, however they are considered in relation to right of use as part of the main lease rather than in relation to the underlying assets. If the main lease is a short-term lease, the Company classifies the sublease as an operational lease.

#### **21.3.25. Contingent assets and liabilities**

The Company discloses at the end of reporting period information on contingent assets if the inflow of resources embodying economic benefits is probable. If it is practicable the Company estimates the financial impact of contingent assets valuing them according to the principles of valuation provisions.

At the end of reporting period the Company discloses information on contingent liabilities if:

- it has a possible obligation, which arose as a result of past events, the existence of which will be confirmed only when one or more uncertain future events occur that are not fully controlled by the Company, or
- it has a current obligation, which arose as a result of past events, but an outflow of funds have economic benefits in it, is not probable or the Company is not able to value liabilities reliably enough.

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

#### **21.3.26. Events after the reporting period**

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

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

## **22. Application of professional judgement and assumption**

The preparation of separate financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, equity, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In the matters of considerable weight, the Company's management bases its estimates on opinions of independent experts. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in notes: 7. Tax credit(expense), 8. Property, plant and equipment, 9. Intangible assets, 16. Financial instruments and 17. Lease.

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



## 23. The parent company and structure of the consolidated Group

### 23.1. Group structure

The following table shows subsidiaries and joint operations forming the consolidated group of ORLEN Unipetrol a.s., and the parent company's interest in the capital of subsidiaries and joint operations held either directly by the parent company or indirectly by the consolidated subsidiaries into the Operating segments (as of 31 December 2020).

Name and place of business	Ownership interest of the parent company in share capital	Ownership interest in subsidiaries through subsidiaries	Operating segment	Website
<b>Parent company</b> ORLEN Unipetrol a.s. Milevská 2095/5, 140 00 Praha 4, Czech Republic			Corporate Functions	www.orlenunipetrol.cz
<b>Subsidiaries consolidated in full method</b> HC VERVA Litvínov, a.s. S.K. Neumanna 1598, Litvínov, Czech Republic	—	70.95%	Corporate Functions	www.hokej-litvinov.cz
Nedace ORLEN Unipetrol Záduží 1, 438 01 Litvínov, Czech Republic	—	100.00%	Corporate Functions	www.nedaceorlenunipetrol.cz
PARAMO, a.s. Přerovská 580, Světkov, 530 08 Pardubice, Czech Republic	100.00%	—	Refining	www.paramo.cz
PETROTRANS, s.r.o. Střešnická 2221, 182 00 Praha 8, Czech Republic	0.63%	89.37%	Refining	www.petrotrans.cz
SPOLANA s.r.o. ul. Příce 657, 277 11 Neratovice, Czech Republic	—	100.00%	Petrochemical	www.spolana.cz
ORLEN Unipetrol Deutschland GmbH Paul Ehrlich Str. 1/B, 63225 Langen/Hessen, Germany	0.10%	99.90%	Petrochemical	www.orlenunipetrol.de
ORLEN Unipetrol Doprava s.r.o. Litvínov - Růžodol š.p. 4, 438 70 Litvínov, Czech Republic	0.12%	99.88%	Refining	www.orlenunipetrol-doprava.cz
ORLEN Unipetrol RPA s.r.o. Litvínov - Záduží 1, 438 70 Litvínov, Czech Republic	100.00%	—	Refining Petrochemical Energy Corporate Functions Retail	www.orlenunipetrolrpa.cz
ORLEN Unipetrol Hungary Kft. 2040 Budapest, Pusztas Tivadar utca 12, Hungary	—	100.00%	Refining	www.orlenunipetrol.hu
ORLEN Unipetrol Slovakia s.r.o. Jeslíkova 2, Ružinov, 821 03 Bratislava, Slovak Republic	19.04%	86.98%	Refining Retail	www.orlenunipetrol.sk
ORLEN Unicre a.s. Revoluční 64/č.p. 1521, Ústí nad Labem, Czech Republic	100.00%	—	Corporate functions	www.unicre.cz
<b>Joint operations consolidated based on shares in assets and liabilities</b> Butadien Kralupy a.s. O. Wichterleho 810, 278 01 Kralupy nad Vltavou, Czech Republic	51.00%	—	Petrochemical	www.butadien.cz

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

### 24. Events after the reporting date

As at 1 January 2021, UNIPETROL, a.s., the shareholder of the Company changed its business name to ORLEN Unipetrol a.s. and as at 1 February 2021 UNIPETROL RPA, s.r.o., the shareholder of the Company changed its business name to ORLEN Unipetrol RPA s.r.o.

The Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 December 2020.



**25. Statement of the Management Board and approval of the financial statements**

The Management Board of PETROTRANS, s.r.o. hereby declares that to its best knowledge the foregoing financial statements and comparative data were prepared in compliance with the accounting principles applicable to the Company in force (disclosed in note 21) and that they reflect true and fair view on financial position and financial result of the Company, including basic risks and exposures.

The separate financial statements were authorized for issue by the Company's statutory representatives on 23 February 2021.

Signature of statutory representative

Pawel Lamboz  
Executive Head



**PETROTRANS, s.r.o.**  
**with registered office at Střelnická 2221/50, 182 00 Praha 8**  
**Corporate ID: 25123041**

entered in the Commercial Register maintained by the Municipal Court in Prague  
Section C, Enclosure 124377

**REPORT ON RELATIONS BETWEEN THE CONTROLLING PERSON AND THE  
CONTROLLED PERSON AND BETWEEN THE CONTROLLED PERSON AND  
OTHER PERSONS CONTROLLED BY THE SAME CONTROLLING PERSON  
in 2020**

**in accordance with article 82 of the Act No. 90/2012 Coll., on Business Companies and Cooperatives (Act on  
Business Corporations), as amended (hereinafter the „Act on Business Corporations“)**

Financial period from 1.1.2020 to 31.12.2020 is the vesting period for this Report on relations between the controlling person and the controlled person and between the controlled person and other persons controlled by the same controlling person (hereinafter the „Report on Relations“).

#### The structure of relations between the entities

##### **Controlled Person**

PETROTRANS, s.r.o. with registered office at Střelnická 2221/50, 182 00 Praha 8, Corporate ID: 25123041, entered in the Commercial Register maintained by the Municipal Court in Prague, Section C, Enclosure 124377 (hereinafter „PETROTRANS, s.r.o.“).

##### **Controlling Persons**

UNIPETROL RPA, s.r.o. with registered office at Litvínov - Záluží 1, 436 70, Corporate ID: 27597075, entered in the Commercial Register maintained by the Regional Court in Ústí nad Labem, Section C, Enclosure 24430 (hereinafter „UNIPETROL RPA, s.r.o.“).

UNIPETROL, a.s. with registered office at Milevská 2095/5, 140 00 Praha 4, Corporate ID: 616 72 190, entered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Enclosure 3020 (hereinafter „UNIPETROL, a.s.“), which is the sole member of UNIPETROL RPA, s.r.o.

Polski Koncern Naftowy ORLEN Spółka Akcyjna with registered office at Chemików 7, PŁOCK, Poland which was the majority shareholder of UNIPETROL, a.s. and since October 1, 2018 is the sole member of UNIPETROL, a.s.

##### **Other Controlled Persons**

The entities controlled by the Controlling Person – Polski Koncern Naftowy ORLEN Spółka Akcyjna are members of business group „PKN ORLEN S.A.“, whose scheme is shown in Appendix No. 2.

The entities controlled by UNIPETROL, a.s. are members of PKN ORLEN S.A. business group and are also members of „UNIPETROL“ business group, whose scheme is shown in Appendix No. 1.

#### The role of the Controlled Person

The role of PETROTRANS, s.r.o. within the business group is transport of fuels and the related activities

#### The method and means of controlling

UNIPETROL RPA, s.r.o. is the majority partner of PETROTRANS, s.r.o. and has direct influence in PETROTRANS, s.r.o.. UNIPETROL, a.s. is a minority partner of PETROTRANS, s.r.o. and the sole member of UNIPETROL RPA, s.r.o. and applies indirectly decisive influence

Polski Koncern Naftowy ORLEN Spółka Akcyjna which was the majority shareholder of UNIPETROL, a.s. and since October 1, 2018 is the sole member of UNIPETROL, a.s. and has indirect influence in PETROTRANS, s.r.o. through UNIPETROL RPA, s.r.o. and UNIPETROL a.s.

The list of actions undertaken in the last financial period made on instigation or in the interest of the Controlling Person or entities controlled by such entity, on condition such actions concern assets exceeding 10% of the controlled entity's equity capital identified in the last financial statements.

In the vesting period there were no actions carried out in accordance with § 82 of the Act on Business Corporations, section 2, letter d.

The list of mutual agreements between the Controlled Person and the Controlling Person or between the Controlled Persons

The mutual agreements among PETROTRANS, s.r.o., UNIPETROL RPA, s.r.o., UNIPETROL, a.s. and Polski Koncern Naftowy Spółka Akcyjna and Other Controlled Persons were concluded on the standard terms, while agreed and provided performances or counter-performances were based on the standard terms of business relations.

The list of mutual agreements with the details is enclosed in Appendix No. 3.

The conclusion

The Statutory Representatives PETROTRANS, s.r.o. based on available information declares that PETROTRANS, s.r.o. incurred no detriment, special advantage or disadvantage in accordance with the article 82 (4) of the Act of Business Corporations as a result of any contracts, acts or measures taken between entities in business group. No risks arise from the relations between entities in business group to PETROTRANS, s.r.o. except those arising from standard participation in international business group.

The company's Statutory Representatives prepared the Report on Relations based on information available on the date of the Report on Relations.

The Report on Relations is to be read in conjunction with the Appendix No. 1, 2 and 3.

Prague, 5. 02. 2021

On behalf of the statutory representatives of PETROTRANS, s.r.o.

  
Paweł Łamacz  
Statutory representative

## Appendix No. 1

## Capital Group of ORLEN Unipetrol a.s. - Controlled Companies

1 January 2020 - 31 December 2020

January 2020 - 31 December 2020	Residence	Shares in directly and indirectly controlled company		Note
Company controlled by ORLEN Unipetrol a.s.				
Companies with direct share of UNIPETROL, a.s.		as at 1.1.2020	as at 31.12.2020	Since 1.1.2021 change of the business name from UNIPETROL, a.s. to ORLEN Unipetrol a.s.
Companies with indirect share of UNIPETROL, a.s.				
1. UNIPETROL RPA, s.r.o., IČ 275 97 076	Litvňov, Záduží 1, Czech republic	100,00	100,00	From 1.2.2021 change of the business name to ORLEN Unipetrol RPA s.r.o.
1.1 HC VERVA Litvňov, a.s., IČ 640 48 098	Litvňov, S.K. Neumanns 1598, Czech republic	70,95	70,95	
1.2 UNIPETROL DOPRAVA, s.r.o., IČ 640 49 701	Litvňov, Růžodol 4, Czech republic	99,98	99,98	0,12% of share owned by ORLEN Unipetrol a.s. From 1.2.2021 change of the business name to ORLEN Unipetrol Doprava s.r.o.
1.3 UNIPETROL DEUTSCHLAND GmbH, IČ HRB 34346	Langen, Paul-Ehrlich-Strasse 1B, Germany	99,90	99,90	0,10% of share owned by ORLEN Unipetrol a.s. From 1.2.2021 change of the business name to ORLEN Unipetrol Deutschland GmbH
1.4 UNIPETROL SLOVENSKO, s.r.o., IČ 357 77 087	Bratislava - mestská časť Ružinov, Jaškova 2, Slovakia	88,98	88,98	13,04% of share owned by ORLEN Unipetrol a.s. From 1.2.2021 change of the business name to ORLEN Unipetrol Slovensko s.r.o.
1.5 UNIPETROL RPA Hungary Kft., IČ 13-09-181774	2040 Budaörs, Ruskás Tivadar utca 12, Hungary	100,00	100,00	From 1.2.2021 change of the business name to ORLEN Unipetrol Hungary Kft.
1.6 SPOLANA s.r.o., IČ 451 47 787	Neratovice, ul. Práce 657, Czech republic	100,00	100,00	
1.7 Nadace Unipetrol, IČ 068 61 544	Litvňov, Záduží 1, Czech republic	100,00	100,00	From 1.2.2021 change of the name to Nadace ORLEN Unipetrol
1.8 PETROTRANS, s.r.o., IČ 251 23 041	Praha 8, Libeň, Střelečská 2221/50, Czech republic	99,37	99,37	0,63% of share owned by ORLEN UNIPETROL a.s.
2. Unipetrol výzkumně vzdělávací centrum, a.s., IČ 622 41	Ústí nad Labem, Revoluční 1821/ 84, Czech republic	100,00	100,00	From 1.1.2021 change of the business name to ORLEN UNICRE a.s.
3. PARAMO, a.s., IČ 461 73 366	Pardubice, Světkov, Přerovská 580, Czech republic	100,00	100,00	
4. Butadien Kralupy a.s., IČ 278 93 995	Kralupy nad Vltavou, O. Wichterleho 810, Czech republic	51,00	51,00	49,00% of shares owned by SYNTHOS Kralupy a.s.
Ostatní společnosti s podílem ORLEN Unipetrol a.s.				
1. UNIVERSAL BANKA, a.s., IČ 482 64 865	Praha 1, Senovážné náměstí 1588/4, Czech republic	16,45	16,45	12,24% of shares owned by ORLEN Unipetrol RPA s.r.o.
2. ORLEN HOLDING MALTA LIMITED, IČ C 39945	Level 3, Triq ir-Rampa ta' San Gġen, Bailuta Bay, St Julians, STJ1062, Malta	0,50	0,50	99,50% of share owned by FKN ORLEN S.A.



**Appendix No. 2**  
**Capital Group of PKN ORLEN S.A. - Controlled Companies**  
**1 January 2020 - 31 December 2020**

Company controlled by PKN ORLEN S.A.	Residence	Shares in directly and indirectly controlled company	
		as at 31.12.2019	as at 31.12.2020
1. UNIPETROL, a.s.	Prague	100,00%	100,00%
2. AB ORLEN Lietuva	Juodėdė	100,00%	100,00%
2.1 SIA ORLEN Latvija	Riga, Latvia	100,00%	100,00%
2.2 ORLEN Eesti OU	Tallin, Estonia	100,00%	100,00%
3. AB ORLEN Baltics Retail (previously AB Ventus Neftis)	Vilnius	100,00%	100,00%
4. ANMIL S.A.	Wrocław	100,00%	100,00%
5. Inowrocławskie Kopalnie Sól "SOLING" S.A.	Inowrocław	100,00%	100,00%
6. Kopalnia Sól Lubień sp. z o.o.	Warszawa	100,00%	100,00%
7. ORLEN Administracja Sp. z o.o.	Plock	100,00%	100,00%
8. ORLEN Asfalt sp. z o.o.	Plock	100,00%	100,00%
8.1 ORLEN Asfalt Ceska Republika s.r.o.	Pardubice	100,00%	100,00%
9. ORLEN Service S.A.	Plock	100,00%	100,00%
9.1 ORLEN Service Ceska republika s.r.o.	Litvinov	100,00%	100,00%
9.2 UAB ORLEN Service Lietuva (previously UAB EMAS)	Juodėdė	100,00%	100,00%
10. ORLEN Budonast Sp. z o.o.	LimaŃowa	100,00%	100,00%
11. ORLEN Centrum Serwisowe Sp. z o.o.	Opole	99,33%	100,00%
12. ORLEN Deutschland GmbH	Elmshorn	100,00%	100,00%
12.1 ORLEN Deutschland Betriebsgesellschaft mbH	Hamburg	100,00%	100,00%
13. ORLEN EKO Sp. z o.o.	Plock	100,00%	100,00%
14. Orlen Holding Malta Limited	St. Julians, Malta	100,00%	100,00%
14.1 Orlen Insurance Ltd.	St. Julians, Malta	100,00%	100,00%
15. ORLEN KolTrans S.A.	Plock	100,00%	100,00%
16. ORLEN Centrum Usług Korporacyjnych sp. z o.o.	Plock	100,00%	100,00%
17. Orlen Laboratorium S.A.	Plock	100,00%	100,00%
18. ORLEN Ochrona Sp. z o.o.	Plock	100,00%	100,00%
18.1 ORLEN Apsauga UAB	Juodėdė	100,00%	100,00%
19. ORLEN OIL Sp. z o.o.	Kraków	100,00%	100,00%
20. ORLEN Paliwa Sp. z o.o.	Wielka	100,00%	100,00%
21. ORLEN Projekt S.A.	Plock	100,00%	100,00%
22. ORLEN Upstream Sp. z o.o.	Warszawa	100,00%	100,00%
22.1.1. Orlen Upstream Canada Ltd	Calgary	100,00%	100,00%
22.1.1.1 1428628 Alberta Ltd.	Calgary	100,00%	0,00%
22.1.2 OneX Operations Partnership	Calgary	100,00%	0,00%
22.1.3 Peridea Production GP Ltd.	Calgary	80,00%	80,00%
22.1.3.1 871619 N.B. Ltd.	Saint John	100,00%	100,00%
22.1.4 KCK Atlantic Holdings Ltd.	Calgary	100,00%	100,00%
22.1.4.1 Peridea Production LP	Calgary	80,00%	80,00%
22.2 FX Energy Inc.	Salt Lake City	100,00%	100,00%
22.2.1 Frontier Exploration, Inc.	Salt Lake City	100,00%	100,00%
22.2.2 FX Energy Netherlands Partnership C.V.	Salt Lake City	100,00%	0,00%
22.2.2.1 FX Energy Netherlands B.V.	Utrecht	100,00%	0,00%
22.2.2.1.1 FX Energy Polska Sp. z o.o. w likwidacji (previously FX Energy F	Warszawa	100,00%	0,00%
23. ORLEN Aviation Sp. z o.o.	Warszawa	100,00%	100,00%
24. ORLEN Południe S.A.	Trzebnia	100,00%	100,00%
24.1 Energomedica Sp. z o.o.	Trzebnia	100,00%	100,00%
24.3 KONSORCJUM OLEJÓW PRZEPRAĆOWANYCH - ORGANIZACJA CC	Jedlioz	80,00%	80,00%
24.3 Bioenergy Project Sp. z o.o.	Warszawa	-	100,00%
24.4 BIOZED Sp. z o.o.	Konopnica	-	100,00%
25. Ship - Service S.A.	Warszawa	80,88%	80,88%
26. ORLEN Capital AB	Stockholm	100,00%	100,00%
27. Baltic Power Sp. z o.o.	Warszawa	100,00%	100,00%
28. Basell Orlen Polyoilfins Sp. z o.o.	Plock	80,00%	80,00%
28.1 Basell Orlen Polyoilfins Sprzedaz Sp. z o.o.	Plock	100,00%	100,00%
29. Plocki Park Przemysłowo-Technologiczny S.A.	Plock	80,00%	80,00%
29.1 Centrum Edukacji Sp. z o.o.	Plock	89,43%	89,43%
30. ORLEN Usługi Finansowe	Warszawa	100,00%	100,00%
31. Sigma BIS S.A.	Warszawa	80,00%	80,00%
32. ORLEN Wind 1 Sp. z o.o. w organizacji	Warszawa	-	100,00%
33. ORLEN Wind 2 Sp. z o.o. w organizacji	Warszawa	-	100,00%
34. ORLEN Wind 3 Sp. z o.o. w organizacji	Warszawa	-	100,00%
35. ORLEN INTERNATIONAL TRADING (SUZHOU) Co., Ltd.	Suzhou	-	100,00%
36. ORLEN VC sp. z o.o. w organizacji	Warszawa	-	100,00%
37. ENERGA S.A.	Gdańsk	-	90,82%
37.1 Energa Centrum Usług Wspólnych Sp. z o.o.	Gdańsk	-	100,00%
37.2 Energa Informatyka i Technologie Sp. z o.o.	Gdańsk	-	100,00%
37.3 Energa Ochrona Sp. z o.o.	Gdańsk	-	100,00%
37.4 Energa Inwest Sp. z o.o.	Gdańsk	-	100,00%
37.5 Energa Logistyka Sp. z o.o.	Plock	-	100,00%
37.6 Centrum Badawczo-Rozwojowe Im. M. Faradaya Sp. z o.o.	Gdańsk	-	100,00%
37.7 Energa Finance AB	Stockholm	-	100,00%
37.8 ECARB Sp. z o.o.	Gdańsk	-	84,80%
37.9 ENERGA-OBROT S.A.	Gdańsk	-	100,00%
37.9.1 ENERGA SLOVAKIA s.r.o.	Bratislava	-	100,00%
37.10 Enaplon Sp. z o.o.	Gdańsk	-	100,00%
37.11 ENERGA Oświeślenie Sp. z o.o.	Sopot	-	100,00%
37.12 ENERGA-OPERATOR SA	Gdańsk	-	100,00%
37.12.1 ENERGA-OPERATOR Wykonawstwo Elektroenergetyczne Sp. z o.o.	Świebodzin	-	100,00%
37.13 Energa CZE S.A.	Gdańsk	-	100,00%
37.13.1 Energa Elektroenergetyka Ostrołęka S.A.	Ostrołęka	-	86,84%
37.13.1.1 Energa Ciepło Ostrołęka Sp. z o.o.	Ostrołęka	-	100,00%
37.13.1.2 Energa Serwis Sp. z o.o.	Ostrołęka	-	84,18%
37.14 Energa Kogeneracja Sp. z o.o.	Elbląg	-	84,68%
37.14.1 Energa Ciepło Kalisz Sp. z o.o.	Kalisz	-	91,24%
37.15 COGT Gdańsk Sp. z o.o.	Gdańsk	-	100,00%
37.16 COGT Grudziądz Sp. z o.o.	Grudziądz	-	100,00%
37.17 Elektroenergetyka Ostrołęka Sp. z o.o.	Ostrołęka	-	80,00%
38. RUCH S.A.	Warszawa	-	64,94%
38.1 Ruch Detail S.A. w likwidacji	Warszawa	-	100,00%
38.2 Ruch Marketing Sp. z o.o.	Warszawa	-	100,00%
38.3 Ruch Nieruchomości V Sp. z o.o.	Warszawa	-	100,00%
38.4 Fhcores Business Solutions Sp. z o.o.	Warszawa	-	100,00%

## Appendix No. 3

## THE LIST OF MUTUAL AGREEMENTS BETWEEN THE CONTROLLING AND CONTROLLED ENTITY OR BETWEEN THE CONTROLLED ENTITIES

No. of agreement / appendix	Type	Company	Subject of the agreement	Agreement date
0012-2007	cooperation agreement	UNIPETROL RPA s.r.o., previousl. BENZINA s.r.o.	Monitoring of drivers and vehicles	13.07.2007
0222-2019	Frame contract	UNIPETROL RPA s.r.o., previousl. BENZINA s.r.o.	for usage of BENZINA Tank payment cards	15.04.2019
	order	UNIPETROL Slovensko, s.r.o.	for usage of BENZINA Tank payment cards	01.04.2020
	transport contract	UNIPETROL Slovensko, s.r.o.	Fuel transport contract	01.02.2009
14/Da/2008 142-2008	contract	PARAMO a.s.	Transport contract	30.09.2008
14/Da/2008	amendment no. 1	PARAMO a.s.	Transport contract - contractual payment	01.09.2009
14/Da/2008	amendment no. 2	PARAMO a.s.	Transport contract - contractual payment	25.06.2010
14/Da/2008	amendment no. 3	PARAMO a.s.	Transport contract - contractual payment	18.05.2011
72-2019	agreement	PARAMO a.s.	Contract on lease and services	16.05.2019
0599-2014	contract	UNIPETROL RPA s.r.o.	Transport contract (CPD)	01.08.2014
0599-2014	amendment no. 4	UNIPETROL RPA s.r.o.	Transport contract - driver rating	06.02.2018
0599-2014	amendment no. 9	UNIPETROL RPA s.r.o.	Transport contract - rates	19.12.2019
0599-2014	amendment no. 10	UNIPETROL RPA s.r.o.	Transport contract - rates	24.06.2020
0599-2014	amendment no. 11	UNIPETROL RPA s.r.o.	Transport contract - rates	in approval
0277-2019	contract	UNIPETROL RPA s.r.o.	Contract on lease and services	Process
0277-2019	amendment no. 1	UNIPETROL RPA s.r.o.	Contract on lease and services	03.07.2019
0120/2016	contract	UNIPETROL RPA s.r.o.	Contract for the supply of energy	17.10.2019
0120/2016	amendment no. 4	UNIPETROL RPA s.r.o.	Contract for the supply of energy - change of rate	29.02.2016
0120/2016	amendment no. 5	UNIPETROL RPA s.r.o.	Contract for the supply of energy - change of rate	16.05.2019
0120/2016	amendment no. 6	UNIPETROL RPA s.r.o.	Contract for the supply of energy - change of rate	12.11.2019
213/2016	contract	UNIPETROL RPA s.r.o.	Contract for the supply of water	28.01.2020
213/2016	amendment no. 4	UNIPETROL RPA s.r.o.	Contract for the supply of water	28.04.2016
0159-2016	agreement	UNIPETROL RPA s.r.o.	Provision of services (BU1)	21.03.2020
0159-2017	amendment no. 1	UNIPETROL RPA s.r.o.	Payment terms and billing - change	01.11.2016
0972-2020	agreement	UNIPETROL RPA s.r.o.	Trade secret transfer agreement	01.05.2017
1125-2017	agreement	UNIPETROL RPA s.r.o.	Confidentiality agreement	24.11.2020
S200/139/07	loan agreement	UNIPETROL a.s.	Grant of revolving credit	19.07.2017
	loan agreement	UNIPETROL a.s.	Cash pool A	13.08.2007
	loan agreement	UNIPETROL a.s.	Cash pool B	03.01.2017
0007-2020	agreement	UNIPETROL a.s.	Insurance for statutory bodies	03.01.2017
0136-2015	agreement	UNIPETROL a.s.	Provision of services (CIA)	29.01.2020
	agreement	UNIPETROL a.s.	Cooperation in the group	29.02.2016
	agreement	UNIPETROL a.s.	Lease assignment agreement	05.10.2009
	agreement	UNIPETROL a.s.	Trade secret transfer agreement	01.05.2019
0081-2016	agreement	UNIPETROL RPA s.r.o.	Provision of services (SIA)	09.11.2020
0081-2016	amendment no. 1	UNIPETROL RPA s.r.o.	Provision of services (SIA)	28.04.2016
0081-2016	amendment no. 2	UNIPETROL RPA s.r.o.	Provision of services	23.08.2017
0081-2016	amendment no. 3	UNIPETROL RPA s.r.o.	Provision of services	06.12.2017
0081-2016	amendment no. 4	UNIPETROL RPA s.r.o.	Provision of services	25.04.2018
0081-2016	amendment no. 5	UNIPETROL RPA s.r.o.	GDPR	17.07.2018
0081-2016	amendment no. 6	UNIPETROL RPA s.r.o.	Provision of services (SIA)	08.08.2019
0081-2016	amendment no. 7	UNIPETROL RPA s.r.o.	Provision of services (SIA)	27.05.2020
ULOP2017T0060	contract	UNIPETROL RPA s.r.o.	Cards for entry into the terminal	18.12.2020
0088-2020	agreement	UNIPETROL RPA s.r.o.	Lease of space in ACHVK Kralupy	20.09.2017
0088-2020	cooperation agreement	UNIPETROL RPA s.r.o.	Lease of space in ACHVK Kralupy - termination	20.01.2020
FK/932	cooperation agreement	PKN Orlen S.A.	Cooperation agreement	31.09.2020
	cooperation agreement	PKN Orlen S.A.	Cooperation agreement	16.06.2005
	cooperation agreement	PKN Orlen S.A.	Cooperation agreement	31.08.2014