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 2023

This Auditor's Report includes the following attachments:

1. Statement of profit or loss and other comprehensive income for the year ended 31.12.2023
2. Statement of financial position as of 31.12.2023
3. Statement of changes in equity for the year ended 31.12.2023
4. Statement of cash flow for the year ended 31.12.2023
5. Notes for the year ended 31.12.2023

This Audit Report is a translation of the Czech Audit Report for the audit of the 2023 financial statements.

INDEX

OPRÁVNĚNÍ č. 271
KA ČR
ZZHLAV s.r.o.

OTHER EXPLANATORY NOTES

OPRÁVNĚNÍ Č. 277 KA ČR 22HLAV s.r.o. (2)

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

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	2023	2022
Statement of profits or loss			
Revenues	*7.*	433 152	379 714
Cost of sales	*8.*	(376 354)	(328 641)
Gross profit on sales		**56 798**	**51 073**
Distribution expenses		(39 910)	(39 219)
Administrative expenses		(9 038)	(6 245)
Other operating income	*9.1.*	13 374	7 551
Other operating expenses	*9.2.*	(451)	(718)
Loss allowance for trade receivables		(38)	-
Profit from operations		**20 735**	**12 442**
Finance income		2 612	714
Finance costs		(5 240)	(4 136)
Net finance costs	*10.*	**(2 628)**	**(3 422)**
Profit before tax		**18 107**	**9 020**
Tax expense	*11.*	(4 491)	(1 083)
Net profit		**13 616**	**7 937**
Other comprehensive income			
Items which will not be reclassified subsequently into profit or loss		**(17)**	**26**
Actuarial gains and losses	*11.*	*(18)*	*32*
Deferred tax	*11.2.*	*1*	*(6)*
		(17)	**26**
Total net comprehensive income		**13 599**	**7 963**

OPRÁVNĚNÍ Č. 277
KA ČR
22HLAV s.r.o.

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 32.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

Statement of financial position

	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Property, plant and equipment	*12.*	92 503	87 849
Intangible assets	*13.*	1 755	1 155
Right of use assets	*20.*	81 475	82 147
		175 733	171 151
Current assets			
Trade and other receivables	*14.*	49 038	38 330
Other financial assets	*15.*	75 400	49 170
Current tax assets		-	977
Cash and cash equivalents	*16.*	1 966	3 687
		126 404	92 164
Total assets		302 137	263 315
EQUITY AND LIABILITIES			
EQUITY			
Share capital	*17.1.*	16 000	16 000
Retained earnings	*17.2.*	118 856	105 257
Total equity		134 856	121 257
LIABILITIES			
Non-current liabilities			
Provisions	*18.*	339	265
Deferred tax liabilities	*11.2.*	11 110	11 436
Lease liabilities	*20.*	58 283	61 640
		69 732	73 341
Current liabilities			
Trade and other liabilities	*19.*	69 159	47 066
Current tax liabilities		4 324	-
Provisions	*18.*	83	112
Lease liabilities	*20.*	23 983	21 539
		97 549	68 717
Total liabilities		167 281	142 058
Total equity and liabilities		302 137	263 315

OPRÁVNĚNÍ Č. 271
KA ČR
ZZHLAV s.r.o.

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 32.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

Statement of changes in equity

	Equity attributable to equity owners of the parent		Total equity
	Share capital	Retained earnings	
01/01/2023	16 000	105 257	121 257
Net profit	-	13 616	13 616
Items of other comprehensive income	-	(17)	(17)
Total net comprehensive income	-	13 599	13 599
31/12/2023	**16 000**	**118 856**	**134 856**
01/01/2022	16 000	97 294	113 294
Net profit	-	7 937	7 937
Items of other comprehensive income	-	26	26
Total net comprehensive income	-	7 963	7 963
31/12/2022	**16 000**	**105 257**	**121 257**

OPRÁVNĚNÍ Č. 277
KA ČR
22HLAV s.r.o.

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 32.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

Statement of cash flows

	Note	2023	2022
Cash flows from operating activities			
Profit before tax		**18 107**	**9 020**
Adjustments for:			
Depreciation and amortisation	*8.2.*	39 910	39 219
Interest, net		1 978	3 012
Profit on investing activities		(4 052)	(3 258)
Change in provisions		26	14
Other adjustments		83	79
Change in working capital:		11 387	1 204
Receivables		(10 707)	(4 632)
Liabilities		22 094	5 836
Income tax received/(paid)	*11.3.*	486	1 101
Net cash from operating activities		**67 925**	**50 391**
Cash flows from investing activities			
Acquisition of property, plant and equipment, intangible assets and right of use assets		(23 175)	(3 534)
Disposal of property, plant and equipment and intangible assets and right of use assets		5 648	26 561
Outflows from cash pool assets		(26 131)	(48 162)
Other		2 513	564
Net cash used in investing activities		**(41 146)**	**(24 571)**
Cash flows from financing activities			
Interest paid		(4 595)	(3 696)
Payments of liabilities under lease agreements		(23 820)	(21 558)
Other		(85)	(79)
Net cash used in financing activities		**(28 500)**	**(25 333)**
Net increase/(decrease) in cash and cash equivalents		**(1 721)**	**487**
Cash and cash equivalents, beginning of the year		3 687	3 200
Cash and cash equivalents, end of the year	*16.*	**1 966**	**3 687**

OPRÁVNĚNÍ Č. 277
KA ČR
22HLAV s.r.o.

The separate financial statements are to be read in conjunction with the notes forming part of the separate financial statements set out on pages 18 to 32.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

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
In December 2023 the company changed its registered office to
PETROTRANS, s.r.o.
Poděbradská 538/46
190 00 Praha 9
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 2023.

Statutory representatives of the company
Statutory representatives of the Company as at 31 December 2023 were as follows:

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

There were no changes in the statutory representatives during 2023.

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, Milevská 2095/5, 140 00, ID No. 616 72 190.

2. Basis of preparation of the separate 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 2023. 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 2023, results of its operations and cash flows for the year ended 31 December 2023.

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.

OPRÁVNĚNÍ Č. 277 KA ČR 22HLAV s.r.o. (2)

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

3. 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.

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 or on translating monetary items at rates different from those at which they were translated on initial recognition as finance income or expense in the period in which 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.

4. Accounting principles

Significant accounting principles and significant values based on judgements and estimates are presented as a part of the following specific explanatory notes to the consolidated financial statements.

Note	Selected accounting principles
7.	*Revenues*
8.	*Costs*
11.	*Tax expense*
12.	*Property, plant and equipment*
13.	*Intangible assets*
14.	*Trade and other receivables*
16.	*Cash and cash equivalents*
17.	*Equity*
18.	*Provisions*
19.	*Trade and other liabilities*
20.	*Lease*
21.	*Financial instruments*

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

5.1. Binding amendments to IFRSs and interpretations

Standards and interpretations adopted by the EU, effective from 01/01/2023	Impact on financial statements
Amendments to IAS 1 Presentation of Financial Statements and the IASB guidelines on disclosures regarding accounting policies in practice – The requirement to disclosure material information on accounting policies	no impact
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	no impact
Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	no impact
Amendments to IAS 12 - International Tax Reform – Pillar Two Model Rules	no impact
IFRS 17 Insurance Contracts including amendments to IFRS 17	no impact
Amendments to IFRS 17 Insurance contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information	no impact

5.2. 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, effective from 01/01/2024	Possible impact on financial statements
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	no impact expected
Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current	no impact expected
Amendments to IAS 1 Non-current Liabilities with Covenants	no impact expected

5.3. 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 not yet adopted by the EU	Effective from	Possible impact on financial statements
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	Effective date deferred	no impact expected
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	01/01/2024	no impact expected
Amendments to IAS 21 - Lack of Exchangeability	01/01/2025	no impact expected

OPRÁVNĚNÍ Č. 271 KA ČR ZZHLAV s.r.o. (2)

ORLEN Unipetrol

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

6. The parent company and structure of the consolidated group

6.1. Group structure

The following table shows subsidiaries and joint operations forming the consolidated Company 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 consolidate subsidiaries into the Operating segments (as of 31 December 2023).

Name and place of business	Ownership interest of the parent company in share capital	Ownership interest in share capital through subsidiaries	Operating segment	Website
Parent company				
ORLEN Unipetrol a.s. Milevská 2095/5, 140 00 Praha 4, Czech Republic			Corporate Functions	www.orlenunipetrol.cz
Subsidiaries consolidated in full method				
HC VERVA Litvínov, a.s. Litvínov, S.K. Neumanna 1598, Czech Republic	–	70.95%	Corporate Functions	www.hokej-litvinov.cz
Nadace ORLEN Unipetrol Milevská 2095/5, 140 00 Praha 4, Czech Republic	–	100.00%	Corporate Functions	www.nadaceorlenunipetrol.cz
ORLEN HUNGARY Kft. Boldiszér utca 2, 1112 Budapest, Hungary	–	100.00%	Retail	www.orlen.hu
PARAMO, a.s. Přerovská 560, Svítkov, 530 06 Pardubice, Czech Republic	100.00%	–	Refining	www.paramo.cz
PETROTRANS, s.r.o. Poděbradská 538/46, 190 00 Praha 9, Czech Republic	0.63%	99.37%	Refining	www.petrotrans.cz
REMAQ, s.r.o. tř. Tomáše Bati 1729, 765 02 Otrokovice, Czech Republic	–	100.00%	Petrochemical	www.remaq.cz
SPOLANA s.r.o. ul. Práce 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 č.p. 4, 436 70 Litvínov, Czech Republic	0.12%	99.88%	Refining	www.orlenunipetroldoprava.cz
ORLEN Unipetrol RPA s.r.o. Litvínov - Záluží 1, 436 70 Litvínov, Czech Republic	100.00%	–	Refining Petrochemical Energy Corporate Functions Retail	www.orlenunipetrolrpa.cz
ORLEN Unipetrol Hungary Kft. 2040 Budaörs, Puskás Tivadar utca 12, Hungary	–	100.00%	Refining	www.orlenunipetrol.hu
ORLEN Unipetrol Slovakia s.r.o. Kalinčiakova 14083/33A, 831 04 Bratislava, Slovak Republic	13.04%	86.96%	Refining Retail	www.orlenunipetrol.sk
ORLEN Unicre a.s. Revoluční 1521/84, 400 01 Ústí nad Labem, Czech Republic	100.00%	–	Corporate functions	www.unicre.cz
Investments in jointly controlled entities and associates				
Butadien Kralupy a.s. O. Wichterleho 810, 278 01 Kralupy nad Vltavou, Czech Republic	51.00%	–	Petrochemical	www.butadien.cz
ORLEN Projekt Česká republika s.r.o. O. Wichterleho 809, 278 01 Kralupy nad Vltavou, Czech Republic	–	40.00%	Corporate functions	

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

6.2. Changes in the Group

On 2 January 2023 ORLEN Unipetrol RPA s.r.o. acquired 100% of shares in REMAQ, s.r.o.
On 14 April 2023 ORLEN Unipetrol RPA s.r.o. and ORLEN PROJEKT SPÓŁKA AKCYJNA (which hold 40, respectively 60 percent of share in the new entity) established ORLEN Projekt Česká republika s.r.o.
On 16 December 2023 Normbenz Magyarország Kft. changed the business name to ORLEN HUNGARY Kft.

OPRÁVNĚNÍ Č. 271 KA ČR 22HLAV s.r.o.

ORLEN Unipetrol

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS

EXPLANATORY NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

7. Revenues

SELECTED ACCOUNTING PRINCIPLES

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 either:

a) a good or service (or a bundle of goods or services) that is distinct; or
b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer..

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.*

	2023	2022
Revenues from sales of finished goods and services, net	433 142	379 665
revenue from contracts with customers	*433 025*	*379 231*
excluded from scope of IFRS 15	*117*	*434*
Revenues from sales of merchandise and raw materials, net	10	49
revenue from contracts with customers	*10*	*49*
	433 152	**379 714**

Revenues from contracts with customers arising from transport of fuels and lubricants amounted to CZK 433 142 thousand.

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

	2023	2022
Revenues from contracts with customers	433 035	379 280
Czech Republic	*407 308*	*349 926*
Poland	*5 870*	*5 935*
Slovakia	*19 857*	*23 419*
excluded from scope of IFRS 15	117	434
Czech Republic	*117*	*434*
	433 152	**379 714**

7.2. Revenues from contracts with customers by type of contract

	2023	2022
Based on fixed price contracts	433 035	379 280
	433 035	**379 280**

OPRÁVNĚNÍ Č. 271 KA ČR JIHLAV s.r.o. (2)

ORLEN Unipetrol

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

7.3. Revenues from contracts with customers by date of transfer

	2023	2022
At point of time	433 035	379 280
	433 035	**379 280**

7.4. Revenues from contracts with customers by duration of contract

	2023	2022
Short-term contracts	433 035	379 280
	433 035	**379 280**

8. Cost

SELECTED ACCOUNTING PRINCIPLES

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.
The Company recognises as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. 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.

8.1. Cost of sales

	2023	2022
Cost of finished goods and services sold	(376 354)	(328 641)
	(376 354)	**(328 641)**

8.2. Cost by nature

	2023	2022
Materials and energy	(95 730)	(100 797)
External services	(55 716)	(42 004)
Employee benefits	(199 273)	(161 071)
Depreciation and amortisation	(39 910)	(39 219)
Taxes and charges	(22 962)	(21 680)
Other	(12 162)	(10 052)
Operating expenses	**(425 753)**	**(374 823)**
Distribution expenses	39 910	39 219
Administrative expenses	9 038	6 245
Other operating expenses	451	718
Cost of sales	**(376 354)**	**(328 641)**

8.3. Employee benefits costs

	2023	2022
Wages and salaries	(143 186)	(114 933)
Future benefits expenses	(8)	(4)
Social security expenses	(48 262)	(39 096)
Other employee benefits expenses	(7 817)	(7 038)
	(199 273)	**(161 071)**

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

OPRÁVNĚNÍ Č. 271 KA ČR ZZHLAV s.r.o. (2)

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

8.3.1. Employee benefits costs – additional information

2023	Employees	Key Management	Total
Wages and salaries	(134 737)	(8 449)	(143 186)
Social and health insurance	(46 035)	(2 227)	(48 262)
Social expense	(6 534)	(1 283)	(7 817)
Change of employee benefits provision	(8)	-	(8)
	(187 314)	(11 959)	(199 273)
Number of employees average per year	177	3	180
Number of employees as at balance sheet day	189	3	192

2022	Employees	Key Management	Total
Wages and salaries	(106 791)	(8 142)	(114 933)
Social and health insurance	(36 849)	(2 247)	(39 096)
Social expense	(5 822)	(1 216)	(7 038)
Change of employee benefits provision	(4)	-	(4)
	(149 466)	(11 605)	(161 071)
Number of employees average per year	167	3	170
Number of employees as at balance sheet day	168	3	171

9. Other operating income and expenses

9.1. Other operating income

	2023	2022
Profit on sale of non-current non-financial assets	4 052	3 258
Penalties and compensations	573	488
Other	8 749	3 805
	13 374	7 551

9.2. Other operating expenses

	2023	2022
Penalties and compensations	(366)	(630)
Other	(85)	(88)
	(451)	(718)

10. Finance result

	2023	2022
Interest	(1 996)	(3 023)
Foreign exchange loss	(549)	(320)
Other	(84)	(79)
	(2 629)	(3 422)

11. Tax expense

SELECTED ACCOUNTING PRINCIPLES

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, and only if, the Company has a legally enforceable right to offset the recognized amounts and concern income tax levied by the same tax authority on the same taxpayer. The transactions settled directly in equity are recognized in equity.

ESTIMATES

The Company recognises a deferred ta asset to transfer the unsettled tax losses and unused tax credits, to the extent that it is probable that there will be future taxable profit available, from which unsettled tax losses and unused tax credits can be write off. The assessment of this probability is made on the basis of planned budgets to achieve the assumed tax revenues in the following years.

OPRÁVNĚNÍ Č. 271 KA ČR 22HLAV s.r.o.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

11. Tax expense (continued)

	2023	2022
Income tax expense in the statement of profit or loss		
Current income tax	(4 815)	-
Deferred income tax	324	(1 083)
	(4 491)	(1 083)
Income tax expense in other comprehensive income		
Deferred tax	1	(6)
	1	(6)
	(4 490)	(1 089)

Domestic tax is calculated in accordance with Czech tax regulations at the rate of 19% in 2023 (2022: 19%) of the estimated taxable income for the year. The deferred tax has been calculated using the tax rates approved for the years 2024 and forward i.e. 21%

11.1. Reconciliation of effective tax rate

	2023	2022
Profit for the year	13 616	7 937
Tax expense	(4 491)	(1 083)
Profit before tax	18 107	9 020
Income tax using domestic income tax rate	(3 440)	(1 714)
Non-deductible expenses	(2 860)	(786)
Tax relief	90	92
Other differences	1 719	1 325
Tax expense	**(4 491)**	**(1 083)**
Effective tax rate	**24,80%**	**12.00%**

11.2. Deferred tax

Deferred taxes result 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 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. 21% in 2024 and onward).

The movements in deferred tax liabilities in 2023 were as follows:

	31/12/2022	Deferred tax recognized in statement of Profit or loss	Deferred tax recognized in Other comprehensive income	31/12/2023
Deferred tax liabilities				
Property, plant and equipment	12 877	74	-	12 951
Provisions	(660)	(399)	(1)	(1 060)
Other	(781)	1	-	(780)
	11 436	**(324)**	**(1)**	**11 110**
	11 436	**(324)**	**(1)**	**11 110**

The movements in deferred tax liabilities in 2022 were as follows:

	31/12/2021	Deferred tax recognized in statement of Profit or loss	Deferred tax recognized in Other comprehensive income	31/12/2022
Deferred tax liabilities				
Property, plant and equipment	12 137	740	-	12 877
Provisions	(1 003)	337	6	(660)
Other	(787)	6	-	(781)
	10 347	**1 083**	**6**	**11 436**
	10 347	**1 083**	**6**	**11 436**

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

11.3. Income tax received/(paid)

	2023	2022
Tax expense on profit before tax	(4 491)	(1 083)
Change in deferred tax assets and liabilities	(326)	1 089
Change in current tax assets and liabilities	5 301	1 101
Deferred tax recognized in Other comprehensive income	1	(6)
	486	**1 101**

OPRÁVNĚNÍ Č. 271 KA ČR 22HLAV s.r.o. (2)

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

12. Property, plant and equipment

SELECTED ACCOUNTING PRINCIPLES

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 (without including the grants related to assets). 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 initial value of property, plant and equipment is increased by the value of discounted provisions for the 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. The value of discounted provisions recognised as property, plant and equipment is amortised over their useful life.

Property, plant and equipment received for free are initially included in the cost corresponding to the estimated fair value. Income from property, plant and equipment received for free, which does not require the Company to meet any conditions related to its activities, is recognised directly in other operating income at the moment of recognition of the asset in the accounting records.

Property, plant and equipment are stated in the statement of financial position prepared at the end of the reporting period at the carrying amount i.e. (cost) after deducting any accumulated depreciation and accumulated impairment losses (without including received grants related to assets).

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 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.

ESTIMATES

Useful lives of property, plant and equipment

The Company verifies useful lives of property, plant and equipment once at year end. Revaluation of useful lives of property, plant and equipment is based mainly on the assessment of technical services responsible for their operations. Such estimates are accompanied by uncertainty as to future business conditions, technological changes and competition on the market, which may result in a different assessment of the economic usefulness of the components and their remaining useful lives, which may significantly affect the value of property, plant and equipment and depreciation costs in the future. Should the depreciation policy from the previous year be applied, the depreciation expense for 2023 would remain unchanged.

OPRÁVNĚNÍ Č. 277 KA ČR ZZHLAV s.r.o. (2)

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

12.1. Changes in property, plant and equipment

	Machinery and equipment	Vehicles and other	Total
01/01/2023			
Net carrying amount			
Gross carrying amount	503	152 771	**153 274**
Accumulated depreciation and impairment allowances	(489)	(64 936)	**(65 425)**
	14	**87 835**	**87 849**
Increase/(decrease), net			
Investment expenditures	-	22 326	**22 326**
Depreciation	(1)	(14 859)	**(14 860)**
Sale	-	(2 811)	**(2 811)**
31/12/2023			
Net carrying amount	**13**	**92 490**	**92 503**
Gross carrying amount	503	166 982	**167 485**
Accumulated depreciation and impairment allowances	(490)	(74 492)	**(74 982)**
	13	**92 490**	**92 503**
01/01/2022			
Net carrying amount			
Gross carrying amount	503	202 323	**202 827**
Accumulated depreciation and impairment allowances	(487)	(76 422)	**(76 909)**
	16	**125 902**	**125 918**
Increase/(decrease), net			
Investment expenditures	-	3 478	**3 478**
Depreciation	(2)	(18 243)	**(18 245)**
Sale	-	(23 302)	**(23 302)**
31/12/2022			
Net carrying amount	**14**	**87 835**	**87 849**

12.2. Other information

	2023	2022
The gross book value of all fully depreciated property, plant and equipment still in use	6 229	6 494
	6 229	**6 494**

OPRÁVNĚNÍ Č. 277 KA ČR ZZHLAV s.r.o. (2)

ORLEN Unipetrol

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

13. Intangible assets

SELECTED ACCOUNTING PRINCIPLES

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 is measured initially at cost (without including the grants related to assets).
After initial recognition, an intangible asset shall be presented in the financial statements at its net carrying amount, without 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.

ESTIMATES

Useful lives of intangible assets
The Company verifies useful lives of intangible assets once at year end. Should the depreciation policy from the previous year be applied, the depreciation expense for 2023 would remain unchanged.

13.1. Changes in intangible assets

	Software	Assets under development	Total
01/01/2023			
Net carrying amount			
Gross carrying amount	3 966	460	**4 426**
Accumulated amortisation and impairment allowances	(3 271)	-	**(3 271)**
	695	**460**	**1 155**
Increase/(decrease), net			
Investment expenditures	-	850	**850**
Amortization	(250)	-	**(250)**
31/12/2023			
Net carrying amount	**445**	**1 310**	**1 755**
Gross carrying amount	3 966	1 310	**5 275**
Accumulated amortisation and impairment allowances	(3 521)	-	**(3 520)**
	445	**1 310**	**1 755**
01/01/2022			
Net carrying amount			
Gross carrying amount	3 910	460	**4 371**
Accumulated amortisation and impairment allowances	(2 944)	-	**(2 944)**
	966	**460**	**1 426**
Increase/(decrease), net			
Investment expenditures	56	-	**56**
Amortization	(327)	-	**(327)**
31/12/2022			
Net carrying amount	**695**	**460**	**1 155**

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

13.2. Other information

	2023	2022
The gross book value of all fully depreciated intangible assets still in use	2 510	2 161
	2 510	**2 161**

14. Trade and other receivables

SELECTED ACCOUNTING PRINCIPLES

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. After the initial recognition, these receivables are valued at amortized cost adjusted for any loss allowance for expected credit loss. Receivables subject to non-recourse factoring are measured at fair value through profit or loss.
The Company applies simplified method of valuation of receivables measured at amortized cost.
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.
ESTIMATES
Impairment of trade and other receivables
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. 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.

	31/12/2023	31/12/2022
Trade receivables	43 471	35 328
Other	687	373
Financial assets	**44 158**	**35 701**
Other taxation, duty, social security receivables	3 537	1 707
Prepayments and deferred costs	1 343	922
Non-financial assets	**4 880**	**2 629**
Receivables, net	**49 038**	**38 330**
Expected credit loss	3 233	3 195
Receivables, gross	**52 271**	**41 525**

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 34 days.

The Company exposure to credit and currency risk related to trade and other receivables is disclosed in note 21 and detailed information about receivables from related parties is presented in note 23.

15. Other financial assets

	31/12/2023	31/12/2022
Cash pool	75 400	49 170
	75 400	**49 170**

16. Cash and cash equivalents

SELECTED ACCOUNTING PRINCIPLES

Cash
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.

	31/12/2023	31/12/2022
Cash on hand and in bank	1 966	3 687
	1 966	**3 687**

OPRÁVNĚNÍ Č. 277 KA ČR JIHLAV s.r.o. (2)

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

17. Equity

SELECTED ACCOUNTING PRINCIPLES

Equity
Equity is recorded in the accounting records by type, in accordance with statutory regulations and the parent company's articles of association.
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.
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,*
- *reserve capital created from the distribution of profits and used in accordance with the Commercial Company Code*
- *other reserve capital as additional payments to equity,*
- *actuarial gains and losses from retirement benefits.*

17.1. Share capital

The share capital of the Company as at 31 December 2023 amounted to CZK 16 000 thousand (as at 31 December 2022: 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.

17.2. Retained earnings

On the basis of shrareholder´s decision the profit for the year 2022 of CZK 7 937 thousand was transferred to retained earnings of past years.

18. Provisions

SELECTED ACCOUNTING PRINCIPLES

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.
Jubilee bonuses and retirement benefits provision
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 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.*

	Non-current		Current		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2021	31/12/2023	31/12/2022
Jubilee bonuses and retirement benefits provision	339	265	83	112	422	377
	339	**265**	**83**	**112**	**422**	**377**

18.1. Changes in provision

	Jubilee bonuses and retirement benefits provision	Total
01/01/2023	377	377
Recognition	108	108
Interest	18	18
Utilization of provision	(81)	(81)
	422	**422**

OPRÁVNĚNÍ Č. 277
KA ČR
22HLAV s.r.o. (2)

ORLEN Unipetrol

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

18.1. Changes in provision (continued)

	Jubilee bonuses and retirement benefits provision	Total
01/01/2022	396	396
Recognition	38	38
Interest	11	11
Utilization of provision	(58)	(58)
Release of provision	(10)	(10)
	377	377

18.2. Provisions for jubilee bonuses and retirement benefits

Employment benefit provisions were created using discount rate 3.70% p.a. in 2023 (2022: 4.70%). Should the prior year's assumptions be used, the provision for the jubilee bonuses and retirement benefits would be lower by CZK 422 thousand.

18.2.1. Change in employee benefits obligations

	Provision for jubilee bonuses		Retirement benefits		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
At the beginning of the year	216	225	161	171	377	396
Current service cost	36	37	33	26	69	63
Interest expense	10	6	8	5	18	11
Actuarial gains and losses net	21	(2)	18	(33)	39	(35)
demographic assumptions	*6*	*14*	*7*	*(1)*	*13*	*13*
financial assumptions	*8*	*(13)*	*15*	*(27)*	*23*	*(40)*
other issues	*7*	*(3)*	*(4)*	*(5)*	*3*	*(8)*
Payments under program	(80)	(50)	(1)	(8)	(81)	(58)
	203	216	219	161	422	377

The carrying amount of employee benefits liabilities is identical to their present value as at 31 December 2023 and as at 31 December 2022.

18.2.2. Division of employee benefits liabilities by employees

	Active employees		Pensioners		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Czech Republic	422	377	-	-	422	377
					422	377

18.2.3. Geographical division of employee benefits liabilities

	Provision for jubilee bonuses		Retirement benefits		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Czech Republic	203	216	219	161	422	377
					422	377

18.2.4. 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 12 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 2023 there were no funded plans and the Company paid no contributions to fund liabilities.

18.2.5. Employee benefits maturity and payments of liabilities analysis

18.2.5.1. Maturity of employee benefits analysis

	Provision for jubilee bonuses		Retirement benefits		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Less than one year	44	79	39	33	83	112
Between one and three years	60	65	21	9	81	74
Between three and five years	44	33	31	28	75	61
Later than five years	55	39	128	91	183	130
					422	377
Weighted average duration of liability			8	8	8	8

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

18.2.5.2. Ageing of employee benefits payments analysis

	Provision for jubilee bonuses		Retirement benefits		Total	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Less than one year	49	87	47	39	96	126
Between one and three years	81	96	31	15	112	111
Between three and five years	95	68	59	50	154	118
Later than five years	324	176	726	496	1 050	672
	549	**428**	**863**	**599**	**1 412**	**1 028**

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

	31/12/2023	31/12/2022
In profit and loss		
Current service cost	(69)	(63)
Interest expense	(18)	(11)
Actuarial gains and losses net	(21)	2
demographic assumptions	*(6)*	*(14)*
financial assumptions	*(8)*	*13*
other issues	*(7)*	*3*
Payments under program	81	58
	(26)	**(14)**
In components of other comprehensive income		
Gains and losses arising from changes	(18)	33
demographic assumptions	*(7)*	*1*
financial assumptions	*(15)*	*27*
other issues	*4*	*5*
	(18)	**33**
	(44)	**18**

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

	31/12/2023	31/12/2022
Cost of sales	(8)	(3)
Interest on provision	(18)	(11)
	(26)	**(14)**

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.

19. Trade and other liabilities

SELECTED ACCOUNTING PRINCIPLES

Liabilities

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. The Company applies simplified methods of valuation of liabilities measured at amortized cost if it does not distort information included in the statement of financial position.

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.

	31/12/2023	31/12/2022
Trade liabilities	41 978	26 298
Lease liabilities	23 983	21 539
Other	160	145
Financial liabilities	**66 121**	**47 981**
Payroll liabilities	9 458	8 289
Other taxation, duties, social security and other benefits	6 402	5 615
Accruals	11 161	6 720
wages accrual	*9 930*	*6 206*
other	*1 231*	*514*
Non-financial liabilities	**27 021**	**20 624**
	93 142	**68 605**

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

20. Lease

SELECTED ACCOUNTING PRINCIPLES

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.*

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.

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 interest rate implicit in the lease 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 ORLEN's matrix set 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 (cost pricing 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 in the statement of 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.

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

The Company has leases agreements regarding mainly:

Land

Buildings and construction

Vehicles

Impairment

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

OPRÁVNĚNÍ Č. 271 KA ČR JIHLAV s.r.o. (2)

20. Lease (continued)

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 leases contracts, the Company determines the lease period, in which termination of the contract will not be justified by making makes 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 more than insignificant, 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 constituting 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.
<u>The Company as a Lessor</u>
When the Company is the lessor, the lease is classified as finance or operating lease at the inception date 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 considers some situations, 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 recognizes 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. Net investment in the lease is gross investment in the lease discounted at the interest rate implicit 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, including in-substance fixed payments, less any lease incentives;*
- *variable lease payments, that 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 exercise price of a purchase option if the lessee is reasonably certain to exercise that option;*
- *payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.*

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.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

20. Lease (continued)

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.
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.
ESTIMATES
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, when the useful life of the right of use asset covers the irrevocable lease period and the useful life of the property, plant and equipment resulting from the highly probable use of an option his redemption.
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.

20.1. The Company as a lessee

Change in right of use assets

	Land	Buildings and constructions	Vehicles and other	Total
01/01/2023				
Net carrying amount				
Gross carrying amount	428	41 475	81 422	**123 325**
Accumulated depreciation and impairment allowances	(18)	(8 820)	(32 340)	**(41 178)**
	410	**32 655**	**49 082**	**82 147**
Increase/(decrease), net				
New lease agreements, increase in leasing remuneration	-	24 217	17 363	**41 580**
Depreciation	(346)	(2 048)	(22 405)	**(24 799)**
Other decrease	-	(17 453)	-	**(17 453)**
31/12/2023				
Net carrying amount	**64**	**37 371**	**44 040**	**81 475**
Gross carrying amount	428	42 822	90 357	**133 607**
Accumulated depreciation and impairment allowances	(364)	(5 451)	(46 317)	**(52 132)**
	64	**37 371**	**44 040**	**81 475**
01/01/2022				
Net carrying amount				
Gross carrying amount	-	40 586	26 659	**67 245**
Accumulated depreciation and impairment allowances	-	(6 404)	(15 556)	**(21 960)**
	-	**34 182**	**11 104**	**45 286**
Increase/(decrease), net				
New lease agreements, increase in leasing remuneration	428	889	56 192	**57 509**
Depreciation	(18)	(2 416)	(18 214)	**(20 648)**
31/12/2022				
Net carrying amount	410	**32 655**	**49 082**	**82 147**

Maturity analysis for undiscounted lease liabilities

	2023	2022
up to 1 year	23 983	21 539
from 1 to 2 years	28 539	24 828
from 2 to 3 years	14 628	21 655
from 3 to 4 years	8 445	11 295
from 4 to 5 years	4 726	6 498
above 5 years	50 354	33 068
	130 675	**118 883**
Discount	(48 409)	(35 704)
	82 266	**83 179**

OPRÁVNĚNÍ Č. 271 KA ČR 22HLAV s.r.o.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

20.1. The Company as a lessee (continued)

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

		2023	2022
Costs due to:		**(6 031)**	**(4 980)**
interest on lease	Finance costs	(4 590)	(3 684)
short-term lease	Cost by nature: External services	(993)	(12)
lease of low value assets that are not short-term lease	Cost by nature: External services	(448)	(1 284)

20.2. The Company as a lessor

As at 31 December 2023 and as at 31 December 2022 the Company did not possess any finance lease agreements as a lessor.

OPRÁVNĚNÍ Č. 277 KA ČR ZZHLAV s.r.o. (2)

ORLEN Unipetrol

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

EXPLANATORY NOTES TO FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

SELECTED ACCOUNTING PRINCIPLES

Financial Instruments

The Company recognises a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual of the instrument.

The Company derecognises a financial asset in the statement of financial position when:

- *the contractual rights to the cash flows from the financial asset expired; or*
- *the Company transferred the financial asset to another entity, and the transfer qualified for derecognition.*

The Company removes a financial liability from its statement of financial position when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

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 option.

At the end of the reporting period, the Company measures item of financial assets and liabilities at amortised cost using effective interest rate method.

Impairment of financial asset

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 equity instruments).

The Company uses the following models for determining impairment allowances:

- *General 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.

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.

- *Simplified model*

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.

Fair value measurement

The Company maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs to estimate the fair value, i.e. the price at which an orderly transaction to transfer the liability or equity instrument would take place between market participants as at the measurement date under current market conditions.

PROFESSIONAL JUDGEMENT

Financial instruments

The Management Board assesses the classification of financial instruments, nature and extent of risk related to financial instruments. The Company classifies financial instruments into individual categories based on the assessment of the business model, taking into account the purpose of their purchase and the nature of the acquired assets as well as assessment of the profile of contractual cash flows.

21. Financial instruments and risk

21.1. Financial instruments by category and class

Financial assets

31/12/2023		Financial instruments by category	
Financial instruments by class	Note	Financial assets measured at amortised cost	Total
Trade and other receivables	*14.*	44 158	**44 158**
Cash pool	*15.*	75 400	**75 400**
Cash and cash equivalents	*16.*	1 966	**1 966**
		121 524	**121 524**

31/12/2022		Financial instruments by category	
Financial instruments by class	Note	Financial assets measured at amortised cost	Total
Trade and other receivables	*14.*	35 701	**35 701**
Cash pool	*15.*	49 170	**49 170**
Cash and cash equivalents	*16.*	3 687	**3 687**
		88 558	**88 558**

OPRÁVNĚNÍ Č. 277 KA ČR 22HLAV s.r.o. (2)

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

21.1. Financial instruments by category and class (continued)

Financial liabilities

31/12/2023		Financial instruments by category		
Financial instruments by class	Note	Financial liabilities measured at amortised cost	Liabilities excluded from the scope of IFRS 9	Total
Lease liabilities		-	82 266	82 266
Trade liabilities	*19.*	41 978	-	41 978
Other	*19.*	160	-	160
		42 138	**82 266**	**124 404**

31/12/2022		Financial instruments by category		
Financial instruments by class	Note	Financial liabilities measured at amortised cost	Liabilities excluded from the scope of IFRS 9	Total
Lease liabilities		-	83 179	83 179
Trade liabilities	*19.*	26 298	-	26 298
Other	*19.*	145	-	145
		26 443	**83 179**	**109 622**

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

2023		Financial instruments by category			
	Note	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Liabilities excluded from the scope of IFRS 9	Total
Interest income	*10.*	2 612	-	-	2 612
Interest costs	*10.*	-	(13)	(4 595)	(4 608)
Foreign exchange gain/(loss)	*10.*	427	(976)	-	(549)
Other	*10.*	-	(84)	-	(84)
		3 039	**(1 073)**	**(4 595)**	**(2 629)**

2022		Financial instruments by category			
	Note	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Liabilities excluded from the scope of IFRS 9	Total
Interest income	*10.*	714	-	-	714
Interest costs	*10.*	-	(91)	(3 646)	(3 737)
Foreign exchange gain/(loss)	*10.*	135	(455)	-	(320)
Other	*10.*	-	(79)	-	(79)
		849	**(625)**	**(3 646)**	**(3 422)**

21.3. Fair value determination

		31/12/2023		Fair value hierarchy	
	Note	Carrying amount	Fair value	Level 1	Level 2
Financial assets					
Trade and other receivables	*14.*	44 158	44 158	-	44 158
Cash pool	*15.*	75 400	75 400	-	75 400
Cash and cash equivalents	*16.*	1 966	1 966	-	1 966
		121 524	**121 524**	**-**	**121 524**
Financial liabilities					
Trade liabilities	*19.*	41 978	41 978	-	41 978
Lease liabilities	*20*	82 266	82 266	-	82 266
Other	*19.*	160	160	-	160
		124 404	**124 404**	**-**	**124 404**

		31/12/2022		Fair value hierarchy	
	Note	Carrying amount	Fair value	Level 1	Level 2
Financial assets					
Trade and other receivables	*14.*	35 701	35 701	-	35 701
Cash pool	*15.*	49 170	49 170	-	49 170
Cash and cash equivalents	*16.*	3 687	3 687	-	3 687
		88 558	**88 558**		**88 558**
Financial liabilities					
Trade liabilities	*19.*	26 298	26 298	-	26 298
Lease liabilities	*20*	83 179	83 179		83 179
Other	*19.*	145	145	-	145
		109 622	**109 622**		**109 622**

OPRÁVNĚNÍ Č. 271 KA ČR 22HLAV s.r.o.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

21.3. Fair value determination (continued)

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 (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 2023 and the comparative period there were no transfers between Levels 1, 2 and 3 in the Company.

21.4. 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.

21.4.1. 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 2023

Financial instruments by class	EUR	Total after translation to CZK
Financial assets		
Trade and other receivables	306	7 578
Cash and cash equivalents	41	1 015
	347	**8 593**
Financial liabilities		
Trade liabilities	520	12 851
	520	**12 851**

Currency structure of financial instruments denominated in main foreign currencies as at 31 December 2022

Financial instruments by class	EUR	Total after translation to CZK
Financial assets		
Trade and other receivables	130	3 134
Cash and cash equivalents	125	3 024
	255	**6 158**
Financial liabilities		
Trade liabilities	15	367
	15	**367**

Sensitivity analysis for currency changes risk

The influence of potential changes in carrying amounts of financial instruments as at 31 December 2023 and as at 31 December 2022 arising from hypothetical changes in exchange rates of relevant currencies in relation to functional currency on profit before tax:

31/12/2023

	Influence on profit before tax			
	Increase of exchange rate	Total influence	Decrease of exchange rate	Total influence
EUR/CZK	15%	(3 824)	15%	3 824
		(3 824)		**3 824**

31/12/2022

	Influence on profit before tax			
	Increase of exchange rate	Total influence	Decrease of exchange rate	Total influence
EUR/CZK	15%	869	15%	(869)
		869		**(869)**

21.4.2. Interest rate risk

Interest rate structure of financial instruments

	PRIBOR		Carrying amount	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Financial assets				
Cash pool	75 400	49 170	75 400	49 170
	75 400	**49 170**	75 400	**49 170**
Financial liabilities				
Cash pool	-	-	-	-
	-	-	-	-

OPRÁVNĚNÍ Č. 271 KA ČR ZZHLAV s.r.o. (2)

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

21.4.2. Interest rate risk (continued)

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	
	31/12/2023	31/12/2022	2023	2022
PRIBOR	+0.5 pp	+0.5 pp	377	246
			377	**246**

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 2023 and 31 December 2022. The influence of interest rates changes was presented on annual basis.

21.4.3. 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

		31/12/2023					
	Note	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Above 5 years	Total	Carrying amount
Trade liabilities	19.	41 978	-	-	-	41 978	41 978
Lease liabilities	20.	23 983	43 167	13 172	50 354	130 676	82 266
Other	19.	160	-	-	-	160	160
		66 121	**43 167**	**13 172**	**50 354**	**172 814**	**124 404**

		31/12/2022					
	Note	Up to 1 year	From 1 to 3 years	From 3 to 5 years	Above 5 years	Total	Carrying amount
Trade liabilities	19.	26 298	-	-	-	26 298	26 298
Lease liabilities	20.	21 539	46 483	17 793	33 068	118 883	83 179
Other	19.	145	-	-	-	145	145
		47 982	**46 483**	**17 793**	**33 068**	**145 326**	**109 622**

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 Company did not exceed 5% of the total trade receivables as at 31 December 2023.

Change in expected credit loss of trade and other receivables

	31/12/2023	31/12/2022
At the beginning of the year	3 195	3 195
Recognition	38	-
	3 233	**3 195**

OPRÁVNĚNÍ Č. 271
KA ČR
22HLAV s.r.o. (2)

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

21.4.3. Liquidity and credit risk (continued)

Ageing analysis of trade receivables and expected credit loss as at 31 December 2023

	Trade receivables, gross	Expected credit loss (in horizon of whole life)	Weighted average rate of expected credit loss	Trade receivables, net
current	43 471	-	-	43 471
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	3 233	3 233	1.00	-
	46 704	**3 233**		**43 471**

Ageing analysis of trade receivables and expected credit loss as at 31 December 2022

	Trade receivables, gross	Expected credit loss (in horizon of whole life)	Weighted average rate of expected credit loss	Trade receivables, net
current	35 328	-	-	35 328
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	-
	38 523	**3 195**		**35 328**

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.

OPRÁVNĚNÍ Č. 277
KA ČR
22HLAV s.r.o.

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

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

The Company realized in the year 2023 investments in total value of CZK 64 757 thousand (CZK 61 043 thousand in 2022). The main investments made in 2023 were the renewal of the fleet of fuel tractors, the purchase of fuel trailers and a hydrogen trailer. (For the hydrogen trailer, this was two instalments out of three - the third instalment will be made in 2024 - see future commitments. The hydrogen trailer is not yet a completed investment.)

As at 31 December 2023 the Company has capital commitments for capital expenditures of CZK 3 127 thousands (31 December 2022: CZK 0 thousand) for the third instalment of the hydrogen trailer + further instalments for the VERITUM software.

23. Related parties transactions

23.1. Material transactions concluded by the Company with related parties

In 2023 and 2022 there were no transactions concluded by the Company with related parties on other than market terms.

23.2. Transactions with key management personnel

In 2023 and 2022 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 2023 and 2022.

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

In 2023 and 2022 the members of the key executive personnel, based on the submitted statements, did not conclude any transactions with their related parties.

23.4. Transactions and balances of settlements of the Company with related parties

Ultimate controlling party

Ultimate controlling party is 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 2023 and 2022.

2023	Orlen S.A.	ORLEN Unipetrol RPA s.r.o.	Entities under control or significant influence of ORLEN Unipetrol a.s.	Entities under control or significant influence of ORLEN S.A.
Sales	-	406 444	19 857	5 870
Purchases	-	59 840	4 181	-
Finance income	-	-	2 612	-
Finance costs	-	676	66	-

31/12/2023	Orlen S.A.	ORLEN Unipetrol RPA s.r.o.	Entities under control or significant influence of ORLEN Unipetrol a.s.	Entities under control or significant influence of ORLEN S.A.
Other current financial assets	-	-	75 400	-
Trade and other receivables	-	34 796	6 598	-
Trade and other liabilities, including loans	-	27 856	2 343	-

2022	Orlen S.A.	ORLEN Unipetrol RPA s.r.o.	Entities under control or significant influence of ORLEN Unipetrol a.s.	Entities under control or significant influence of ORLEN S.A.
Sales	-	336 894	23 419	5 935
Purchases	-	66 452	2 805	-
Finance income	-	-	715	-
Finance costs	-	28	104	-

31/12/2022	Orlen S.A.	ORLEN Unipetrol RPA s.r.o.	Entities under control or significant influence of ORLEN Unipetrol a.s.	Entities under control or significant influence of ORLENS.A.
Other current financial assets	-	-	49 170	-
Trade and other receivables	-	29 601	2 294	-
Trade and other liabilities, including loans	-	20 230	1 904	-

OPRÁVNĚNÍ Č. 277 KA ČR 22HLAV s.r.o. (2)

SEPARATE FINANCIAL STATEMENTS FOR THE YEAR 2023 (in thousands of CZK)

24. 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.

24.1. Key management personnel and statutory representatives compensation

	2023		2022	
	Short-term benefits	Termination benefits	Short-term benefits	Termination benefits
Remuneration of current period (costs)	3 424	-	3 295	-
Paid for previous year	(84)	-	(65)	-
Potentially due to be paid in the following year	8 619	-	8 375	-
	11 959	-	11 605	-

Further detailed information regarding remuneration of key management personnel is included in note 8.3.1.

24.2. Bonus system for key executive personnel of the Company

In 2023 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-said 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.

25. Events after the reporting date

The Company's management is not aware of any events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 December 2023.

26. 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 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 28th February 2024.

Signature of statutory representative

Paweł Łamacz
jednatel

Statutory representative

OPRÁVNĚNÍ Č. 227 KA ČR 22HLAV s.r.o. (2)