FINANCIAL STATEMENTS OF
AB ORLEN LIETUVA
FOR THE YEAR ENDED 31 DECEMBER 2024

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PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING
STANDARDS AS ADOPTED BY THE EUROPEAN UNION

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of AB Orlen Lietuva

Opinion

We have audited the financial statements of AB Orlen Lietuva (the Company), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Capital Adequacy

We draw attention to Note 11 *Going concern* to the financial statements, which indicates that as at 31 December 2024 the Company's equity was negative and amounted to USD 129.1 million (EUR 123.6 million), whereas issued capital was USD 6.5 million (EUR 5.8 million). The Company did not comply with the requirement of Article 38 of the Law on Companies of the Republic of Lithuania stipulating that the equity must amount for at last 50% of the Company's issued capital. In such case, the General Meeting of Shareholders of the Company must be convened as required to consider the decisions referred to in Article 59 of the Law on Companies of the Republic of Lithuania on remediation of the situation within a period not exceeding six months. The related management plans are disclosed in Note 11 *Going Concern* to the financial statements. Our opinion is not qualified in respect of this matter.

Emphasis of matter – Impairment of Property, Plant and Equipment, Intangible Assets and Right to Use Assets

We draw attention to the Note 7.4 *Impairment of property, plant and equipment, intangible assets and right to use assets*, which disclosures the main assumptions adopted in asset impairment tests as at 31 December 2024. Total impairment recognized during the year the ended USD 783.3 million (EUR 711.4 million). Unfavourable market situation as at 31 December 2024 has caused the significant decrease of the recoverable value of the Company's assets. Due to high volatility of the market, including the other factors described in the Note 7.4, there could be very different developments in the future, which are uncertain and not know to the management at the date of the financial statements. Our opinion is not qualified in respect of this matter.

Other Information

The other information comprises the information included in the Company's management report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Company's management report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether management report, has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Company's management report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Company's management report, has been prepared in accordance with the requirements of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte Lietuva UAB
Audit Company License No 001275

Simonas Rimašauskas
Lithuanian Certified Auditor
License No 000466

Vilnius, Republic of Lithuania
11 April 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	for the year ended		for the year ended	
		31/12/2024	31/12/2024	31/12/2023	31/12/2023
		USD	EUR	USD	EUR
Statement of profit or loss					
Sales revenues	6.1	6,357,230	5,873,718	6,948,637	6,426,475
Cost of sales	6.4	(6,050,940)	(5,589,754)	(6,349,940)	(5,873,016)
Gross profit on sales		**306,290**	**283,964**	**598,697**	**553,459**
Distribution expenses	6.4	(156,991)	(144,986)	(152,335)	(140,903)
General and administrative expenses	6.4	(78,431)	(72,534)	(67,247)	(62,175)
Other operating income	6.5	77,847	71,638	120,435	111,651
Other operating expenses	6.6	(877,445)	(800,681)	(125,612)	(115,710)
(Loss)/reversal of loss due to impairment of trade receivables		104	99	(1,152)	(1,057)
Profit/(loss) from operations		**(728,626)**	**(662,500)**	**372,786**	**345,265**
Finance income	6.7	18,000	16,818	11,508	10,583
Finance costs	6.7	(21,122)	(19,538)	(22,137)	(20,375)
Impairment of investments	7.3	-	-	(38,563)	(35,389)
Net finance - investing income/(costs)		**(3,122)**	**(2,720)**	**(49,192)**	**(45,181)**
Profit/(loss) before tax		**(731,748)**	**(665,220)**	**323,594**	**300,084**
Income tax expense	6.8	(22,056)	(21,447)	(6,153)	(5,784)
Net profit/(loss)		**(753,804)**	**(686,667)**	**317,441**	**294,300**
Other comprehensive income: which will not be reclassified subsequently into profit or loss:		**7**	**7**	**(638)**	**(578)**
Actuarial gains and losses	7.9.2	7	7	(638)	(578)
which will be reclasified into profit or loss:		**(2,589)**	**(4,632)**	**5,486**	**(11,994)**
Hedging instruments		(2,589)	(2,344)	5,486	5,060
Exchange differences on translation		-	(2,288)	-	(17,054)
Other comprehensive income		**(2,582)**	**(4,625)**	**4,848**	**(12,572)**
Total net comprehensive income		**(756,386)**	**(691,292)**	**322,289**	**281,728**

Financial statements were approved on 11 April 2025.

Zbigniew Paszkowicz
General Director

Marek Gołębiewski
Chief Financial Officer

Silvija Lazdauskienė
Director of Accounting

(in USD and EUR thous.)

STATEMENT OF FINANCIAL POSITION

	Note	31/12/2024		31/12/2023	
		USD	EUR	USD	EUR
ASSETS					
Non-current assets					
Property, plant and equipment	7.1	25,652	24,562	515,784	466,773
Intangible assets	7.2	7,575	7,253	53,106	48,059
Right of use assets	9.1.1	-	-	3,207	2,902
Investments into subsidiaries and associates	7.3	17,438	16,696	17,438	15,781
Deferred tax assets	6.8.2	-	-	22,056	19,960
Other assets	7.7	644	617	5,946	5,382
Total non-current assets		**51,309**	**49,128**	**617,537**	**558,857**
Current assets					
Inventories	7.5.1	563,168	539,226	530,509	480,099
Trade and other receivables	7.5.2	200,980	192,436	210,996	190,945
Other assets	7.7	11,220	10,743	20,705	18,738
Current tax assets		380	364	402	364
Cash and cash equivalents		2,184	2,091	5,455	4,937
Total current assets		**777,932**	**744,860**	**768,067**	**695,083**
Total assets		**829,241**	**793,988**	**1,385,604**	**1,253,940**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	7.6	6,547	5,794	6,547	5,794
Share premium		50,172	132,152	50,172	132,152
Legal reserves		659	580	659	580
Hedging reserve		-	-	2,589	2,344
Exchange differences on translation		-	(77,731)	-	(75,443)
Retained earnings		(186,491)	(184,419)	567,306	502,241
Total equity		**(129,113)**	**(123,624)**	**627,273**	**567,668**
LIABILITIES					
Non-current liabilities					
Provisions and post employment benefits	7.9	5,896	5,646	6,591	5,965
Lease liabilities	9.1.2	9,327	8,931	12,049	10,904
Loans and borrowings	7.8	2,439	2,335	12,917	11,689
Deferred income		142	136	158	143
Total non-current liabilities		**17,804**	**17,048**	**31,715**	**28,701**
Current liabilities					
Trade and other liabilities	7.5.3	339,953	325,499	431,183	390,209
Lease liabilities	9.1.2	6,212	5,948	5,688	5,148
Loans and borrowings	7.8	9,786	9,370	10,396	9,408
Provisions and post employment benefits	7.9	124,746	119,443	152,690	138,182
Deferred income		1,107	1,060	16	15
Other liabilities	7.7	458,746	439,244	126,643	114,609
Total current liabilities		**940,550**	**900,564**	**726,616**	**657,571**
Total liabilities		**958,354**	**917,612**	**758,331**	**686,272**
Total equity and liabilities		**829,241**	**793,988**	**1,385,604**	**1,253,940**

Financial statements were approved on 11 April 2025.

Zbigniew Paszkowicz
General Director

Marek Gołębiewski
Chief Financial Officer

Silvija Lazdauskienė
Director of Accounting

STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the Parent Company				
USD	Share capital and share premium	Hedging reserve	Legal reserves	Retained earnings	Total equity
1 January 2024	**56,719**	**2,589**	**659**	**567,306**	**627,273**
Loss for the year	-	-	-	(753,804)	**(753,804)**
Components of other comprehensive income	-	(2,589)	-	7	**(2,582)**
Total net comprehensive income	**-**	**(2,589)**	**-**	**(753,797)**	**(756,386)**
31 December 2024	**56,719**	**-**	**659**	**(186,491)**	**(129,113)**
1 January 2023	**56,719**	**(2,897)**	**659**	**250,503**	**304,984**
Profit for the year	-	-	-	317,441	**317,441**
Components of other comprehensive income	-	5,486	-	(638)	**4,848**
Total net comprehensive income	**-**	**5,486**	**-**	**316,803**	**322,289**
31 December 2023	**56,719**	**2,589**	**659**	**567,306**	**627,273**

	Equity attributable to equity holders of the Parent Company					
EUR	Share capital and share premium	Hedging reserve	Legal reserves	Exchange differences on translation	Retained earnings	Total equity
1 January 2024	**137,946**	**2,344**	**580**	**(75,443)**	**502,241**	**567,668**
Profit for the year	-	-	-	-	(686,667)	**(686,667)**
Components of other comprehensive income	-	(2,344)	-	(2,288)	7	**(4,625)**
Total net comprehensive income	**-**	**(2,344)**	**-**	**(2,288)**	**(686,660)**	**(691,292)**
31 December 2024	**137,946**	**-**	**580**	**(77,731)**	**(184,419)**	**(123,624)**
1 January 2023	**137,946**	**(2,716)**	**580**	**(58,389)**	**208,519**	**285,940**
Profit for the year	-	-	-	-	294,300	**294,300**
Components of other comprehensive income	-	5,060	-	(17,054)	(578)	**(12,572)**
Total net comprehensive income	**-**	**5,060**	**-**	**(17,054)**	**293,722**	**281,728**
31 December 2023	**137,946**	**2,344**	**580**	**(75,443)**	**502,241**	**567,668**

Financial statements were approved on 11 April 2025.

Zbigniew Paszkowicz
General Director

Marek Golębiewski
Chief Financial Officer

Silvija Lazdauskienė
Director of Accounting

(in USD and EUR thous.)

STATEMENT OF CASH FLOWS

	Note	for the year ended 31/12/2024 USD	for the year ended 31/12/2024 EUR	for the year ended 31/12/2023 USD	for the year ended 31/12/2023 EUR
Cash flows from operating activities					
Net profit/(loss)		**(753,804)**	**(686,667)**	**317,441**	**294,300**
Adjustments for:					
Depreciation and amortisation	6.4	14,041	12,923	16,946	15,670
Recognization/(Reversal) of impairment losses on property, plant and equipment, intangible assets and non-current assets classified as held for sale	6.5, 6.6	783,399	713,685	7,905	7,255
Foreign exchange (gain)/loss		(633)	(607)	2,811	2,592
Interest and dividend, net		8,218	7,546	1,016	1,008
(Profit)/loss on investing activities		14,526	13,817	41,733	37,625
Change in working capital:		(89,563)	(88,065)	100,324	91,304
receivables		*15,429*	*12,126*	*32,340*	*32,294*
inventories		*(32,649)*	*(31,501)*	*71,964*	*64,507*
liabilities		*(72,343)*	*(68,690)*	*(3,980)*	*(5,497)*
Change in provisions and post employment benefits		102,852	95,418	165,877	153,350
Tax expense	6.8	22,056	21,447	6,153	5,784
Income tax (paid)/received		22	21	23	21
Change in financial instruments		1,969	1,717	(7,630)	(7,114)
Other adjustments		(86,542)	(79,985)	(129,422)	(119,770)
Net cash from operating activities		**16,541**	**11,250**	**523,177**	**482,025**
Cash flows from investing activities					
Acquisition of property, plant and equipment, intangible assets and right of use assets		(317,159)	(295,036)	(330,669)	(305,531)
Disposal of property, plant and equipment, intangible assets and right of use assets		192	177	115	107
Increase/(decrease) in derivatives		(14,313)	(13,363)	11,590	10,179
Interest and dividend received		8,777	8,148	11,185	10,282
Net flows within cash-pool system		(1,811)	(1,718)	(2,185)	(2,023)
Net cash from/(used in) investing activities		**(324,314)**	**(301,792)**	**(309,964)**	**(286,986)**
Cash flows from financing activities					
Repayment of loans and borrowings		(11,359)	(10,515)	(11,359)	(10,537)
Net flows within cash-pool system		337,487	317,941	(186,132)	(170,014)
Interest paid		(15,632)	(14,467)	(11,784)	(10,897)
Payments of liabilities under lease agreements		(4,927)	(4,558)	(4,715)	(4,360)
Other		(1,067)	(985)	(94)	(86)
Net cash from/(used in) financing activities		**304,502**	**287,416**	**(214,084)**	**(195,894)**
Net increase/(decrease) in cash		**(3,271)**	**(3,126)**	**(871)**	**(855)**
Effect of changes in exchange rates		-	280	-	(139)
Cash, beginning of the period		**5,455**	**4,937**	**6,326**	**5,931**
Cash, end of the period		**2,184**	**2,091**	**5,455**	**4,937**

Financial statements were approved on 11 April 2025.

Zbigniew Paszkowicz
General Director

Marek Golębiewski
Chief Financial Officer

Silvija Lazdauskienė
Director of Accounting

BASIC INFORMATION

1. ACTIVITY AND STRUCTURE OF THE COMPANY

INFORMATION ABOUT ORLEN LIETUVA	
NAME OF THE COMPANY	AB ORLEN Lietuva
REGISTERED OFFICE	Mažeikių St. 75, Juodeikiai village, Mazeikiai District, Republic of Lithuania LT-89453
ENTITY REGISTRATION NUMBER IN CENTER OF REGISTERS	166451720
VAT payer code	LT1664517219
PRINCIPAL ACTIVITY	– crude oil processing, – production of fuel and petrochemical goods, – wholesale of fuel products, – transportation of fuels and other services.

AB ORLEN Lietuva (“the Company”) comprises an oil refinery enterprise in Mažeikiai, the Būtingė terminal and an oil products pumping station in Biržai.
The sole shareholder of the Company is ORLEN Spółka Akcyjna (ORLEN S.A.), code 610188201, address: Chemików 7, 09–411 Płock, Poland.
The company, as the parent company of the ORLEN LIETUVA group, does not prepare a set of consolidated financial statements and a consolidated annual report, based on the excemption provided in Article 17 (1)(1) of Section 5 of the Law of the Republic of Lithuania on Consolidated Financial Reporting by Undertakings and Groups of Undertakings. In order to ensure the efficiency of the reporting process, on 25/01/2023 the management of ORLEN S.A. approved in writing the permission to use this exception. The financial statement data of the Company and its subsidiaries are included in the consolidated statements of the ORLEN Group.

Structure of the company

The Company has three subsidiaries and one associate which are listed below:

Name of entity	Headquarters	Share of the Group (%) 31/12/2024	Share of the Group (%) 31/12/2023	Nature of activity
Subsidiaries				
SIA ORLEN Latvija	Latvia - Riga	100	100	Wholesale of refined petroleum products in Latvia
OU ORLEN Eesti	Estonia - Tallinn	100	100	Wholesale of refined petroleum products in Estonia
UAB ORLEN Mockavos terminalas	Lithuania - Zelionka vil.	100	100	Reloading and handling of oil products
Associated company				
UAB Naftelf	Lithuania - Vilnius	34	34	Trading in aviation fuel and construction of storage facilities thereof

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared with accounting principles contained in the IFRS Accounting Standards comprising International Accounting standards (IAS) as well as Interpretations of Standing Interpretation Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC), which were adopted by the European Union (EU). The accounting principles applied by the Company are based on standards and interpretations adopted by the European Union and applicable to the period beginning on 1 January 2024 or earlier periods.
The financial statements have been prepared on a historical cost basis, except derivatives measured at fair value through other comprehensive income. The financial statements have been prepared using the accrual basis of accounting except from the financial statement of cash flows.
The financial statements cover the annual reporting period from 1 January to 31 December 2024 and the comparative period from 1 January to 31 December 2023. Presented financial statements present a true and fair view of the Company’s financial position as at 31 December 2024, results of its operations and cash flows for the year ended 31 December 2024.
The financial statements have been prepared on the assumption that the Company will continue to operate as a going concern in the foreseeable future. As at the date of approval of this financial statements, there is no evidence indicating that Company will not be able to continue its operations as a going concern. The Company have unlimited period of operations.

3. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY OF FINANCIAL STATEMENTS AND METHODS APPLIED TO TRANSLATION OF FINANCIAL DATA

The functional currency of the Company is US dollar (USD) and presentation currency of this financial statements is Euro (EUR).
Financial statements of the Company prepared in US dollars are translated to the presentation currency EUR by using:

- particular assets and liabilities – at spot exchange rate as at the end of the reporting period,
- equity – using historical exchange rate,
- items of the statement of profit or loss and other comprehensive income and the statement of cash flows - using monthly average exchange rate for the reporting period (arithmetic average exchange rates published by European Central Bank of working days in a given period).

Foreign exchange differences resulting from the above recalculations are recognized in equity in the line of exchange differences on translation.

Exchange rates used for calculation of assets and liabilities

CURRENCIES	exchange rate at the end of the reporting period	
	31/12/2024	31/12/2023
EUR/USD	1.0444	1.1050

4. ACCOUNTING PRINCIPLES

Significant accounting principles and significant values based on judgements and estimates are presented as a part of the specific explanatory notes to the financial statements. The Company applied the accounting principles consistently to all presented reporting periods.
The preparation of financial statements in accordance with IFRS Accounting Standards as adopted by EU requires that the Management make professional judgments, estimates and assumptions that affect the presented amounts. The estimates and related assumptions are based on historical expertise and other factors regarded as reliable in given circumstances and their effects provide grounds of professional judgments of the carrying amount of assets and liabilities which is not based directly on any other factors.
In the matters of considerable weight, the Management might base its estimates on opinions of independent experts.The judgments and estimates and related assumptions are verified on regular basis.

5. IMPACT OF IFRS ACCOUNTING STANDARDS AS ADOPTED BY EU CHANGES ON FINANCIAL STATEMENTS OF THE COMPANY

STANDARDS AND INTERPRETATIONS ADOPTED IN 2024 AND NOT APPLICABLE AS AT THE BALANCE DATE

1. **Standards and interpretations and amendments to standards and interpretations that were endorsed in the financial year 2024**

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and approved for use in the European Union (EU) have been applied for the first time in financial statements of the Company for the financial year 2024:

- **Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback,** endorsed in the EU on 20 November 2023 (effective for annual periods beginning on or after 1 January 2024).
- **Amendments to IAS 1 Presentation of Financial Statements,** Classification of Liabilities as Current or Non-current, endorsed in the EU on 19 December 2023 (effective for annual periods beginning on or after 1 January 2024).
- **Amendments to IAS 1 Presentation of Financial Statements,** Non-current Liabilities with Covenants, endorsed in the EU on 19 December 2023 (effective for annual periods beginning on or after 1 January 2024).
- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements,** endorsed in the EU on 15 May 2024 (effective for annual periods beginning on or after 1 January 2024).

The above-mentioned amendments to the standards did not have a significant impact on the financial statements of the Company for the financial year 2024.

2. Standards and interpretations and amendments to standards and interpretations that have been issued by the IASB and endorsed by the EU, but have not entered into force and have not been adopted by the Company for earlier application

New standards and amendments to existing standards that have already been issued by the IASB and endorsed by the EU, but have not yet entered into force and the Company has not decided to apply them earlier:

• **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability**, endorsed by the EU on 12 November 2024 (effective for annual periods beginning on or after January 1, 2025).

3. Standards and interpretations and amendments to standards and interpretations that have been issued by the IASB but have not yet been endorsed for use in the EU

IFRS Accounting Standards as adopted by the EU currently do not differ significantly from the regulations issued by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to standards that have not yet been endorsed for use in the EU:

• **Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7** (effective for annual periods beginning on or after 1 January 2026).

• **IFRS 18 Presentation and Disclosure in Financial Statements** (effective for annual periods beginning on or after 1 January 2027).

• **IFRS 19 Subsidiaries without Public Accountability: Disclosures** (effective for annual periods beginning on or after 1 January 2027).

• **Annual Improvements Volume 11** (effective for annual periods beginning on or after 1 January 2026), including:

➢ Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards: hedge accounting run by an entity applying IFRS Accounting Standards as adopted by EU for the first time.

➢ Amendments to IFRS 7 Financial Instruments; Disclosures: gain or loss on derecognition, disclosure of deferred difference between fair value and transaction price, guidance on implementing credit risk introduction and disclosure.

➢ Amendments to IFRS 9 Financial Instruments: derecognition of lease liabilities by the lessee and the transaction price.

➢ Amendments to IFRS 10 Consolidated financial statements.

➢ Amendments to IAS 7 Statement of Cash Flows: cost method.

• **Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7** (effective for annual periods beginning on or after 1 January 2026).

• **IFRS 14 Regulatory Deferral Accounts** (IASB effective date: 1 January 2016). European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard.

• **Amendments to IFRS 10 and IAS 28** (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted). Endorsement process postponed indefinitely until the research project on the equity method has been concluded.

According to the estimates of the Company, the above-mentioned new standards and amendments to existing standards would not have a significant impact on the financial statements if they were applied by the Company.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

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

6.1. Sales revenues

SELECTED ACCOUNTING PRINCIPLES

Sales revenues

Sales revenues of goods and services are recognized at a point in time (or over time) when a performance obligations are satisfied by transferring a promised good or service (i.e. an asset) to a customer in the amount reflecting the consideration, to which – as the Company expects – it will be entitled in exchange for these goods or services. An asset is transferred when the customer obtains control of that asset. The following circumstances indicate the transfer of control in accordance with IFRS 15: the current right of the seller to consideration for an asset, the legal ownership of the asset by the customer, physical possession of the asset, transfer of risks and rewards and acceptance of the asset by the customer. Revenues include received and due payments for delivered finished goods, merchandise, and services, decreased by the amount of any trade discounts and value added tax (VAT), excise tax and fuel charges. The amount of revenues is determined at the fair value of the payment received or due. Revenues from the sale of finished goods and services are adjusted for profits or losses from settlement of cash flows hedging instruments related to the above mentioned revenues. There is no significant financing component in the Company‘s contracts with customers.

	for the year ended		for the year ended	
	31/12/2024	31/12/2024	31/12/2023	31/12/2023
	USD	EUR	USD	EUR
Sales of finished goods	6,183,209	5,714,267	6,733,642	6,226,654
Sales of services	21,043	19,388	18,735	17,341
Revenues from sales of finished goods and services, net	**6,204,252**	**5,733,655**	**6,752,377**	**6,243,995**
Sales of goods for resale	149,701	136,983	195,082	181,385
Sales of spare parts and other materials	3,277	3,080	1,178	1,095
Revenues from sales of goods for resale and spare parts, net	**152,978**	**140,063**	**196,260**	**182,480**
Total	**6,357,230**	**5,873,718**	**6,948,637**	**6,426,475**

Except of revenues according to product type and geographical region presented in notes 6.2 and 6.3, the Company analyses revenues based on the type of contract, date of transfer, contract duration and sales channels.

Contracts with customers in exchange for goods/services provided in majority cases are based on pricing formula using benchmark quotations average for a delivery month with premium reflecting sales conditions added to. Other cases cover sales from fixed price or pricing formulas with other pricing period but in all cases shorter than 1 month for final price settlement. Thus, the revenues already recognized will not change. With respect to sales of goods, the Company recognizes revenue from fulfilment of the performance obligation, depending on the terms of delivery applied (Incoterms DAP, FOB, FCA, CIF and others). The duration of contracts within the Company is short-term. Direct sales to customers in the Company are carried out using a network of complementary infrastructure components: own or third-party fuel terminals, from which products are transported by ships, rail transport and tankers.

(in USD and EUR thous.)

6.2. Sales revenues in division on assortments

	for the year ended		for the year ended	
	31/12/2024	31/12/2024	31/12/2023	31/12/2023
	USD	EUR	USD	EUR
Diesel fuel	3,102,960	2,867,185	3,558,222	3,291,717
Gasoline	2,002,450	1,850,006	2,171,026	2,007,092
Heavy heating oil	377,675	349,558	341,326	315,800
Jet A-1 fuel	196,438	181,296	222,101	205,407
LPG	124,248	114,945	115,644	106,839
Bitumens	225,295	207,579	228,972	211,799
Propylene	62,060	57,167	35,623	32,898
Other	241,784	223,514	255,809	236,487
Services	21,043	19,388	18,735	17,341
Sales of spare parts and other materials	3,277	3,080	1,179	1,095
Total	**6,357,230**	**5,873,718**	**6,948,637**	**6,426,475**

In 2024, there were no external customers in the Company, whose revenues from sales individually exceeded 10% of total revenues from sale to external customers.

In 2023, there were two major external customers in the Company, whose revenues from sales amounted to USD 1 015 972 thousand or EUR 932 358 thousand and individually exceeded 10% of total revenues from sale to external customers.

6.3. Sales revenues geographical division – disclosed by customer's premises countries

	for the year ended		for the year ended	
	31/12/2024	31/12/2024	31/12/2023	31/12/2023
	USD	EUR	USD	EUR
Lithuania	1,346,256	1,244,693	1,458,049	1,348,515
Latvia and Estonia	1,383,569	1,276,611	1,547,297	1,430,425
Poland	657,263	607,324	854,382	790,640
Other EU countries	148,515	136,946	120,367	111,424
Other countries, including:	2,821,627	2,608,144	2,968,542	2,745,471
Switzerland	*2,308,661*	*2,134,529*	*2,289,910*	*2,116,285*
Total	**6,357,230**	**5,873,718**	**6,948,637**	**6,426,475**

Position Other countries mainly comprises sales to customers from Ukraine, United Kingdom and Singapore.

6.4. Cost by nature

SELECTED ACCOUNTING PRINCIPLES

Costs

Cost of sales includes costs of finished goods, merchandise, services and raw materials sold and adjustments related to inventories written down to net realizable value.
Costs are adjusted for profits or losses from settlement of cash flow hedging instruments related to the above mentioned costs.
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.

(in USD and EUR thous.)

	Note	for the year ended 31/12/2024	for the year ended 31/12/2024	for the year ended 31/12/2023	for the year ended 31/12/2023
		USD	EUR	USD	EUR
Usage of materials and energy		(5,750,717)	(5,312,442)	(6,042,821)	(5,588,459)
Costs of goods for resale		(148,105)	(135,533)	(190,506)	(177,131)
External services		(192,252)	(177,552)	(183,660)	(169,919)
Employee benefits, including:		(70,967)	(65,684)	(66,570)	(61,503)
payroll expenses		*(65,634)*	*(60,750)*	*(61,658)*	*(56,959)*
social security expenses		*(1,373)*	*(1,271)*	*(1,379)*	*(1,274)*
Other employee benefits expenses		(3,960)	(3,663)	(3,533)	(3,270)
Depreciation and amortization	7.1, 7.2, 9.1.1	(14,041)	(12,923)	(16,946)	(15,670)
Taxes and charges		(33,519)	(31,307)	(50,789)	(46,875)
Other costs		(24,377)	(22,528)	(18,188)	(16,803)
		(6,233,978)	**(5,757,969)**	**(6,569,480)**	**(6,076,360)**
Change in finished goods and work in progress		(63,917)	(59,432)	14,145	13,351
Cost of products and services for own use		31	24	47	44
Write-down of inventories	7.5.1	11,502	10,103	(14,234)	(13,129)
Total operating expenses		**(6,286,362)**	**(5,807,274)**	**(6,569,522)**	**(6,076,094)**
Distribution expenses		156,991	144,986	152,335	140,903
General and administrative expenses		78,431	72,534	67,247	62,175
Cost of sales		**(6,050,940)**	**(5,589,754)**	**(6,349,940)**	**(5,873,016)**

6.5. Other operating income

	Note	for the year ended 31/12/2024	for the year ended 31/12/2024	for the year ended 31/12/2023	for the year ended 31/12/2023
		USD	EUR	USD	EUR
Profit from disposal of non-financial fixed assets		201	185	164	152
Reversal of impairment allowances of property, plant and equipment, intangible assets, right to use assets and other non curent assets, held for resale		54	51	107	99
Penalties, damages and compensations		354	326	6,121	5,660
Settlement and valuation of derivative financial instruments related to operational exposure	8.2	76,344	70,277	110,244	102,241
Ineffective part related to settlement and valuation of operating exposure	8.2	450	409	2,935	2,700
Stocktaking discrepancies		3	3	14	14
Other		441	387	850	785
Total		**77,847**	**71,638**	**120,435**	**111,651**

6.6. Other operating expenses

	Note	for the year ended		for the year ended	
		31/12/2024	31/12/2024	31/12/2023	31/12/2023
		USD	EUR	USD	EUR
Loss from disposal of non-financial fixed assets		-	-	(317)	(296)
Recognition of impairment allowances of property, plant and equipment, intangible assets, right to use assets and other non-current assets classified as held for sale		(783,453)	(713,736)	(8,011)	(7,354)
Penalties, damages and compensations		(182)	(169)	(273)	(253)
Settlement and valuation of derivative financial instruments related to operational exposure	8.2	(91,049)	(84,257)	(113,261)	(104,334)
Ineffective part related to settlement and valuation of operating exposure	8.2	(2,268)	(2,059)	(2,776)	(2,571)
Other		(493)	(460)	(974)	(902)
Total		**(877,445)**	**(800,681)**	**(125,612)**	**(115,710)**

6.7. Finance income and costs

	Note	for the year ended		for the year ended	
		31/12/2024	31/12/2024	31/12/2023	31/12/2023
Finance income		USD	EUR	USD	EUR
Dividends income	8.2	8,441	7,865	10,844	9,966
Interest	8.2	462	415	540	503
Net foreign exchange gains	8.2	8,897	8,353	-	-
Granted guarantee	8.2	200	185	124	114
Total finance income		**18,000**	**16,818**	**11,508**	**10,583**
Finance costs					
Interest	8.2	(17,140)	(15,859)	(12,403)	(11,476)
Net foreign exchange loss	8.2	-	-	(6,464)	(5,875)
Granted guarantee	8.2	(188)	(173)	(93)	(86)
Costs of factoring	8.2	(2,915)	(2,694)	(3,177)	(2,938)
Other	8.2	(879)	(812)	-	-
Total finance costs		**(21,122)**	**(19,538)**	**(22,137)**	**(20,375)**

6.8. Tax expense

SELECTED ACCOUNTING PRINCIPLES

Income tax expenses

Income tax expenses (tax expense) 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 as non-current and are not discounted. They are offset on the level of particular financial statements of the Company when there is a legally enforceable right to set off the recognized amounts.

	for the year ended		for the year ended	
	31/12/2024	31/12/2024	31/12/2023	31/12/2023
	USD	EUR	USD	EUR
Deferred tax expense	22,056	21,447	6,153	5,784
Tax recognized in profit or loss	**22,056**	**21,447**	**6,153**	**5,784**

6.8.1. Reconciliation of effective tax rate

	for the year ended 31/12/2024 USD	for the year ended 31/12/2024 EUR	for the year ended 31/12/2023 USD	for the year ended 31/12/2023 EUR
Profit (loss) for the period before tax	(731,748)	(665,220)	323,594	300,084
Profit tax applying 15 % tax rate	(109,762)	(99,783)	48,539	45,013
Non-taxable income	(1,335)	(1,234)	(2,311)	(2,121)
Expenses not deductible for tax purposes	111,017	102,579	6,907	6,339
Fixed assets investment relief utilization/ (recognition)	17,222	15,913	(44,999)	(41,296)
Tax loss utilization (recognition)	3,590	3,317	(828)	(760)
Valuation of derivative financial instruments	1,324	1,223	(861)	(790)
Other	-	-	(294)	(270)
Exchange differences on translation	-	(568)	-	(331)
Tax expense	**22,056**	**21,447**	**6,153**	**5,784**

6.8.2. Deferred tax

	31/12/2023		Deferred tax recognized in statement of profit or loss		Foreign exchange differences	31/12/2024	
Deferred tax assets / (liabilities)	**USD**	**EUR**	**USD**	**EUR**	**EUR**	**USD**	**EUR**
Impairment allowances	181,499	164,253	137,116	133,330	7,487	318,615	305,070
NRV (Net realisable value)	1,754	1,587	(1,754)	(1,706)	119	-	-
Provisions and accruals	1,756	1,589	2,168	2,108	60	3,924	3,757
Unrealized foreign exchange differences	10,177	9,210	(24,920)	(24,232)	906	(14,743)	(14,116)
Difference between carrying amount and tax base of property, plant and equipment	(72,523)	(65,632)	(14,294)	(13,899)	(3,595)	(86,817)	(83,126)
Tax loss carried forward	-	-	3,829	3,723	(57)	3,829	3,666
Valuation of derivative financial instruments	1,324	1,198	(1,891)	(1,839)	98	(567)	(543)
Investment relief	17,222	15,586	(17,222)	(16,746)	1,160	-	-
Other	798	722	(30)	(29)	42	768	735
Total deferred tax assets / (liabilities)	**142,007**	**128,513**	**83,002**	**80,710**	**6,220**	**225,009**	**215,443**
Deferred tax asset / (liabilities) not recognised	**(119,951)**	**(108,553)**	**(105,058)**	**(102,157)**	**(4,733)**	**(225,009)**	**(215,443)**
Deferred tax, net	**22,056**	**19,960**	**(22,056)**	**(21,447)**	**1,487**	**-**	**-**

The Tax loss utilization (recognition) amount on table 6.8.1. Reconciliation of effective tax rate is USD 3 590 thousand and on table 6.8.2. Deferred tax it is USD 3 829 thousand. They differ due to different income tax rate applied. For the Note 6.8.1. Reconciliation of effective tax rate was applied 15% income tax rate and for the Note 6.8.2. Deferred tax was applied 16% income tax rate. The taxable base in both cases is the same.

(in USD and EUR thous.)

	31/12/2022		Deferred tax recognized in statement of profit or loss		Foreign exchange differences	31/12/2023	
Deferred tax assets / (liabilities)	**USD**	**EUR**	**USD**	**EUR**	**EUR**	**USD**	**EUR**
Impairment allowances	174,469	163,575	7,030	6,452	(5,774)	181,499	164,253
NRV (Net realisable value)	-	-	1,754	1,609	(22)	1,754	1,587
Provisions and accruals	298	279	1,458	1,338	(28)	1,756	1,589
Unrealized foreign exchange differences	(2,995)	(2,808)	13,172	12,088	(70)	10,177	9,210
Difference between carrying amount and tax base of property, plant and equipment	(63,600)	(59,629)	(8,923)	(8,189)	2,186	(72,523)	(65,632)
Tax loss carried forward	16,487	15,458	(16,487)	(15,130)	(328)	-	-
Valuation of derivative financial instruments	463	434	861	790	(26)	1,324	1,198
Investment relief	10,962	10,278	6,260	5,745	(437)	17,222	15,586
Other	621	582	177	162	(22)	798	722
Total deferred tax assets / (liabilities)	**136,705**	**128,169**	**5,302**	**4,865**	**(4,521)**	**142,007**	**128,513**
Deferred tax asset / (liabilities) not recognised	**(108,496)**	**(101,721)**	**(11,455)**	**(10,649)**	**3,817**	**(119,951)**	**(108,553)**
Deferred tax, net	**28,209**	**26,448**	**(6,153)**	**(5,784)**	**(704)**	**22,056**	**19,960**

7. EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

7.1. Property, plant and equipment

SELECTED ACCOUNTING PRINCIPLES

Property, plant and equipment

Property, plant and equipment shall be measured initially at acquisition or production cost and shall be presented in the statement of financial position in its net carrying amount. Property, plant and equipment are presented in the statement of financial position at the net book value which is the amount at which an asset is initially recognized (cost) less accumulated depreciation and any accumulated impairment losses.

The costs of significant repairs and regular maintenance programs are recognized as property, plant and equipment.

Fixed assets are depreciated with straight-line method and in justified cases units of production method of depreciation (catalysts).

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately over the period reflecting its useful life.

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 method of depreciation, residual value and useful life of an asset are reviewed at least at the end of each year. When it is necessary adjustments of depreciation are carried out in subsequent periods (prospectively).

PROFESSIONAL JUDGEMENT AND ESTIMATES

Useful lives of property, plant and equipment

The Company verifies economic useful lives of property, plant and equipment at least once a year.

The impact of verification of useful lives in 2024 resulted an increase of depreciation costs by USD 92 thousands or EUR 88 thousands compared to depreciation costs that were recognised based on useful lives applied in 2023.

(in USD and EUR thous.)

USD	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
Net carrying amount at 01/01/2024						
Gross carrying amount	1	450,082	1,509,373	103,595	496,771	2,559,822
Accumulated depreciation	-	(206,495)	(663,291)	(44,136)	-	(913,922)
Impairment allowances	(1)	(225,756)	(782,592)	(25,576)	(96,191)	(1,130,116)
	-	**17,831**	**63,490**	**33,883**	**400,580**	**515,784**
Increases/(decreases), net						
Investment expenditures	-	1,047	16,018	13,767	265,991	296,823
Depreciation	-	(1,082)	(9,316)	(2,125)	-	(12,523)
Reclassifications	-	5,171	13,823	(4,622)	(14,428)	(56)
Other	-	(1)	(391)	(1,822)	-	(2,214)
Impairment allowances, net	**-**	**(22,966)**	**(83,624)**	**(13,429)**	**(652,143)**	**(772,162)**
Recognition	-	(22,512)	(70,423)	(14,968)	(666,550)	(774,453)
Reversal	-	-	-	34	20	54
Reclassifications	-	(455)	(13,592)	(294)	14,387	46
Other	-	1	391	1,799	-	2,191
	-	**-**	**-**	**25,652**	**-**	**25,652**
Net carrying amount at 31/12/2024						
Gross carrying amount	1	456,296	1,536,912	107,388	748,335	2,848,932
Accumulated depreciation	-	(207,574)	(670,695)	(42,732)	-	(921,001)
Impairment allowances	(1)	(248,722)	(866,217)	(39,004)	(748,335)	(1,902,279)
	-	**-**	**-**	**25,652**	**-**	**25,652**
Net carrying amount at 01/01/2023						
Gross carrying amount	1	442,431	1,459,610	96,589	190,469	2,189,100
Accumulated depreciation	-	(205,388)	(654,148)	(42,687)	-	(902,223)
Impairment allowances	(1)	(220,340)	(745,513)	(20,336)	(136,749)	(1,122,939)
	-	**16,703**	**59,949**	**33,566**	**53,720**	**163,938**
Increases/(decreases), net						
Investment expenditures	-	1,611	8,921	4,876	359,287	374,695
Depreciation	-	(1,107)	(11,667)	(2,274)	-	(15,048)
Reclassifications	-	6,040	43,923	2,971	(52,985)	(51)
Other	-	-	(556)	(16)	-	(572)
Impairment allowances, net	**-**	**(5,416)**	**(37,080)**	**(5,240)**	**40,558**	**(7,178)**
Recognition	-	(316)	(1,310)	(57)	(6,205)	(7,888)
Reversal	-	-	-	9	98	107
Reclassifications	-	(5,100)	(36,315)	(5,207)	46,665	43
Other	-	-	545	15	-	560
Net carrying amount at 31/12/2023	**-**	**17,831**	**63,490**	**33,883**	**400,580**	**515,784**

EUR	Land	Buildings and constructions	Machinery and equipment	Vehicles and other	Construction in progress	Total
Net carrying amount at 01/01/2024						
Gross carrying amount	1	407,314	1,365,948	93,751	449,567	2,316,581
Accumulated depreciation	-	(186,874)	(600,263)	(39,942)	-	(827,079)
Impairment allowances	(1)	(204,304)	(708,228)	(23,145)	(87,051)	(1,022,729)
	-	**16,136**	**57,457**	**30,664**	**362,516**	**466,773**
Increases/(decreases), net						
Investment expenditures	-	970	15,011	12,717	247,300	275,998
Depreciation	-	(995)	(8,570)	(1,962)	-	(11,527)
Reclassifications	-	4,782	12,781	(4,302)	(13,313)	(52)
Other	-	(1)	(368)	(1,698)	-	(2,067)
Impairment allowances, net	**-**	**(20,719)**	**(75,912)**	**(12,057)**	**(594,762)**	**(703,450)**
Recognition	-	(20,293)	(63,530)	(13,488)	(608,277)	(705,588)
Reversal	-	-	-	32	19	51
Reclassifications	-	(427)	(12,750)	(277)	13,496	42
Other	-	1	368	1,676	-	2,045
Foreign exchange differences, incl.:	-	(173)	(399)	1,200	(1,741)	(1,113)
foreign exchange differences of impairment allowances	-	(13,125)	(45,252)	(2,144)	(34,708)	(95,229)
	-	**-**	**-**	**24,562**	**-**	**24,562**
Net carrying amount at 31/12/2024						
Gross carrying amount	1	436,897	1,471,574	102,823	716,521	2,727,816
Accumulated depreciation	-	(198,749)	(642,182)	(40,915)	-	(881,846)
Impairment allowances	(1)	(238,148)	(829,392)	(37,346)	(716,521)	(1,821,408)
	-	**-**	**-**	**24,562**	**-**	**24,562**
Net carrying amount at 01/01/2023						
Gross carrying amount	1	414,806	1,368,469	90,557	178,576	2,052,409
Accumulated depreciation	-	(192,564)	(613,302)	(40,021)	-	(845,887)
Impairment allowances	(1)	(206,582)	(698,962)	(19,065)	(128,210)	(1,052,820)
	-	**15,660**	**56,205**	**31,471**	**50,366**	**153,702**
Increases/(decreases), net						
Investment expenditures	-	1,489	8,210	4,529	331,749	345,977
Depreciation	-	(1,024)	(10,790)	(2,102)	-	(13,916)
Reclassifications	-	5,652	40,674	2,645	(49,019)	(48)
Other	-	-	(509)	(14)	-	(523)
Impairment allowances, net	**-**	**(4,978)**	**(34,046)**	**(4,820)**	**37,253**	**(6,591)**
Recognition	-	(291)	(1,201)	(53)	(5,697)	(7,242)
Reversal	-	-	-	8	91	99
Reclassifications	-	(4,687)	(33,343)	(4,789)	42,859	40
Other	-	-	498	14	-	512
Foreign exchange differences, incl.:	-	(663)	(2,287)	(1,045)	(7,833)	(11,828)
foreign exchange differences of impairment allowances	-	7,255	24,781	740	3,906	36,682
Net carrying amount at 31/12/2023	**-**	**16,136**	**57,457**	**30,664**	**362,516**	**466,773**

Other information connected with property, plant and equipment

	31/12/2024	31/12/2024	31/12/2023	31/12/2023
	USD	EUR	USD	EUR
The acquisition costs of all fully depreciated property, plant and equipment still in use	40,824	39,088	42,802	38,735
The carrying amounts of idle property, plant and equipment and not clasified as held for sale	-	-	35	32

The acquisition costs of all fully depreciated property, plant and equipment still in use represents the gross amount of all fully depreciated fixed assets in use which value has been depreciated, excluding assets written off for impairment losses.

7.2. Intangible assets

SELECTED ACCOUNTING PRINCIPLES

Intangible assets
An intangible asset shall be measured initially at acquisition or production cost and shall be presented in the statement of financial position in its net carrying amount.
Intangible assets with the finite useful life are amortised using straight-line method. Amortization shall begin when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.
Standard useful lives of intangible assets are from 2 to 10 for software and from 2 to 15 years for concessions, licenses, patents and similar.
The amortization method and useful life of intangible asset item are verified at least at the end of each year.

Rights
The main item of rights is CO_2 emission rights, not amortised, tested for impairment.
Granted emission allowances are presented as intangible assets in correspondence with deferred income at fair value as at the date of registration. If the allowances in a given year are not registered on the account under the date resulting from regulations, they are presented as receivable on the reporting date in correspondence with deferred income (as separate items) in the fair value of allowances due at the reporting date. The receivable is settled at the moment of allowances registration in the subsequent period by the disclosure of intangible assets.
Purchased allowances are presented at purchase price. For the estimated CO_2 emission during the reporting period, a provision is created (taxes and charges).
Grants are recognized on a systematic basis in each reporting period to ensure proportionality with the relevant costs of the created reserve. The Company recognises costs flows of CO_2 emission allowances at weighted average method.

ESTIMATES

Useful lives of intangible assets
The Company verifies useful lives of intangible assets once at year end with effect from the beginning of next year. The impact of verification of useful lives of intangible assets in 2024 resulted no change of depreciation costs compared to depreciation costs that were recognised on useful lives applied in 2023, since there were no changes on useful lives of intangible assets.

(in USD and EUR thous.)

USD	Software	Licenses, patents and similar assets	Emission rights	Total
Net carrying amount at 01/01/2024				
Gross carrying amount	26,711	9,310	50,376	86,397
Accumulated amortisation	(17,754)	(5,899)	-	(23,653)
Impairment allowances	(7,408)	(2,230)	-	(9,638)
	1,549	**1,181**	**50,376**	**53,106**
Increases/(decreases), net	**721**	**163**	**(42,801)**	**(41,917)**
Investment expenditures	568	781	-	1,349
Received free of charge	-	-	88,684	88,684
Sales	-	-	-	-
Amortisation	(463)	(1)	-	(464)
Reclassifications	616	(616)	-	-
Emission settlement	-	-	(131,485)	(131,485)
Other	-	(1)	-	(1)
Impairment allowances, net	**(2,270)**	**(1,344)**	**-**	**(3,614)**
Recognition	(2,265)	(1,349)	-	(3,614)
Reclassifications	(5)	5	-	-
Other	-	-	-	-
	-	**-**	**7,575**	**7,575**
Net carrying amount at 31/12/2024				
Gross carrying amount	27,743	8,953	7,575	44,271
Accumulated amortisation	(18,065)	(5,379)	-	(23,444)
Impairment allowances	(9,678)	(3,574)	-	(13,252)
	-	**-**	**7,575**	**7,575**
Net carrying amount at 01/01/2023				
Gross carrying amount	26,361	8,494	84,848	119,703
Accumulated amortisation	(17,642)	(5,900)	-	(23,542)
Impairment allowances	(7,460)	(2,246)	-	(9,706)
	1,259	**348**	**84,848**	**86,455**
Increases/(decreases), net	**238**	**817**	**(34,472)**	**(33,417)**
Investment expenditures	923	860	-	1,783
Received free of charge	-	-	129,330	129,330
Amortisation	(569)	(3)	-	(572)
Reclassifications	-	(39)	-	(39)
Emission settlement	-	-	(163,802)	(163,802)
Other	(116)	(1)	-	(117)
Impairment allowances, net	**52**	**16**	**-**	**68**
Recognition	(31)	(20)	-	(51)
Reclassifications	(34)	34	-	-
Other	117	2	-	119
Net carrying amount at 31/12/2023	**1,549**	**1,181**	**50,376**	**53,106**

EUR	Software	Licenses, patents and similar assets	Emission rights	Total
Net carrying amount at 01/01/2024				
Gross carrying amount	24,172	8,425	45,589	78,186
Accumulated amortisation	(16,067)	(5,338)	-	(21,405)
Impairment allowances	(6,704)	(2,018)	-	(8,722)
	1,401	**1,069**	**45,589**	**48,059**
Increases/(decreases), net				
Investment expenditures	533	734	-	1,267
Received free of charge	-	-	82,340	82,340
Sales	-	-	-	-
Amortisation	(426)	(1)	-	(427)
Reclassifications	564	(564)	-	-
Emission settlement	-	-	(118,447)	(118,447)
Other	-	(1)	-	(1)
Impairment allowances, net	**(2,059)**	**(1,237)**	**-**	**(3,296)**
Recognition	(2,054)	(1,242)	-	(3,296)
Reversal	-	-	-	-
Reclassifications	(5)	5	-	-
Other	-	-	-	-
Foreign exchange differences, incl.:	(13)	-	(2,229)	(2,242)
foreign exchange differences of impairment allowances	(504)	(167)	-	(671)
	-	**-**	**7,253**	**7,253**
Net carrying amount at 31/12/2024				
Gross carrying amount	26,564	8,572	7,253	42,389
Accumulated amortisation	(17,297)	(5,151)	-	(22,448)
Impairment allowances	(9,267)	(3,421)	-	(12,688)
	-	**-**	**7,253**	**7,253**
Net carrying amount at 01/01/2023				
Gross carrying amount	24,715	7,964	79,550	112,229
Accumulated amortisation	(16,540)	(5,532)	-	(22,072)
Impairment allowances	(6,994)	(2,105)	-	(9,099)
	1,181	**327**	**79,550**	**81,058**
Increases/(decreases), net				
Investment expenditures	850	797	-	1,647
Received free of charge	-	-	121,010	121,010
Amortisation	(525)	(3)	-	(528)
Reclassifications	-	(35)	-	(35)
Emission settlement	-	-	(149,462)	(149,462)
Other	(107)	(3)	-	(110)
Impairment allowances, net	**48**	**15**	**-**	**63**
Recognition	(28)	(18)	-	(46)
Reclassifications	(31)	31	-	-
Other	107	2	-	109
Foreign exchange differences, incl.:	(45)	(30)	(5,509)	(5,584)
foreign exchange differences of impairment allowances	243	73	-	316
Net carrying amount at 31/12/2023	**1,402**	**1,068**	**45,589**	**48,059**

(in USD and EUR thous.)

Other information regarding intangible assets

	31/12/2024 USD	31/12/2024 EUR	31/12/2023 USD	31/12/2023 EUR
The acquisition costs of all fully amortized intangible assets still in use	7,209	6,902	7,343	6,645

The acquisition costs of all fully amortized intangible assets still in use represents the gross amount of all fully amortized intangible assets in use which value has been amortized, excluding assets written off for impairment losses.

7.2.1. Rights

Changes in owned CO_2 emission rights (EUA) for 2024

	Quantity (in tonnes)	USD	EUR
1 January 2024	**513,237**	**50,376**	**45,589**
Received free of charge	1,227,864	88,684	82,340
Settled emission for 2023 (audited)	(1,646,257)	(131,485)	(118,447)
Exchange differences on translation	-	-	(2,229)
31 December 2024	**94,844**	**7,575**	**7,253**
Emission in 2024 (not audited)	1,605,458	122,746	117,528
Shortage	**(1,510,614)**	**(115,171)**	**(110,275)**

The Company received granted emission allowances for 2024 in quantity 1.2 million tonnes in June 2024. For 2023 received in quantity 1.2 million tonnes in February 2023. CO_2 emission for 2023 was settled with balance of received emission allowances for 2023 and with the part of emission allowances received for the 2024 year.
2024 CO_2 emission the Company must settle by September 30, 2025 by using balance of received emission allowances for 2024, also by using allowances which will be received for 2025 and the remaining part will be purchased. The allowances for the 2025 the Company must receive by June 2025.
As at 31 December 2024 and 31 December 2023 the market price of one EUA amounted 76.24 USD/t or 73.00 EUR/t, and 88.81 USD/t or 80.37 EUR/t, respectively.

Changes in owned CO_2 emission rights (EUA) for 2023

	Quantity (in tonnes)	USD	EUR
1 January 2023	**954,204**	**84,848**	**79,550**
Received free of charge	1,227,864	129,330	121,010
Settled emission for 2022 (audited)	(1,668,831)	(163,802)	(149,462)
Exchange differences on translation	-	-	(5,509)
31 December 2023	**513,237**	**50,376**	**45,589**
Emission in 2023 (audited)	1,646,257	150,998	136,650
Shortage	**(1,133,020)**	**(100,622)**	**(91,061)**

7.3. Investments into subsidiaries and associates

SELECTED ACCOUNTING PRINCIPLES

Investment in subsidiaries and associate is measured at acquisition cost less impairment allowances.
Non repayable additional payments to equity with non-confirmed repayment date are presented in shares in the transferring payment entity and shall be treated as an investment. Repayable additional payments to equity are initialy recognized at fair value in the current or non-current receivables depending on the date of return, i.e. up to 12 months – current receivables or more than 12 months as non-current receivables.
Recognition and reversal of impairment allowances of shares are presented in financing activities.

PROFESSIONAL JUDGEMENT

Investments in subsidiaries and associates

The Company, regardless of the nature of its involvement in the entity (the entity in which it invested) defines its status by assessment, whether it controls the entity in which the investment was made, and whether it has a joint control in a joint venture, after consideration of all the facts and circumstances.

	2024	2024	2023	2023
	USD	EUR	USD	EUR
1 January	**17,438**	**15,781**	**56,001**	**52,504**
Impairment of investments	-	-	(38,563)	(34,899)
Exchange differences on translation	-	915	-	(1,824)
As at 31 December	**17,438**	**16,696**	**17,438**	**15,781**

As at 31 December 2024 the Company had investments in subsidiaries SIA ORLEN Latvija, OU ORLEN Eesti and UAB ORLEN Mockavos terminalas and in accociated company UAB Naftelf.
In 2024 the Company received dividends by amount USD 8,441 thousand or EUR 7,865 thousand under resolution of shareholders of UAB Naftelf, SIA ORLEN Latvija and OU ORLEN Eesti. In 2023 the Company received dividends by amount USD 10,844 thousand or EUR 9,966 thousand under resolution of shareholders of SIA ORLEN Latvija and OU ORLEN Eesti.

USD	Acquisition costs	Impairment	Book value	Equity	Acquisition costs	Impairment	Book value	Equity
	31/12/2024				31/12/2023			
Subsidiaries								
UAB ORLEN Mockavos terminalas	53,956	(38,563)	15,393	8,720	53,956	(38,563)	15,393	10,250
SIA ORLEN Latvija	316	-	316	4,719	316	-	316	5,806
OU ORLEN Eesti	709	-	709	2,138	709	-	709	4,987
Total	**54,981**	**(38,563)**	**16,418**	**15,577**	**54,981**	**(38,563)**	**16,418**	**21,043**
Associated company								
UAB Naftelf	1,020	-	1,020	7,829	1,020	-	1,020	6,520
Total	**1,020**	**-**	**1,020**	**7,829**	**1,020**	**-**	**1,020**	**6,520**
Total	**56,001**	**(38,563)**	**17,438**	**23,406**	**56,001**	**(38,563)**	**17,438**	**27,563**

EUR	Acquisition costs	Impairment	Book value	Equity	Acquisition costs	Impairment	Book value	Equity
	31/12/2024				31/12/2023			
Subsidiaries								
UAB ORLEN Mockavos terminalas	51,662	(36,924)	14,738	8,349	48,828	(34,899)	13,930	9,276
SIA ORLEN Latvija	303	-	303	4,518	286	-	286	5,254
OU ORLEN Eesti	679	-	679	2,047	642	-	642	4,513
Total	**52,644**	**(36,924)**	**15,720**	**14,914**	**49,756**	**(34,899)**	**14,858**	**19,043**
Associated company								
UAB Naftelf	976	-	976	7,497	923	-	923	5,900
Total	**976**	**-**	**976**	**7,497**	**923**	**-**	**923**	**5,900**
Total	**53,620**	**(36,924)**	**16,696**	**22,411**	**50,679**	**(34,899)**	**15,781**	**24,943**

Data provided on Equity column for 2024 is not audited for UAB ORLEN Mockavos terminalas and UAB Natelf.

Impairment test for investments in UAB ORLEN Mockavos terminalas was performed in accordance with IAS 36. The value of shares is determined on based on the cash flows generated according to approved Financial Plan for 2025, updated long-term assumptions and projections made for later years. The calculations include the change of net working capital and net debt. The discount rate used for the impairment testing as at 31 December 2024 was as follows:

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Discount rate	%	7.43	7.57	7.71	7.80	7.87	6.21	6.21	6.21	6.21	6.21

As at 31 December 2024, the Company did not identify any impairment indications for investments in UAB ORLEN Mockavos terminalas.

7.4. Impairment of property, plant and equipment, intangible assets and right to use assets

SELECTED ACCOUNTING PRINCIPLES

Impairment of property, plant and equipment, intangible assets and right to use assets
At the end of the reporting period, the Company assesses whether there are indicators that an asset or cash-generating unit (CGU) may be impaired or any indicators that the previously recognised impairment should be reversed.
Assets that do not generate the independent cash flows are grouped on the lowest level on which cash flows, independent from cash flows from other assets, are generated (CGU). If such case occurs, the recoverable amount is determined on the CGU level, to which the asset belongs.
Recognition and reversal of impairment allowances of property, plant and equipment, intangible assets and right to use assets is recognised in other operating activity.

ESTIMATES AND JUDGMENTS

Impairment of property, plant and equipment, intangible assets
The Management assesses whether there is any indicator for impairment of an assets or cash generating unit. As part of the analysis of indications, both external factors - including primarily the macroeconomic environment as well as internal environment are analyzed - including strategic decisions, financial projections and operational plans. If there is any indicator for impairment, the estimation of recoverable amount of an asset is made.

Discount rate
As at 31 December 2024, variable discount rates were applied, which took into account the expected changes in interest rates on 10-year government bonds.
This approach is intended to reflect the expected decrease in the risk-free rate in subsequent years, resulting from, among others, forecasts of a decrease in the inflation rate.
As at 31 December 2024, the following main after-tax discount rates were estimated for ORLEN Lietuva for the years 2025-2030 (in subsequent years, a constant discount rate calculated for 2030 was applied):

		2025	2026	2027	2028	2029	2030+	BETA non-leveraged	D/E
Discount rate	%	7.43	7.56	7.71	7.80	7.87	6.20	52.28	70.18

To determine the value in use, the comparable companies' method was used to calculate discount rates as at 31 December 2024, which were based on the weighted average cost of equity and debt. To estimate the cost of capital and cost of debt, were obtained macroeconomic indicators, such as beta and D/E, from sources including the Bloomberg website and publications by Prof. Aswath Damodaran (source: http://pages.stern.nyu.edu).
For the initial five years, a discount rate was applied that takes into account the estimated variable risk-free rate, which was based on the yield curve of 10-year bonds.
Starting from 2030, the risk-free rate was estimated as the sum of the inflation target for a given country and the average spread for the period of 2007-2020 between the historical yield of 10-year bonds and the historical inflation for that country.
As a result, the applied discount rates include the anticipated impact of projected interest rates on impairment tests.
The market risk premium was estimated based on Prof. Aswath Damodaran publications (source: http://pages.stern.nyu.edu) and available publications of financial institutions.

Main assumptions adopted in asset impairment tests as at 31 December 2024
Asset impairment tests were performed based on future expected cash flows, developed on the basis of:
- (i) macroeconomic assumptions and projections of financial results included in the Financial Plan of the ORLEN Group and ORLEN Lietuva for 2025,
- (ii) updated long-term assumptions for: oil prices, prices of key refining and petrochemical products – based on S&P Global, Nexant and other auxiliary sources (forward curves, bank predictions,

government agency analyses) and the opinions of ORLEN Group experts, gas prices – based on forward curves for the POLPX (Polish Power Exchange) and THE (Trading Hub Europe), and S&P Global projections, prices of electricity and CO2 emission allowances – based on S&P Global and the opinions of ORLEN Group experts,

(iii) major climate factors and energy transition policies such as rising CO2 allowances prices, CO2 emission reductions and required capital expenditures for individual CGUs, as well as the impact of CO2 allowances prices on revenue from sale of products.

Net cash flows were discounted to their present value using discount rates reflecting current market estimates of the time value of money and risks typical for the assets measured.

Net cash flows planned for assets of ORLEN Lietuva

ORLEN Lietuva performed impairment tests of assets using the method of discounted future cash flows from operating activities (value in use - VIU).

The long-term macroeconomic forecasts for refining and petrochemical assets were derived from S&P Global and other auxiliary sources, including forward curves, banks' predictions, and analyses of government agencies, and in-house analyses and opinions of ORLEN Group experts. These forecasts are based on the following assumptions:

- According to S&P forecasts, Brent dtd will reach the level of 81.1 USD/bbl in 2025 and in the years 2026-2028 the oil price will fluctuate at the level of 82.3 – 85.4 USD/bbl, in the period 2025-2030 the average oil price will amount to USD 84.8/bbl.
- The margin for gasoline (the difference between the product quotation and the price of Brent dtd crude oil) will reach 182.1 USD/t in 2025 due to the entry of new production capacities into the market. In 2026 it will drop to 138.2 USD/t and in subsequent years it will gradually increase to 206.0 USD/t in 2034. The peak demand for gasoline is expected in 2025 and a gradual decline in subsequent years;
- It is expected that the margin for diesel (the difference between the product quotation and the price of Brent dtd crude oil) will reach 144.8 USD/t in 2025 and 108.9 USD/t in 2026. The decline will continue in 2027 to the level of 106.8 USD/t. In the subsequent years, a gradual increase is expected to reach 152.9 USD/t in 2034;
- The forecasted price of CO2 emission rights, in accordance with the assumptions adopted by the ORLEN Group in 2025 will amount to 75.9 EUR/t and will remain on the growth path, reaching the level of 191.2 EUR/t in 2034.
- Financial flows for impairment tests included a gradual plan to reduce CO2 emissions to -25% in 2035 - in line with the ORLEN Group's Strategy until 2035.
- It is assumed that the European Commission will gradually introduce regulations regarding the functioning of the so-called border carbon tax. CBAM (carbon border adjustment mechanism).
- Replacement capital expenditures at a level ensuring the maintenance of the production capacity of existing fixed assets and expenditures necessary to achieve the planned level of CO2 emission reduction. Additionally, due to the significant level of advancement, development project of Bottom of the Barrel in progress was also included.
- Working capital assumptions taken in to test were to keep stable turnover ratios based on approved Budget 2025 and assumed fluctuation of crude oil and product prices in the World market.

Key macro assumptions used for impairment testing as at 31 December 2024:

		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Exchange rates	USD/EUR	1.0951	1.1910	1.1861	1.1744	1.1744	1.1744	1.1744	1.1744	1.1744	1.1744
Inflation rates	%	2.40	2.40	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10
Brent crude oil	USD/bbl	81.1	82.3	83.7	85.4	87.2	89.0	90.3	91.7	93.1	94.4
Crack Gasoline	USD/t	182.1	138.2	147.1	172.5	187.8	191.7	195.5	199.4	203.4	206.0
Crack Diesel fuel	USD/t	144.8	108.9	106.8	121.0	127.4	125.6	132.6	139.8	147.4	152.9
CO2 allowances	EUR/t	75.9	88.7	101.5	114.3	127.2	140.0	152.8	165.6	178.4	191.2
CO2 allowances	USD/t	83.1	105.7	120.4	134.3	149.3	164.4	179.4	194.4	209.5	224.5

After the projection period, extrapolation of cash flows was applied considering the long-term inflation rate.
Company carried out impairment test of assets in relation to the base scenario that is based directly on the main macroeconomic assumptions from the Financial Plan 2025 and updated macroeconomic forecasts for 2026-2034, taking into account the assumptions described above. It has been verified using the fair value estimates. This confirms the same impairment as using VIU, as there are currently no other assumptions available in the market.

The test performed as at 31 December 2024, identified impairment loss of ORLEN Lietuva assets in the amount of USD 152.6 million (EUR 146.1 million), additionally to the recognized impairment as at 30 September 2024 in the amount of USD 630.7 million (EUR 565.3 million), total impairment amount recognized during the year 2024 – USD 783.3 million (EUR 711.4 million). The main factors negatively affecting the valuation of assets were impact of volatility of the macro assumptions, unpredictable crude oil market, changes in prices of CO2

emission allowances, unstable global geopolitical situation. Unfavorable market situation as at 31 December 2024 has caused the significant drop of the recoverable value of the Company's assets. Due to the high volatility of the market, including the other factors described above, there could be very different developments in the future, which are uncertain and not known to the management at the balance sheet date.
In addition, a sensitivity analysis was performed simulating the main elements of impairment assessment: discount rate and EBITDA. The largest impact on increase in VIU by USD 86 million is a decrease in the discount rate by 1 p.p. and an improvement in EBITDA by 5%, and a decrease in VIU by USD 67 million if discount rate increases by 1 p.p. and EBITDA deteriorates by 5%. In all simulated cases, VIU remains negative and impairment loss is unchanged. Details of the sensitivity analysis are presented in the table below.

Sensitivity analysis of impairment of value in use of ORLEN Lietuva under tests performed as of December 31, 2024

USD million		EBITDA		
	Change	**-5%**	**0%**	**5%**
DISCOUNT RATE		*reduction in VIU*	*reduction in VIU*	*increase in VIU*
	- 1 p.p.	20	53	86
		reduction in VIU		*increase in VIU*
	0,0 p.p.	(30)	-	30
	+ 1 p.p.	*reduction in VIU*	*reduction in VIU*	*increase in VIU*
		(67)	(39)	(12)

7.5. Net working capital

Net working capital
The Company defines net working capital as: inventories and trade and other receivables decreased by trade and other liabilities

7.5.1. Inventories

SELECTED ACCOUNTING PRINCIPLES

Inventories, including mandatory reserves comprise products, semi-finished products and work in progress, merchandise and materials.
Finished goods, semi-finished products and work in progress are measured initially at production cost. Production costs include costs of materials and costs of conversion for the production period of finished goods, semi-finished products as well as work in progress and systematic allocation of fixed and variable production overheads estimated for its normal level.
Finished goods, semi-finished products and work in progress shall be measured at the end of the reporting period at the lower of cost or net realizable value.
Cost flows of finished goods, semi-finished products and work in progress are determined based on the weighted average cost of production.
Merchandise and materials are measured initially at acquisition cost, while as at the end of the reporting period merchandise and raw materials are measured at the lower of cost or net realizable value. Cost flows of merchandise and raw materials are determined based on the weighted average acquisition cost.
The initial value of inventories is adjusted for their profits or losses from settlement of cash flow hedging instruments.
Impairment tests for specific items of inventories are carried out at the end of each month. Write-down to net realizable value concerns inventories that are damaged or obsolete and the selling price has fallen. Raw materials held for use in the production are not written down below acquisition or production cost if the products in which they will be incorporated are expected to be sold at or above cost.
However, when a decline in the price of materials indicates that the cost of the products exceeds net realizable value, the materials are written down to net realizable value.
Recognition and reversal of impairment allowances of inventories is recognized in cost of sales.

ESTIMATES

Net realizable values from sale of inventories

The Company determines the inventory impairment allowances based on estimation of the net realizable values considering the most recent sales prices at the moment of estimations.

	31/12/2024	31/12/2024	31/12/2023	31/12/2023
	USD	EUR	USD	EUR
Raw materials	328,141	314,191	246,315	222,910
Semi-finished products	35,699	34,181	59,741	54,064
Finished goods	171,643	164,346	199,826	180,838
Spare parts	27,685	26,508	24,627	22,287
Inventories, net	**563,168**	**539,226**	**530,509**	**480,099**
Write-down of inventories to net realizable value	18,166	17,394	29,667	26,848
Inventories, gross	**581,334**	**556,620**	**560,176**	**506,947**

The main item of inventories, which turnover period is longer than 12 months after the end of the reporting period are mandatory reserves. As at 31 December 2024 and as at 31 December 2023 the value of mandatory reserves presented in financial statements amounted to USD 225 160 thousand or EUR 215 588 thousand and USD 236 864 thousand or EUR 214 357 thousand, respectively.

Change in impairment allowances of inventories to net realizable value

	Note	2024		2023	
		USD	EUR	USD	EUR
As at January 1		**29,667**	**26,848**	**16,297**	**15,280**
Recognition	6.5	3,689	3,323	11,692	10,766
Utilization		-	-	(40)	(38)
Reversal	6.4	(15,381)	(14,091)	-	-
Exchange differences on translation		-	187	-	(185)
Write-down of inventories excluding spare parts		**(11,692)**	**(10,581)**	**11,652**	**10,543**
Recognition	6.4	632	574	2,587	2,407
Reversal	6.4	(441)	(420)	(45)	(42)
Reversal of spare parts write down		-	-	(824)	(770)
Exchange differences on translation		-	973	-	(570)
Write-down of spare parts for obsolescence		**191**	**1,127**	**1,718**	**1,025**
As at 31 December		**18,166**	**17,394**	**29,667**	**26,848**

7.5.2. Trade and other receivables

SELECTED ACCOUNTING PRINCIPLES

Receivables

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

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

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

CO_2 emmision allowances are presented as receivables on the reporting date in correspondence with deferred income (as separate items) in the fair value of allowances due at the reporting date if the allowances in a given year were not registered on the account under the date resulting from regulations. The receivable should be settled at the moment of allowances registration in the subsequent period by the disclosure of intangible assets.

ESTIMATES

Impairment of trade and other receivables

As default the Company recognises that the customers do 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 basic 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 instrument. The expected credit loss is calculated when the receivable are recognised in the statement of financial position and is updated on each subsequent day ending the reporting period.

	31/12/2024	31/12/2024	31/12/2023	31/12/2023
	USD	EUR	USD	EUR
Trade receivables	151,925	145,466	162,777	147,309
Other	7,108	6,806	12,956	11,724
Financial assets (Note 8.1)	**159,033**	**152,272**	**175,733**	**159,033**
Deferred insurance costs	19,268	18,449	20,091	18,182
Accrued income and deferred costs	1,055	1,010	1,076	973
Prepayments for delivery	21,607	20,689	14,093	12,754
Other	17	16	3	3
Non-financial assets, net	**41,947**	**40,164**	**35,263**	**31,912**
Receivables, net	**200,980**	**192,436**	**210,996**	**190,945**
Receivables impairment allowance	4,800	4,596	5,314	4,809
Expected credit loss	-	-	2	1
Receivables, gross	**205,780**	**197,032**	**216,312**	**195,755**

Division of financial assets denominated in foreign currencies is presented in note 8.5.2. Division of receivables from related parties is presented in note 9.5.2.
The Company expects that the trade and other receivables by contractors will be realized no later than twelve months after the end of the reporting period.

7.5.2.1. Change in expected credit loss of trade and other receivables

	2024	2024	2023	2023
	USD	EUR	USD	EUR
1 January	**2**	**1**	**6**	**6**
Recognition	12	12	15	14
Reversal	(14)	(13)	(19)	(18)
Exchange differences on translation	-	-	-	(1)
As at 31 December	**-**	**-**	**2**	**1**

The Company defines trade receivables covered by the simplified ECL model as deliveries and services under contracts with customers and other.

7.5.2.2. Change in impairment allowances of trade and other receivables

	2024	2024	2023	2023
	USD	EUR	USD	EUR
1 January	**5,314**	**4,809**	**4,139**	**3,880**
Recognition	130	119	1,278	1,154
Utilisation	(129)	(120)	(134)	(110)
Reversal	(232)	(217)	(122)	(115)
Exchange differences on translation	(283)	5	153	-
As at 31 December	**4,800**	**4,596**	**5,314**	**4,809**

Detailed information about credit risk is presented in note 8.5.4.

7.5.3. Trade and other liabilities

SELECTED ACCOUNTING PRINCIPLES

Liabilities
Liabilities, including trade liabilities, are initially measured at fair value and subsequently, at amortised 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, in particular when the period until settlement of the liability is not long.

	31/12/2024	31/12/2024	31/12/2023	31/12/2023
	USD	EUR	USD	EUR
Trade and other liabilities	174,733	167,303	230,075	208,212
Investment liabilities	68,373	65,466	87,372	79,069
Uninvoiced services	2,593	2,483	30,482	27,585
Financial liabilities (Note 8.1)	**245,699**	**235,252**	**347,929**	**314,866**
Payroll liabilities	2,725	2,609	2,606	2,358
Excise tax and fuel charge	27,904	26,718	14,734	13,334
Value added tax	39,448	37,771	38,207	34,576
Other taxation, duties, social security and other benefits	9,505	9,101	8,474	7,669
Other liabilities	1	1	1	1
Advance payments and prepayments	5,259	5,035	8,211	7,431
Accruals	9,412	9,012	11,021	9,974
Non-financial liabilities	**94,254**	**90,247**	**83,254**	**75,343**
Total	**339,953**	**325,499**	**431,183**	**390,209**

Division of financial liabilities denominated in foreign currencies is presented in Note 8.5.2. Division of liabilities from related parties is presented in note 9.5.2.
As at 31 December 2024 and as at 31 December 2023 in the Company there were no material overdue liabilities.
The Company expects that the payment of trade liabilities to contractors will take place no later than twelve months after the end of the reporting period.

7.6. Equity

SELECTED ACCOUNTING PRINCIPLES

Share capital
Equity paid by shareholders and presented at nominal value in accordance with the Company's articles of association and the entry in the Centre of Registers.
Share premium
Equity created by the surplus of the issuance value in excess of the nominal value of shares decreased by issuance costs.
Legal reserve
According to legislations in Lithuania, an annual transfer of net profit to the legal reserve is compulsory until the reserve reaches 10% of the share capital. The legal reserve can't be distributed as dividends and is formed to cover future losses.
Hedging reserve
Equity including valuation and settlement of hedging instruments that meet the criteria of cash flow hedge accounting.
Exchange differences on translating
Result is from translation of the financial statements of USD data into presentation currency EUR.
Retained earnings
Include:
- actuarial gains and losses from post-employment benefits,
- prior periods profit/loss,
- the current reporting period profit/loss.

7.6.1. Share capital

Share capital of the Company is EUR 5 793 562. Nominal value of one share is 1 EUR.
The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.
The sole shareholder of the Company is ORLEN S. A., controlling 100 % shares. In 2024 and in 2023 the Company did not pay dividends.

7.7. Derivatives and other assets and liabilities

Other non-current assets

	Note	31/12/2024	31/12/2024	31/12/2023	31/12/2023
		USD	EUR	USD	EUR
Other non-current receivables	8.1	23	22	33	29
Financial assets		**23**	**22**	**33**	**29**
Non-current prepayment		621	595	5,913	5,353
Total non-financial assets		**621**	**595**	**5,913**	**5,353**
Total		**644**	**617**	**5,946**	**5,382**

Derivatives and other financial assets

	Note	31/12/2024	31/12/2024	31/12/2023	31/12/2023
		USD	EUR	USD	EUR
Receivables from cash pool	8.1	5,597	5,359	3,785	3,425
Cash flow hedge instruments - commodity swaps	8.1	-	-	2,590	2,344
Derivatives not designated for hedge accounting - commodity swaps	8.1	1,353	1,296	2,742	2,482
Receivables on settled cash flow hedge instruments	8.1	2,735	2,618	4,704	4,257
Receivables on settled derivatives not designated as hedge accounting	8.1	1,535	1,470	6,884	6,230
Total		**11,220**	**10,743**	**20,705**	**18,738**

Derivatives and other liabilities

	Note	31/12/2024	31/12/2024	31/12/2023	31/12/2023
		USD	EUR	USD	EUR
Liabilities from cash pool	8.1	454,908	435,569	116,459	105,393
Derivatives not designated for hedge accounting - commodity swaps	8.1	3,294	3,154	5,640	5,104
Liabilities on settled derivatives not designated for hedge accounting	8.1	544	521	4,544	4,112
Total		**458,746**	**439,244**	**126,643**	**114,609**

The Company is the member of the international cash pool managed by ORLEN S. A. The internal cross-currency maximum credit limit as at 31 December 2024 granted to the Company was EUR 500 million (or USD 522 million). The credit limit of internal cash pool is variable as the Company adjusts its size according to needs. The date of full repayment of the internal cross-currency credit limit is 31 December 2025.

7.8. Loans and borrowings

SELECTED ACCOUNTING PRINCIPLES

Loans and Borrowings
At initial recognition, all loans and borrowings are recognised at fair value, less transaction costs and discounts or premiums. After initial recognition, loans and borrowings are measured at amortized cost using the effective interest rate method.

(in USD and EUR thous.)

USD	Non-current		Current		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Loans and borrowings	2,439	12,917	9,786	10,396	12,225	23,313
Total	**2,439**	**12,917**	**9,786**	**10,396**	**12,225**	**23,313**

EUR	Non-current		Current		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Loans and borrowings	2,335	11,689	9,370	9,408	11,705	21,097
Total	**2,335**	**11,689**	**9,370**	**9,408**	**11,705**	**21,097**

Loans and borrowings are related with borrowing received from ORLEN S. A. in the amount of EUR 44 500 thousand for the acquisition of shares of UAB ORLEN Mockavos terminalas in 2021.
Fair value of borrowings is disclosed in Note 8.3.

7.8.1. Maturity analysis for loans and borowings

	31/12/2024		31/12/2023	
	USD	EUR	USD	EUR
up to 1 year	9,779	9,363	11,346	10,268
from 1 to 3 years	2,446	2,342	13,558	12,270
Total	**12,225**	**11,705**	**24,904**	**22,538**
Carrying amounts	**12,225**	**11,705**	**23,313**	**21,097**

In the period covered by the foregoing financial statements, as well as after the reporting date, there were no instances of principal or interest non repayment nor loan/ borrowing covenant violations.

7.9. Provisions and post employment benefits

SELECTED ACCOUNTING PRINCIPLES

Environmental provision

The Company creates provisions for future liabilities due to reclamation of contaminated land or water or elimination of harmful substances if there is such a legal or constructive obligation. Environmental provision for reclamation is periodically reviewed on the basis of the degree of contamination. Changes of provision increase or decrease the value of asset causing the obligation of reclamation in the current period. In case decrease of provision is higher than carrying amount of the asset, the amount of that excess is recognised in profit or loss.

Post-employment benefits

The Company creates post-employment benefits for retirement and pension benefits in order to allocate costs to relevant periods. The post-employment benefits are estimated by an independent actuary and adjusted if there are any material indications. Actuarial gains or losses from post-employment benefits are recognized in other comprehensive income and from other emplyment benefits are recognised in profit and loss. The Company does not separate assets, which might be used in the future to settle the obligation related to retirement and pension benefits.

CO_2 emissions

The Company recognises the estimated CO_2 emissions costs during the reporting period in operating activity costs (taxes and charges). Provision is recognised based on the value of allowances taking into account the weighted average method. In case of a shortage of allowances, the provision is created based on the purchase price of allowance concluded in forward contracts or market quotations of allowances at the reporting date.

Other provisions

Other provisions include mainly provisions for on-going legal proceedings and are recognised after consideration of available information, including the opinions of independent experts.

ESTIMATES

Recognition of provisions requires estimates of the probable outflow of resources embodying economic benefits and making the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are recognised when the probability of outflow of resources embodying economic benefits is higher than 50 %.

USD	Non-current		Current		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Environmental	2,623	3,154	1,020	855	3,643	4,009
Post employment benefits	3,273	3,437	980	837	4,253	4,274
CO2 emissions	-	-	122,746	150,998	122,746	150,998
As at 31 December	**5,896**	**6,591**	**124,746**	**152,690**	**130,642**	**159,281**

EUR	Non-current		Current		Total	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Environmental	2,512	2,855	977	774	3,489	3,629
Post employment benefits	3,134	3,110	938	758	4,072	3,868
CO2 emissions	-	-	117,528	136,650	117,528	136,650
As at 31 December	**5,646**	**5,965**	**119,443**	**138,182**	**125,089**	**144,147**

Change in provisions and post employment benefits in 2024

USD	Environmental	Post employment benefits	CO2 emissions	Total
1 January 2024	**4,009**	**4,274**	**150,998**	**159,281**
Recognition	593	251	122,746	**123,590**
Usage	(756)	(169)	(131,485)	**(132,410)**
Interest	-	138	-	**138**
Reversal	-	-	-	**-**
Correction of previous years	-	-	(19,513)	**(19,513)**
Accounted from equity	-	(7)	-	**(7)**
Exchange differences on translation	(203)	(234)	-	**(437)**
As at 31 December 2024	**3,643**	**4,253**	**122,746**	**130,642**

EUR	Environmental	Post employment benefits	CO2 emissions	Total
1 January 2024	**3,629**	**3,868**	**136,650**	**144,147**
Recognition	560	241	113,880	**114,681**
Usage	(702)	(162)	(118,447)	**(119,311)**
Interest	-	132	-	**132**
Reversal	-	-	-	**-**
Correction of previous years	-	-	(18,117)	**(18,117)**
Accounted from equity	-	(7)	-	**(7)**
Exchange differences on translation	2	-	3,562	**3,564**
As at 31 December 2024	**3,489**	**4,072**	**117,528**	**125,089**

Change in provisions and post employment benefits in 2023

USD	Environmental	Post employment benefits	CO2 emissions	Total
1 January 2023	**3,729**	**3,466**	**149,373**	**156,568**
Recognition	923	184	150,998	**152,105**
Usage	(768)	(272)	(163,802)	**(164,842)**
Interest	-	133	-	**133**
Correction of previous years	-	-	14,950	**14,950**
Accounted from equity	-	638	-	**638**
Exchange differences on translation	125	125	(521)	**(271)**
As at 31 December 2023	**4,009**	**4,274**	**150,998**	**159,281**

EUR	Environmental	Post employment benefits	CO2 emissions	Total
1 January 2023	**3,495**	**3,250**	**140,046**	**146,791**
Recognition	850	166	139,470	**140,486**
Usage	(710)	(246)	(149,462)	**(150,418)**
Interest	-	120	-	**120**
Correction of previous years	-	-	13,979	**13,979**
Accounted from equity	-	578	-	**578**
Exchange differences on translation	(6)	-	(7,383)	**(7,389)**
As at 31 December 2023	**3,629**	**3,868**	**136,650**	**144,147**

7.9.1. Environmental provision

The Company has legal obligation to clean contaminated land-water environment in the area of production plant, pipeline and terminal.

The Company estimates a provision for environmental risk related to removal of pollution based on own analysis taking into account the expected costs of remediation. The potential future changes in regulation and common practice regarding environmental protection may influence the value of this provision in the future periods.

7.9.2. Post-employment benefits

The Company employees under Collective Agreement and Lithuanian labour code are entitled to retirement benefit, paid once at retirement. The amount of above benefits depends on the number of years in service and an employee's remuneration. Retirement benefits are classified as post-employment defined benefit plans.
Provisions are determined by an independent actuary and revalued if there are any indications impacting their value, taking into account the staff turnover and planned change in wages.

Change in post-employment benefits obligation

	2024		2023	
	USD	EUR	USD	EUR
1 January	**4,274**	**3,868**	**3,466**	**3,250**
Current service cost	251	241	184	166
Interest expense	138	132	133	120
Actuarial gains and losses arrising from changes in assumptions	**(7)**	**(7)**	**638**	**578**
demographic assumptions	(36)	(34)	48	44
financial assumptions	14	13	456	413
experience adjustment	15	14	134	121
Payments under program	(169)	(162)	(272)	(246)
Exchange differences on translation	(234)	-	125	-
As at 31 December	**4,253**	**4,072**	**4,274**	**3,868**

The carrying amount of employee benefits liabilities is equal to their present value as at 31 December 2024 and 31 December 2023.

Sensitivity analysis to changes in actuarial assumptions
As at 31 December 2024, the Company used the following actuarial assumptions that had an impact on the level of actuarial provisions: discount rate of 3.4%; expected inflation 2.5% in 2025, 2.6% in 2026 and 2.0% in subsequent years, the remuneration increase rate 1.9% in 2025, 2.6% in 2026 and 2% in 2027 in the subsequent years.
The Company analysed the impact of the financial and demographic assumptions and calculated that the changes of ratios: remuneration ratio by +/- 0.5 p.p., the discount rate by +/- 0.5 p.p., the rate of turnover by +/- 0.5 p.p. and and the mortlity rate +/-10 p.p. is not higher than USD 153 thousand or EUR 147 thousand. Therefore, the Company does not present any detailed information.
The Company carries out the employee benefit payments from current resource.
Post-employment benefits are calculated for active employees.

Maturity of employee benefits analysis

	31/12/2024		31/12/2023	
	USD	EUR	USD	EUR
up to 1 year	980	938	837	758
from 1 to 3 years	691	661	680	616
from 3 to 5 years	413	396	564	510
above 5 years	2,169	2,077	2,193	1,984
	4,253	**4,072**	**4,274**	**3,868**

The weighted average duration of liabilities in Lithuania for post-employment benefits as at 31 December 2024 were 6.8 years and as at 31 December 2023 were 7 years.

Not discounted future cash flow of employee benefits payments

	31/12/2024		31/12/2023	
	USD	EUR	USD	EUR
up to 1 year	1,133	1,085	936	847
from 1 to 3 years	795	761	796	721
from 3 to 5 years	550	526	741	670
above 5 years	6,235	5,970	6,379	5,773
	8,713	**8,342**	**8,852**	**8,011**

In 2024 the amount of provision for employee benefits changed as the result of update of assumptions, mainly in relation to discount rate, projected inflation and expected remuneration increase ratio. Should the 2023 assumptions be used, the provision for the employee benefits would be higher by USD 21 thousand or EUR 20 thousand.

8. EXPLANATORY NOTES TO THE FINANCIAL INSTRUMENTS AND FINANCIAL RISK

SELECTED ACCOUNTING PRINCIPLES

Financial instruments

Measurement of financial assets and liabilities

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

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

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

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

Financial liabilities for which the Company applies simplifications are measured at initial recognition and at a later date, including at the end of the reporting period, in the amount of payment due less expected credit loss impairment allowances.

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

Impairment of financial assets

The Company recognizes a write-off due to expected credit losses on financial assets measured at amortized cost.

The Company uses the following models for determining impairment allowances:
- general model (basic),
- simplified model.

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

In the general model, the Company monitors the changes in the level of credit risk associated with a given financial asset and classifies financial assets to one of the three stages of impairment allowances based on the observation of the change in the credit risk level in relation to the initial recognition of the instrument.
Depending on the classification to particular stages, the impairment allowance is estimated in the 12-month horizon (stage 1) or in the life horizon of the instrument (stage 2 and stage 3).
On each day ending the reporting period, the Company considers the indications resulting in the classification of financial assets to particular stages of determining impairment allowances. Indications may include changes in the debtor's rating, serious financial problems of the debtor, a significant unfavourable change in its economic, legal or market environment.
For the purposes of estimating the expected credit loss, the Company uses default probability levels based on market credit quotes of derivatives for entities with a given rating and from a given sector.
The Company includes information on the future in the parameters of the expected loss estimation model by calculating the probability parameters of insolvency based on current market quotes.
The simplified model is used 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.

Hedge accounting
Derivatives designated as hedging instruments whose cash flows are expected to offset changes in the cash flows of a hedged item are accounted for in accordance with the cash flow hedge accounting.
The Company has cash flow of hedging relation.
The Company assess effectiveness of cash flow hedge at the inception of the hedge and later, at minimum, at reporting date. In case of cash flow hedge accounting, the Company recognises in other comprehensive income part of profits and losses connected with the effective part of the hedge, whereas profits or losses connected with the ineffective part - under profit or loss.
To assess the effectiveness of hedge the Company uses statistical methods, including in particular the direct compensation method. The verification of fulfilment of conditions in the scope of binding effectiveness is made on a prospective basis, based on a qualitative analysis. If it is necessary, the Company uses quantitative analysis (linear regression method) to confirm the existence of an economic link between the hedging instrument and the hedged item.
In case of applying fair value hedge accounting, the Company recognises profits or losses resulting from the revaluation of fair value of derivative financial instrument in financial result, and adjusts carrying amount of hedged item by profit or loss related to the hedged item, resulting from the risk being hedged and recognises it in the profit or loss (in the same item in which hedging derivatives are recognized).
If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified to profit or loss of the reporting period in the same period or periods during which the asset acquired, or liability assumed, affects profit or loss.
However, if the Company expects that all or a portion of a loss recognized in other comprehensive income will not be recovered in one or more future periods, it reclassifies the amount that is not expected to be recovered to profit or loss.
If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Company removes the associated gains and losses that were recognized in the other comprehensive income and includes them in the initial cost or other carrying amount of the asset or liability when the item appears in the statement of financial position.
If a hedge of a forecast transaction results in the recognition of revenue from sales of finished products, merchandise or services, the Company removes the associated gains or losses that were recognized in the other comprehensive income and adjusts above revenues.
In case of applying fair value hedge accounting, accumulated adjustment of hedged item valuation for hedged risk is transferred to the financial result at the moment when the realization of hedged item affects the result.
Derivatives are recognized as assets when their valuation is positive and as liabilities in case of negative valuation.

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.
The Company measures derivatives at fair value using valuation models for financial instruments based on generally available exchange rates, interest rates, forward and volatility curves for currencies and commodities quoted on active markets.
The fair value of derivatives is based on discounted future flows related to contracted transactions as the difference between term price and transaction price.

PROFESSIONAL JUDGEMENTS

Financial instruments

The Management assesses the classification of financial instruments, nature and extent of risk related to financial instruments and application of the cash flow hedge accounting. The financial instruments are classified into different categories depending on the purpose of the purchase and nature of acquired assets.

8.1. Financial instruments by category and class

	Financial instruments by category	Note	31/12/2024		31/12/2023	
			USD	EUR	USD	EUR
ASSETS						
Cash flow hedge instruments	Hedging financial instruments	7.7	-	-	2,590	2,344
Derivatives not designated as hedge accounting	At fair value through profit or loss	7.7	1,353	1,296	2,742	2,482
Trade and other receivables	Measured at amortized cost	7.5.2	159,033	152,272	175,733	159,033
Receivables from cash pool	Measured at amortized cost	7.7	5,597	5,359	3,785	3,425
Cash and cash equivalents	Measured at amortized cost		2,184	2,091	5,455	4,937
Receivables on settled cash flow hedge instruments	Measured at amortized cost	7.7	2,735	2,618	4,704	4,257
Receivables on settled derivatives not designated as hedge accounting	Measured at amortized cost	7.7	1,535	1,470	6,884	6,230
Other non-current receivables	Measured at amortized cost	7.7	23	22	33	29
Total			**172,460**	**165,128**	**201,926**	**182,737**
LIABILITIES						
Derivatives not designated as hedge accounting	At fair value through profit or loss	7.7	3,294	3,154	5,640	5,104
Lease liabilities	*Excluded from the clasification and measurement of IFRS 9*	9.1.2	15,539	14,879	17,737	16,052
Loans and borrowings	Measured at amortized cost	7.8	12,225	11,705	23,313	21,097
Trade and other liabilities	Measured at amortized cost	7.5.3	245,699	235,252	347,929	314,866
Liabilities from cash pool	Measured at amortized cost	7.7	454,908	435,569	116,459	105,393
Liabilities on settled derivatives not designated as hedge accounting	Measured at amortized cost	7.7	544	521	4,544	4,112
Total			**732,209**	**701,080**	**515,622**	**466,624**

8.2. Income, expenses, profit and loss and other comprehensive income

	Financial instruments by category	Note	31/12/2024		31/12/2023	
			USD	EUR	USD	EUR
Interest income	Measured at amortized cost	6.7	462	415	540	503
Interest costs		6.7	(17,140)	(15,859)	(12,403)	(11,476)
from financial instruments measured at amortised costs	Measured at amortized cost		*(16,716)*	*(15,465)*	*(11,899)*	*(11,009)*
from lease	*Excluded from the clasification and measurement of IFRS 9*	9.1.2	*(424)*	*(394)*	*(504)*	*(467)*
Grants	Measured at amortized cost					
Foreign exchange gain/(loss)	Measured at amortized cost	6.7	8,897	8,353	(6,464)	(5,875)
(Loss)/Reversal of loss due to impairment of financial instruments	Measured at amortized cost		104	99	(1,152)	(1,057)
Ineffective part related to settlement and valuation of operating exposure	Hedging financial instruments (ineffective part)	6.5, 6.6	(1,818)	(1,650)	159	129
Settlement and valuation of financial instruments related to operational exposure	At fair value through profit or loss	6.5, 6.6	(14,705)	(13,980)	(3,017)	(2,093)
Costs of factoring	Measured at amortized cost	6.7	(2,915)	(2,694)	(3,177)	(2,938)
Other	Measured at amortized cost	6.7	(867)	(800)	31	28
Total			**(27,982)**	**(26,116)**	**(25,483)**	**(22,779)**
other, excluded from the scope of IFRS 7						
Dividends			8,441	7,865	10,844	9,966

8.3. Fair value measurement

Fair value for loans and borrowings as at 31 December 2024 and 31 December 2023 is equal to USD 12 231 thousand or EUR 11 711 thousand and USD 23 308 thousand or EUR 21 093 thousand, respectively. Financial liabilities due to liabilities for borrowings are measured at fair value using discounted cash flow method.
As at 31 December 2024 and as at 31 December 2023 fair value for other classes of financial assets and financial liabilities are equal or similar to carrying amount due to their short term nature.

8.4. Hedge accounting

As a part of hedging strategy, the Company hedges its cash flows from sales of products and purchase of crude oil using commodity swaps.

Information on hedging instruments – maturity structure

Cash flow hedge	Unit of measure	31/12/2024	31/12/2023
Commodity risk		**Up to 1 year**	**Up to 1 year**
Commodity swaps - future revenues hedge (sell)			
Diesel			
Volume	**MT**	-	20,000
Average price	**USD**	-	892
Average price	**EUR**	-	807

Planned realization date of hedged cash flows which will be recognized in the profit or loss

	31/12/2024	31/12/2023
Commodity risk exposure	-	January 2024

Hedge accounting effects on financial situation and results

	Note	31/12/2024 USD	31/12/2024 EUR	31/12/2023 USD	31/12/2023 EUR
Cash flows hedge instruments					
Commodity swap					
Diesel	7.7	-	-	2,590	2,344
Total		**-**	**-**	**2,590**	**2,344**
Changes in fair value (as basis for determing an ineffective part in a given period)		**(2,590)**	**(2,344)**	**5,573**	**5,141**

There were no cash flows hedge instruments accounted as financial assets or financial liabilities in 2024. Net result of cash flows hedge instruments was accounted as financial assets in 2023.

Cash flow hedge

Risk type / position type	Changes in fair value of the hedged item (as basis for determining an ineffective part in a given period - off-balance sheet item)		Hedging reserve (gross value) for relationships remains in hedge accounting	
	USD	EUR	USD	EUR
2024				
Commodity risk				
Future sales revenues	2,715	2,600	-	-
Total	**2,715**	**2,600**	**-**	**-**
2023				
Commodity risk				
Future sales revenues	(5,759)	(5,212)	2,590	2,344
Total	**(5,759)**	**(5,212)**	**2,590**	**2,344**

Impact of cash flow hedge accounting on the statement of profit or loss and other comprehensive income

Commodity risk (commodity swaps)	31/12/2024	31/12/2024	31/12/2023	31/12/2023
	USD	EUR	USD	EUR
Profits or losses from hedge for the reporting period recognised in other comprehensive income	**(2,589)**	**(2,344)**	**5,486**	**5,060**
Ineffectiveness of hedge recognized in profit or loss in the period				
Other operating income and costs	**-**	**-**	**(159)**	**(129)**
Amount reclassified from other comprehensive income to profit or loss as adjustment due to reclassification, because:	**3,008**	**2,884**	**(8,784)**	**(7,957)**
Implementation of hedged item in the period (continued relationships):				
Sales revenues	4,652	4,365	(6,570)	(5,931)
Cost of sales	(1,644)	(1,481)	(2,214)	(2,026)

Reconciliation of equity from hedge accounting

	Hedging reserve by effective part of change in fair value			
	2024		2023	
Commodity risk	**USD**	**EUR**	**USD**	**EUR**
Hedging reserve, 01 January	**2,589**	**2,344**	**(2,897)**	**(2,716)**
Cash flow hedge				
Impact of valuation of hedging transactions (effective part)	419	540	(3,139)	(2,768)
Reclassification to profit or loss in connection with realization of hedged item	(3,008)	(2,884)	8,784	7,957
Valuation of ineffective part	-	-	(159)	(129)
Hedging reserve, 31 December	**-**	**-**	**2,589**	**2,344**

8.5. Risk identification

8.5.1. Commodity risks

As part of its operating activity the Company is exposed mainly to the following commodity risks:

- risk of changes in refining margins on the sale of products - hedges on an irregular basis as a part of hedging strategies;
- risk of changes in crude oil and products prices related to the time mismatch between the date of the crude oil purchase and the date of its processing and sale of products, oversize periodic stock of operational crude oil and/or products, as well as future sales transactions - identified and hedged in a systematic and regular manner;
- risk of changes in CO_2 emission rights prices;
- risk of changes in crude oil and refinery product prices related to the obligation to maintain mandatory reserves of crude oil and fuels - is not hedged on purpose due to the permanent exposure and non-cash impact on the Company results.

The impact of commodity hedging instruments on the Company's financial statements

Type of hedged raw material/product	Unit of measure	31/12/2024	31/12/2023
Crude oil	bbl	2,290,000	3,769,000
Diesel oil	Mt	-	20,000

Sensitivity analysis for changes in prices of products and raw materials

As at 31 December 2024

Analysis of the influence of changes in the carrying amount of financial instruments on result before tax and hedging reserve to a hypothetical change in prices of products and raw materials:

Type of hedged raw material/product	Increase of prices	Total influence		Decrease of prices	Total influence	
		USD	EUR		USD	EUR
Crude oil USD/bbl	+28%	(25,653)	(24,562)	-28%	25,653	24,562
		(25,653)	**(24,562)**		**25,653**	**24,562**

As at 31 December 2023

Type of hedged raw material/product	Increase of prices	Total influence		Decrease of prices	Total influence	
		USD	EUR		USD	EUR
Crude oil USD/bbl	+32%	(12,426)	(11,245)	-32%	12,426	11,245
Diesel oil USD/Mt	+36%	(5,450)	(4,932)	-36%	5,450	4,932
		(17,876)	**(16,177)**		**17,876**	**16,177**

Applied for the sensitivity analysis of commodity risk hedging instruments variations of crude oil and products prices were calculated based on volatility for 2024 and 2023 and available analysts' forecasts.

8.5.2. The risk of exchange rates changes

Currency risk

Currency risk - The Company's functional currency is US dollar. The Company is exposed to currency risk resulting from current receivables and short-term liabilities, cash and cash equivalents, investment expenditures as well as from future planned cash flows from sales and purchases of refinery products.

Financial instruments by class	Note	EUR	USD	PLN	Other	Total after conversion to USD	Total after conversion to EUR
Financial assets							
Other non-current receivables	7.7	22	-	-	-	23	22
Trade and other receivables	7.5.2	27,434	130,380	-	-	159,033	152,272
Receivables from cash pool	7.7	5,359	-	-	-	5,597	5,359
Derivatives not designated as hedge accounting	7.7	-	1,353	-	-	1,353	1,296
Receivables on settled derivatives and hedge instruments	7.7	-	4,270	-	-	4,270	4,088
Cash and cash equivalents		1,946	151	-	-	2,184	2,091
Total		**34,761**	**136,154**	**-**	**-**	**172,460**	**165,128**
Financial liabilities							
Trade and other liabilities	7.5.3	109,252	131,007	444	481	245,699	235,252
Loans and borrowings	7.8	11,705	-	-	-	12,225	11,705
Lease liabilities	9.1.2	14,879	-	-	-	15,539	14,879
Derivatives not designated for hedge accounting	7.7	-	3,294	-	-	3,294	3,154
Liabilities on settled derivatives not designated for hedge accounting	7.7	-	544		-	544	521
Liabilities from cash pool	7.7	5,011	449,674	-	-	454,908	435,569
Total		**140,847**	**584,519**	**444**	**481**	**732,209**	**701,080**
Total, net		**(106,086)**	**(448,365)**	**(444)**	**(481)**	**(559,749)**	**(535,952)**

Sensitivity analysis for currency risk as at 31 December 2024

Increase/decrease in exchange rate means appreciation/depreciation of the relevant currencies against the functional currency of the Company (USD). The influence of potential changes in carrying amounts of financial instruments (as at 31 December 2024) arising from hypothetical changes in exchange rates of relevant currencies in relation to functional currency (USD) on profit before tax would be:

Financial instruments by class	Influence of financial instruments on profit before tax			
	Increase of exchange rate	Total influence	Decrease of exchange rate	Total influence
EUR/USD	+15%	(16,619)	-15%	16,619
		(16,619)		**16,619**

Financial instruments by class	Note	EUR	USD	PLN	Other	Total after conversion to USD	Total after conversion to EUR
Financial assets							
Other non-current receivables	7.7	29	-	-	-	33	29
Trade and other receivables	7.5.2	30,110	142,461	-	-	175,733	159,033
Receivables from cash pool	7.7	3,425	-	-	-	3,785	3,425
Cash flow hedge instruments	7.7	-	2,590	-	-	2,590	2,344
Derivatives not designated as hedge accounting	7.7	-	2,742	-	-	2,742	2,482
Receivables on settled derivatives and hedge instruments	7.7	-	11,588	-	-	11,588	10,487
Cash and cash equivalents		3,805	1,251	-	-	5,455	4,937
Total		**37,369**	**160,632**	**-**	**-**	**201,926**	**182,737**
Financial liabilities							
Trade and other liabilities	7.5.3	126,778	207,185	1,349	-	347,929	314,866
Loans and borrowings	7.8	21,097	-	-	-	23,313	21,097
Lease liabilities	9.1.2	16,051	-	-	-	17,737	16,052
Derivatives not designated for hedge accounting	7.7	-	5,640	-	-	5,640	5,104
Liabilities on settled derivatives not designated for hedge accounting	7.7	-	4,544	-	-	4,544	4,112
Liabilities from cash pool	7.7	4,716	111,248	-	-	116,459	105,393
Total		**168,642**	**328,617**	**1,349**	**-**	**515,622**	**466,624**
Total, net		**(131,273)**	**(167,985)**	**(1,349)**	**-**	**(313,696)**	**(283,887)**

Sensitivity analysis for currency risk as at 31 December 2023

Increase/decrease in exchange rate means appreciation/depreciation of the relevant currencies against the functional currency of the Company (USD). The influence of potential changes in carrying amounts of financial instruments (as at 31 December 2023) arising from hypothetical changes in exchange rates of relevant currencies in relation to functional currency (USD) on profit before tax would be:

Financial instruments by class	Influence of financial instruments on profit before tax			
	Increase of exchange rate	Total influence	Decrease of exchange rate	Total influence
EUR/USD	+15%	(21,758)	-15%	21,758
		(21,758)		**21,758**

Variations of currency rates described above were calculated based on historical volatility of particular currency rates and analysts' forecasts.
Sensitivity of financial instruments for currency risk was calculated as a difference between the initial carrying amount of financial instruments (excluding derivative instruments) and their potential carrying amount calculated using assumed increases/(decreases) in currency rates. In case of derivative instruments, the influence of currency rate variations on fair value was examined at constant level of interest rates. The fair value of foreign currency forward contracts is determined based on discounted future cash flows of the transactions, calculated based on the difference between the forward rate and the transaction price.

8.5.3. The risk of interest rates changes

Structure of financial instruments subject to risk of interest rates changes

		31/12/2024		31/12/2023	
		EURIBOR		EURIBOR	
Financial instruments by class	**Note**	**USD**	**EUR**	**USD**	**EUR**
Financial liabilities					
Loans and borrowings	7.8	12,225	11,705	23,313	21,097
Total		**12,225**	**11,705**	**23,313**	**21,097**

The Company exposed to the risk of cash flows changes in interest rates arising from owned assets and liabilities, for which interest gains or losses depend on floating interest rates.
Measurement of risk is based on total gross debt to positions for which interest costs depend on floating interest rates.

Sensitivity analysis for the interest rate changes

	31/12/2024			31/12/2023		
Interest rate	**Assumed variation**	**Influence on result before tax**		**Assumed variation**	**Influence on result before tax**	
		USD	**EUR**		**USD**	**EUR**
EURIBOR	+1.0 p.p.	(122)	(117)	+4.0 p.p.	(933)	(844)
		(122)	**(117)**		**(933)**	**(844)**
EURIBOR	-1.0 p.p.	122	117	-4.0 p.p.	933	844
Total		**122**	**117**		**933**	**844**

The above interest rates variations were calculated based on observations of average interest rates fluctuations in 2024 and 2023. The influence of interest rates changes was presented on annual basis.

8.5.4. Liquidity, credit and market risk

Financial risk management
The Company is exposed particularly to the following financial risks:
- credit risk;
- liquidity risk;
- market risks (including currency risk, interest rate risk, risk of changes in commodity prices, risk of changes in CO_2 emission allowances prices). Market risk management process is centralized in ORLEN Group and is regulated by Cooperation Agreement on the Treasury Area Centralisation in the ORLEN Group concluded on 23 November 2017 between ORLEN S. A. and the Company.

Liquidity risk
The goal of the Company is to maintain the balance between continuity and flexibility of financing. To achieve this goal, the Company uses, first of all, financing on the ORLEN Group level (cash pool).
The Company maintains the ratio of current assets to current liabilities (current ratio) on a sufficient level. As at 31 December 2024 and as at 31 December 2023, the ratio amounted to 0.82 and 1.06 respectively.
Financing available for the year 2024 under the credit/cash pool agreements to cover net current liabilities with the maturity of 31 December 2025 (EUR 500 million or USD 522 million) was covering the expected liquidity needs for 2024. The limit under the credit/cash pool agreements was increased up to EUR 600 million or USD 627 million from 1 January 2025. As disclosed in the Note 10, on March 3, 2025, the limit was also increased up to EUR 800 million or USD 833 million.

Maturity analysis for financial liabilities:

	Note	31/12/2024 up to 1 year		Carrying amounts	
		USD	EUR	USD	EUR
Trade and other liabilities	7.5.3	245,699	235,252	245,699	235,252
Liabilities from cash pool	7.7	454,908	435,569	454,908	435,569
Derivatives not designated for hedge accounting - commodity swaps	7.7	3,294	3,154	3,294	3,154
Liabilities on settled derivatives	7.7	544	521	544	521
Total		**704,445**	**674,496**	**704,445**	**674,496**

	Note	31/12/2023 up to 1 year		Carrying amounts	
		USD	EUR	USD	EUR
Trade and other liabilities	7.5.3	347,929	314,866	347,929	314,866
Liabilities from cash pool	7.7	116,459	105,393	116,459	105,393
Derivatives not designated for hedge accounting - commodity swaps	7.7	5,640	5,104	5,640	5,104
Liabilities on settled derivatives	7.7	4,544	4,112	4,544	4,112
Total		**474,572**	**429,475**	**474,572**	**429,475**

Maturity analysis for loans and borrowings is provided in Note 7.8.1 and maturity analysis for lease liabilities is provided in Note 9.1.2.

Credit risk

Within its trading activity the Company sells products and services with deferred payment term, which may result in the risk that customers will not pay for the Company's receivables from sales of products and services. In order to minimize credit risk and working capital the Company manages the risk by credit limit policies governing granting of credit limits to customers, establishment of pledges collaterals of appropriate different types and uses non-recourse factoring. The established average payment term of receivables connected with the ordinary course of inland sales is 12 to 15 days. Each non-cash customer with deferred payment is individually assessed with regard to credit risk. A portion of trade receivables is insured within an organized trade credit insurance program. In the event of occurrence of overdue receivables, sale is withheld and debt recovery procedures are implemented as described in the Commercial Credit and Advance payables Management Procedure. In order to reduce the risk of recoverability of trade receivables the Company receives securities from its customers' such as bank guarantees, stand-by letters of credit, mortgages and third-party guarantees.

The ageing analysis of current trade receivables past due, but not impaired as at the end of the reporting period:

	Current trade receivables			
	31/12/2024	31/12/2024	31/12/2023	31/12/2023
	USD	EUR	USD	EUR
Overdue:				
Up to 30 days	2,118	2,028	4,248	3,845
31-60 days	338	323	410	371
61-90 days	244	234	204	185
3-6 months	140	134	40	36
6-12 months	29	28	49	44
Above 1 year	90	86	67	61
Total	**2,959**	**2,833**	**5,018**	**4,542**

Market risks

The Company is exposed to currency risks, interest rate risks and risks of changes in commodity prices and CO_2 emission allowance prices.

The objective of market risk management process is to reduce the unfavorable effects of changes in market risk factors on the cash flow and financial results in the short and medium term.

Market risk management is conducted using hedging strategies based on derivatives. Derivatives are used solely to reduce the risk of changes in fair value and risk of changes in cash flows. The Company applies only those instruments which can be measured independently, using standard valuation models for each instrument. As far as market valuation of the instruments is concerned, the Company relies on information obtained from market leading banks, brokers and information services. Transactions are concluded only with reliable partners, authorized to participate in transactions through the application of appropriate procedures and signing the relevant documentation.

9. OTHER EXPLANATORY NOTES

9.1. Leases

SELECTED ACCOUNTING PRINCIPLES

The Company as a lessee

Identifying a lease
The Company applies new guidelines for identifying a lease only for contracts that it has concluded (or amended) on the day of its first application, i.e. 1 January 2019 or after that date. Thereby, for all contracts concluded before 1 January 2019, the Company applied the practical exemption provided for in IFRS 16, according to which the entity is not required to reassess whether the contract is a lease or contains a lease on the date of first application. As at 1 January 2019 the Company applies IFRS 16 to contracts that were previously identified as leases in accordance with IAS 17 and IFRIC 4.
At the time of conducting a new contract, the Company assesses whether the contract is a lease or whether it contains a lease. An agreement is a lease or contains a lease if it transfers the right to control the use of an identified asset for a given period in exchange for remuneration. In order to assess if an agreement transfers the right to control the use of an identified asset for a given period, the Company shall determine whether throughout the entire period of use the customer enjoys the following rights:

a) the right to obtain substantially all economic benefits from the use of the identified asset and
b) the right to manage the use of the identified asset.

Should the Company have the right to control the use of an identified asset for part of the duration of an agreement only, the agreement contains a lease in respect of this part of the period.
Rights resulting from lease, rental, hire or other agreements which meet the definition of a lease as per IFRS 16 are recognised as right to use underlying assets within the framework of non-current assets with a corresponding lease liabilities.

Initial recognition and measurement
The Company recognises the right to 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 to use asset at cost.
The cost of the right to use asset is inclusive of the following:

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

Lease payments included in the evaluation of lease liability include:

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

Variable payments, which do not depend on an index or a rate should not be taken into account when calculating lease liability. Such payments are recognised in the profit or loss in the period of the occurrence which renders them payable.
The lease liability on the commencement date shall be calculated on the basis of the current lease payments that are payable by that date and discounted by the marginal interest rates of the lessee.

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

Determining the lessee's marginal interest rate
Lessee's marginal interest rates were specified as the sum of:
a) 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
b) the Company's credit risk premium based on the credit margin calculated inclusive of the credit risk segmentation of all companies which have entered into lease agreements.

Subsequent measurement
After the commencement date, the lessee measures the right to use asset applying the cost model.
In applying the cost model, the lessee shall measure the cost of the right to use asset:
a) less any accumulated depreciation and accumulated impairment losses; and
b) 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 lessee shall measure the lease liability by:
a) increasing the carrying amount to reflect interest on the lease liability,
b) decreasing the carrying amount to reflect any lease payments made, and
c) 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 to use asset. In a situation where the carrying amount of the right to use asset has been reduced to zero, further reductions in the measurement of the lease liability shall be recognised by the Company as profit or loss.

Depreciation
The right to 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 to use shall be depreciated from the day of commencement of the lease until the end of the useful life of the asset.
The useful life of right to use asset is determined in the same manner as for property, plant and equipment.
The Company has leases agreements regarding mainly:
a) Land, including:
   – perpetual usufruct of land for a fixed period of up to 99 years.
b) Buildings and construction, storage tank, office spaces for a fixed period up to 30 years.
c) Vehicles and other, including:
   – railway tank concluded for a specified period of 3 to 10 years,
   – cars for a fixed period up to 4 years.

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

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

Exemptions
Agreements not included within the scope of IFRS 16:
– lease for the exploration or use of natural resources,
– licenses 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.

Simplifications and practical solutions

Short-term lease
The Company applies a practical solution 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 to be those which have a value when new not higher than USD 5,000 or the equivalent value in another currency as per the average closing rate of exchange of the European Central Bank at the moment of initial recognition of a contract.
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:
a) the lessee may benefit from use of the underlying asset itself or in conjunction with other resources which are readily available to him, and
b) the underlying asset is not highly dependent on or related to other assets.

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

Separating non-lease components
The Company assesses whether the contract contains lease and non-lease components. Non-lease components are removed from contracts containing a lease component, for example service for assets covered by the contract.
However, in cases where a contract includes non-lease components considered by the Company to be immaterial within the context of the contract as a whole, the Company uses simplification which allows lease and non-lease components to be treated a single lease component.

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

9.1.1. Change is assets due to right of use

USD	Land	Buildings and constructions	Vehicles and other	Total
Net carrying amount at 01/01/2024				
Gross carrying amount	4,702	522	25,085	**30,309**
Accumulated depreciation	(253)	(198)	(10,298)	**(10,749)**
Impairment allowances	(3,276)	(255)	(12,822)	**(16,353)**
	1,173	**69**	**1,965**	**3,207**
Increases/(decreases), net				
Increase according new contracts, modification and other	-	13	3,253	**3,266**
Depreciation	(14)	(28)	(1,012)	**(1,054)**
Impairment allowances	(1,159)	(54)	(4,173)	**(5,386)**
Other	-	-	(33)	**(33)**
	-	**-**	**-**	**-**
Net carrying amount at 31/12/2024				
Gross carrying amount	4,702	535	25,742	**30,979**
Accumulated depreciation	(267)	(226)	(8,747)	**(9,240)**
Impairment allowances	(4,435)	(309)	(16,995)	**(21,739)**
	-	**-**	**-**	**-**
Net carrying amount at 01/01/2023				
Gross carrying amount	4,523	497	26,239	**31,259**
Accumulated depreciation	(235)	(167)	(9,778)	**(10,180)**
Impairment allowances	(3,249)	(255)	(12,779)	**(16,283)**
	1,039	**75**	**3,682**	**4,796**
Increases/(decreases), net				
Increase according new contracts, modification and other	178	26	5	**209**
Depreciation	(17)	(32)	(1,278)	**(1,327)**
Impairment allowances	(27)	-	(43)	**(70)**
Other	-	-	(401)	**(401)**
Net carrying amount at 31/12/2023	**1,173**	**69**	**1,965**	**3,207**

EUR	Land	Buildings and constructions	Vehicles and other	Total
Net carrying amount at 01/01/2024				
Gross carrying amount	4,255	472	22,701	**27,428**
Accumulated depreciation	(229)	(179)	(9,319)	**(9,727)**
Impairment allowances	(2,964)	(231)	(11,604)	**(14,799)**
	1,062	**62**	**1,778**	**2,902**
Increases/(decreases), net				
Increase according new contracts, modification and other	-	12	2,987	**2,999**
Depreciation	(13)	(26)	(930)	**(969)**
Impairment allowances	(1,044)	(48)	(3,760)	**(4,852)**
Other	-	-	(31)	**(31)**
Exchange differences on translation	(5)	-	(44)	**(49)**
	-	**-**	**-**	**-**
Net carrying amount at 31/12/2024				
Gross carrying amount	4,502	513	24,647	**29,662**
Accumulated depreciation	(256)	(217)	(8,374)	**(8,847)**
Impairment allowances	(4,246)	(296)	(16,273)	**(20,815)**
	-	**-**	**-**	**-**
Net carrying amount at 01/01/2023				
Gross carrying amount	4,241	465	24,600	**29,306**
Accumulated depreciation	(221)	(156)	(9,167)	**(9,544)**
Impairment allowances	(3,046)	(240)	(11,981)	**(15,267)**
	974	**69**	**3,452**	**4,495**
Increases/(decreases), net				
Increase according new contracts, modification and other	165	24	5	**194**
Depreciation	(16)	(29)	(1,181)	**(1,226)**
Impairment allowances	(25)	-	(39)	**(64)**
Other	-	-	(373)	**(373)**
Exchange differences on translation	(36)	(2)	(86)	**(124)**
Net carrying amount at 31/12/2023	**1,062**	**62**	**1,778**	**2,902**

9.1.2. Maturity analysis for lease liabilities

	31/12/2024		31/12/2023	
	USD	EUR	USD	EUR
up to 1 year	6,212	5,948	5,688	5,148
from 1 to 2 years	4,431	4,243	4,442	4,020
from 2 to 3 years	934	894	3,683	3,333
from 3 to 4 years	399	382	188	170
from 4 to 5 years	178	170	188	170
above 5 years	11,564	11,072	12,425	11,244
Discount	(8,179)	(7,830)	(8,877)	(8,033)
Total	**15,539**	**14,879**	**17,737**	**16,052**

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

	31/12/2024		31/12/2023	
	USD	EUR	USD	EUR
Costs due to:				
interest on lease	(424)	(394)	(504)	(467)
short-term lease	(77)	(71)	(67)	(61)
lease of low-value assets that are not short-term lease	(205)	(189)	(166)	(152)
Total	**(706)**	**(654)**	**(737)**	**(680)**

9.2. Future commitments resulting from signed investment contracts

As at 31 December 2024 and as at 31 December 2023 the value of future commitments resulting from contracts signed until this date amounted to USD 396 715 thousand or EUR 379 850 thousand and USD 494 639 thousand or EUR 447 637 thousand, respectively.
The main decrease of future commitments is related with investment into building of the „Bottom of the Barrel“unit in production plant of the Company in Mažeikiai.

9.3. Contingent assets and liabilities

SELECTED ACCOUNTING PRINCIPLES

Contingent assets and liabilities
The Company discloses at the end of reporting period information on contingent assets if the inflow of resources embodying economic benefits is practically probable. If it is practicable the Company estimates the financial impact of contingent assets valuing them according to the principles of valuation provisions.
At the end of reporting period the Company discloses information on contingent liabilities if:
- it has a possible obligation, which arose as a result of past events, the existence of which will be confirmed only when one or more uncertain future events occur that are not fully controlled by the Company, or
- it has a current obligation, which arose as a result of past events, but an outflow of funds have economic benefits in it, is not probable or the Company is not able to valuate liabilities reliably enough.

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

ESTIMATES

Contingent assets
The Company makes estimations with respect to financial effects of disclosed contingent assets based on the value of previously recognized related costs that the Company expects to recover (e.g. under insurance contracts signed) or the value of subjects to proceedings in which the Company entities act as plaintiff.

Contingent liabilities
The Company estimates possible future liabilities constituting contingent liabilities based on the value of claims under ongoing proceedings in which the Company entities act as the defendant.

The Company is not involved in significant court proceedings and arbitration. In the opinion of the Management, the outcome insignificant claims will not have a material adverse effect on the Company’s operations.

9.4. Excise tax guarantees

Excise tax guarantees of the Company as at 31 December 2024 and as at 31 December 2023 amounted to USD 574 thousand or EUR 550 thousand and USD 497 thousand or EUR 450 thousand, respectively.

9.5. Related party transactions

In 2024 and 2023 and as at 31 December 2024 and as at 31 December 2023 the based on submitted declarations, there were no transactions of related parties of the Company with the Members of the Management Board or other key executive personnel of the Company.
In 2024 and 2023 on the basis of submitted declarations there were no transactions of close relatives with the other key executive personnel of the Company and key executive personnel of the Company with related parties.

9.5.1. Remuneration paid and due or potentially due to the members of Management Board and other members of key executive personnel of the Company

The Management Board's and other key executive personnel's remuneration includes short-term employee benefits, other long-term employee benefits and termination benefits paid, due and potentially due during the period.

	for the year ended 31/12/2024		for the year ended 31/12/2023	
	USD	EUR	USD	EUR
Short term employee benefits	4,868	4,498	5,026	4,768
Post-employment benefits	3	-	-	-
Termination benefits	521	482	171	162
Total	**5,392**	**4,980**	**5,197**	**4,930**

There are no other liabilities or accounts receivables from key executive personnel.

Bonus systems for key executive personnel of the Company

The Bonus Systems applicable to the Members of the Board of the Company, directors directly reporting to the Members of the Board of Directors, as well as other key positions of the Company have common objective to support the value growth strategy of the ORLEN Group.
The persons subject to the Bonus Systems are remunerated for the accomplishment of specific objectives and bonus tasks set at the beginning of the bonus period by the Board of Directors for Members of the Board of Directors and Deputy General Directors of the Company, and by General Director for the key personnel of the Company.
The Bonus Systems are structured in a way to promote the cooperation between individual employees seeking to achieve the best possible results for the Company. The bonus tasks are qualitative as well as quantitative and are settled after the end of the year for which they were set.

9.5.2. Transactions and balance of settlement of the Company with related parties

for the year ended 31 December 2024

USD	Shareholder of the Group	Related parties	Subsidiaries	Associates	Total
Sales	635,118	1,676,272	1,363,157	33,034	**3,707,581**
Purchases	5,576,789	217,510	4,333	-	**5,798,632**
Other operating income	76,794	15	-	-	**76,809**
Other operating expenses	93,317	-	-	-	**93,317**
Finance income	12	350	8,556	109	**9,027**
Finance expenses	17,286	132	31	-	**17,449**
Trade and other receivables	20,428	76,290	40,795	697	**138,210**
Other financial assets	5,623	3,654	1,943	-	**11,220**
Trade and other liabilities	110,313	23,381	379	-	**134,073**
Other financial liabilities	453,581	5,165	-	-	**458,746**
Loans and borrowings	12,225	-	-	-	**12,225**
Guarantees issued	-	-	15,457	-	**15,457**

EUR	Shareholder of the Group	Related parties	Subsidiaries	Associates	Total
Sales	586,867	1,549,932	1,257,785	30,498	**3,425,082**
Purchases	5,154,642	206,029	4,006	-	**5,364,677**
Other operating income	70,686	13	-	-	**70,699**
Other operating expenses	86,316	-	-	-	**86,316**
Finance income	11	321	7,971	102	**8,405**
Finance expenses	15,988	126	25	-	**16,139**
Trade and other receivables	19,560	73,047	39,061	668	**132,336**
Other financial assets	5,384	3,498	1,861	-	**10,743**
Trade and other liabilities	105,624	22,387	363	-	**128,374**
Other financial liabilities	434,298	4,945	-	-	**439,243**
Loans and borrowings	11,705	-	-	-	**11,705**
Guarantees issued	-	-	14,800	-	**14,800**

for the year ended 31 December 2023

USD	Shareholder of the Group	Related parties	Subsidiaries	Associates	Total
Sales	818,835	1,499,039	1,488,366	31,385	**3,837,625**
Purchases	5,738,659	226,270	4,282	-	**5,969,211**
Other operating income	113,179	6	-	-	**113,185**
Other operating expenses	116,037	10	-	-	**116,047**
Finance income	178	87	10,967	-	**11,232**
Finance expenses	11,582	103	36	-	**11,721**
Trade and other receivables	55,148	16,871	71,849	568	**144,436**
Other financial assets	16,920	3,785	-	-	**20,705**
Trade and other liabilities	185,765	23,471	435	-	**209,671**
Other financial liabilities	121,511	3,722	1,410	-	**126,643**
Loans and borrowings	23,313	-	-	-	**23,313**
Guarantees issued	-	-	15,249	-	**15,249**

EUR	Shareholder of the Group	Related parties	Subsidiaries	Associates	Total
Sales	757,846	1,382,842	1,375,843	28,402	**3,544,933**
Purchases	5,309,319	208,117	3,962	-	**5,521,398**
Other operating income	104,941	5	-	-	**104,946**
Other operating expenses	106,904	10	-	-	**106,914**
Finance income	166	80	10,080	-	**10,326**
Finance expenses	10,718	97	31	-	**10,846**
Trade and other receivables	49,908	15,268	65,022	514	**130,712**
Other financial assets	15,312	3,425	-	-	**18,737**
Trade and other liabilities	168,113	21,240	394	-	**189,747**
Other financial liabilities	109,965	3,369	1,276	-	**114,610**
Loans and borrowings	21,097	-	-	-	**21,097**
Guarantees issued	-	-	13,800	-	**13,800**

The above transactions with related parties include mainly sales and purchases of refinery products and sales and purchases of services.
In beginning of 2023 a new subsidiary of the ORLEN Group was established, which became the biggest client of ORLEN Lietuva seaborne sales. Because of that, sales to related parties increase significantly from 2023.
All Sales and purchases transactions with related parties were made at market conditions.

(in USD and EUR thous.)

9.6. Remuneration arising from the agreement with the entity authorized conduct audit

	for the year ended		for the year ended	
	31/12/2024	31/12/2024	31/12/2023	31/12/2023
	USD	EUR	USD	EUR
Fees payable to auditors in respect of the Company				
audit and reviews of the financial statements	183	170	205	189
additional services	10	9	8	8
Total	**193**	**179**	**213**	**197**

In the period covered by this financial statements the entity authorized to conduct audit of the Company's financial statements was Deloitte Lietuva, UAB. Deloitte Lietuva, UAB was selected to conduct audit for the years 2019 – 2024.

10. EVENTS AFTER THE END OF THE REPORTING PERIOD

On March 3, 2025, actions were taken to increase the available Group internal cross-currency credit limit up to EUR 800 million or USD 833 million.
On March 26, 2025, the Ministry of Economy and Innovation of the Republic of Lithuania, the Ministry of Energy of the Republic of Lithuania, the Ministry of Finance of the Republic of Lithuania, the Ministry of Environment of the Republic of Lithuania and AB ORLEN Lietuva signed a letter of intent on the measures for the implementation of the construction project of the bottom of the barrel unit.
The parties have agreed to cooperate on specific state financial support measures to be implemented in order to quickly and efficiently achieve 8.5% of the financial support amount of the project value, up to a maximum of EUR 54.4 million or USD 58.9 million, for the implementation of the bottom of the barrel unit project

11. GOING CONCERN

Due to the net loss in the amount of USD 754 million (EUR 687 million) incurred by the Company in 2024, mainly related to the recorded impairment of property, plant and equipment, the equity of the Company as of December 31, 2024 presented in the financial statements prepared in accordance with IFRS Accounting Standards as adopted by the EU has become negative in the amount of USD 129 million (EUR 124 million) and has not met the requirements of the Law on Companies of the Republic of Lithuania. According to its provisions, if the equity of the Company becomes negative, the shareholders have to take actions and restore equity within 6 months after the day on which the Management Board learnt or ought to have learnt about the existing situation. In accordance with the Law on Companies of the Republic of Lithuania, an action plan is being prepared to remedy the situation and restore ORLEN Lietuva' equity.

The tense geopolitical situation and macroeconomic assumptions for the global fuel markets combined with the impairment tests results had a significant negative impact on the net financial results of the Company. Therefore, in 2025 the Company will continue to focus its efforts on pursuing the objectives set out in ORLEN S.A. Strategy 2035, which reflects the current macroeconomic situation.

ORLEN S.A., as the parent company, commits to ensure the financial support for the Company and fulfil its obligations in the event of financing difficulties or other business continuity problems of the Company at least until the completion of the BOB project (completion of the project is planned in September, 2026) in order to avoid the suspension of its activities or other negative consequences, as ORLEN S.A. considers the Company strategically necessary to balance the fuel market in the region. As presented in Note 10, on March 3, 2025, actions were taken to increase the available Group internal cross-currency credit limit up to EUR 800 million.

Zbigniew Paszkowicz	Marek Golębiewski	Silvija Lazdauskienė
General Director	Chief Financial Officer	Director of Accounting

MANAGEMENT REPORT OF AB ORLEN LIETUVA FOR THE YEAR 2024

Last year was a challenging year in a number of aspects, with changes in the energy sector, economic uncertainties, market volatility and ongoing conflicts throughout the world affecting many lives. In this turbulent environment, AB ORLEN Lietuva (hereinafter, the Company) proceeded along these circumstances by further implementing its strategic projects. Despite the challenging business environment, the employees of the Company have demonstrated their commitment and resilience, and proved once again their ability to keep pace with the changes and tackle the volatile market dynamics.

In 2024, professional team of the Company focused on finding new solutions, which contributed to the improvement of the Company' financial situation while going through a very difficult and tense period, and concentrated on implementation of such solutions trying to take full advantage of every business opportunity offered under the competitive pressure. The Company managed to make its business profitable (not taking into account impairment recognized during 2024) in a challenging year, thus making a key input in the national economy and contributing to its competitiveness as well as energy security.

Operating Results

In 2024, the feedstock processing volume amounted to 9.1 million tons, and was by 0.2 million tons (1.6%) lower than in the previous year, when the processing volume was 9.3 million tons of feedstock, with such processing volume decrease resulting from the unfavorable macroeconomic environment. Lower processing volumes in 2024 led to the slight worsening of the operational efficiency indicators, i.e. operational availability index, light product yield as well other efficiency indicators.

Processing volume decrease has correspondingly adjusted the volume of product sales resulting in 1.2% drop: nearly 8.7 million tons of petroleum products were sold by the Company in 2024, whereas the volume of products sold in 2023 was 8.8 million tons. Reduced volume of sales, and the global oil and petroleum product prices had an effect on the sales revenue decrease in 2024, comprising USD 6.4 billion (EUR 5.9 billion), whereas the revenue of the Company in 2023 amounted to USD 6.9 billion (EUR 6.4 billion).

The Company' sales in the Baltic countries during the year 2024 were by 3.3% higher and amounted to 4.2 million tons in comparison to 4.0 million tons in 2023, mainly due to the growth of diesel volumes sold in Estonia and Lithuania. Gasoline and diesel sales in Lithuania have reached 1969 thous. tons in comparison to 1878 thous. tons in 2023. Sales of jet fuel in the Baltic countries reduced by 1.5 percent from 239 thous. tons in 2023 to 235 thous. tons in 2024, resulting from lower sales of jet fuel in Estonia.

Sales by the Company to Ukraine in 2024 increased by 28.8 percent in comparison with 2023, and were 804 thous. tons. Despite russia's military invasion of Ukraine, the Company's sales team has further endeavored to unlock the full potential of market to ensure the growth of the sales to Ukraine.

Inland sales to Poland decreased by 13.3 percent from 688 thous. tons in 2023 to 597 thous. tons in 2024, representing the effect of the lower sales of diesel fuel, with such decrease partially covered by higher volumes of gasoline sold.

Majority of the loading operations to supply Polish and Ukrainian clients with petroleum products continued through the Company's subsidiary UAB ORLEN Mockavos terminalas operating at the Lithuanian-Polish border.

In 2024, the volume of propylene production and sales increased by 75.6% and amounted to 65 thous. tons compared to 37 thous. tons sold in 2023. Increase in the propylene sales was a consequence of the recovery in consumer demand for this product.

Lower feedstock processing volume and growth of the inland sales to Ukraine led to the drop in the seaborne sales in 2024, with reduction by 8 percent, amounting to 2.9 million tons.

Financial Results

The geopolitical situation and dynamic changes in the macro environment have also effected the financial results of the Company. Financial results (thous. USD and EUR) under the IFRS Accounting Standards as adopted by the EU are presented in the table below:

(in USD and EUR thous.)

	31/12/2024		31/12/2023	
	USD	EUR	USD	EUR
Net profit (loss)	(753,804)	(686,667)	317,441	294,300
Profit/(loss) from operations	(728,626)	(662,500)	372,786	345,265
EBITDA*	(714,585)	(649,577)	389,732	360,935
*Excluding Impairment of assets**:*				
Net profit (loss)	29,459	24,654	363,887	336,923
Profit/(loss) from operations	54,637	48,821	380,669	352,499
EBITDA	68,678	61,744	397,615	368,169

* An impairment loss for investments is not included in EBITDA calculations for 2023.

** An impairment of assets is based on data presented in Note 7.4.

Impairment loss has affected financial results of the Company. The impairment test evidenced that the recoverable amount of assets is less than their carrying amount. Following the impairment tests, on 30 September 2024, the Company recognized USD 630.7 million (EUR 565.3 million) impairment of its fixed assets, and the impairment of USD 152.6 million (EUR 146.1 million) on 31 December 2024. Such impairment resulted from the volatility of the macroeconomic assumptions, unpredictable crude oil market and unstable geopolitical situation. Impairment test was conducted on the basis of future macroeconomic assumptions provided by parent company ORLEN S.A. Detailed information on the recognition of impairment for property, plant and equipment, intangible assets and right to use assets is available in Note 7.4.

Despite weaker performance results, the Company was able to maintain the sufficient level of its financial indicators[1] (calculated prior to the recognition of asset impairment in 2023 and 2024):

	31/12/2024	31/12/2023
Net profit margin	0.46%	5.24%
Long term debt on equity	0.03	0.05
Current ratio	0.82	1.06
Assets turnover ratio	3.83	4.85
Net debt/equity	0.66	0.19

Information on financial risk management of the Company is available in Note 8.5 of the Set of Annual Financial Statements. The information includes data on financial risk management trends, used insurance instruments to which the accounting of insurance transactions is applicable as well as on pricing risk, credit risk, liquidity risk, and cash flow risk.

Modernization, Mandatory and Other Projects

The total amount of investments made by the Company in the property plant and equipment as well as tangible assets (excl. accounting for asset leases under IFRS 16) during the year 2024 was USD 298.2 million in comparison to USD 376.5 million in 2023.

Key focus of the investment by the Company in 2024 was given for the Bottom of the Barrel Upgrade Project with the investments amounting to USD 228.4 million last year.

In 2024, the Company continued implementation of the project for increase of bitumen production capacities with the investments last year amounting to USD 10.7 million. The total budget approved for the entire project to be completed in 2025 reaches USD 20.6 million. The expected positive impact of this project on the annual margin is approx. USD 10.1 million (depending on the fuel market situation).

In 2024, the Company commenced the project for the installation of the solar power plant in its territory with the investments last year amounting to USD 3.2 million. The total budget approved for the entire project to be

[1] Equations used: Net Profit Margin = Net Profit (Loss) / Revenue; Net Debt to Equity Ratio = Net Debt / Total Equity; Current Ratio = Total Current Assets / Total Current Liabilities; Asset Turnover Ratio = Sales / Total Assets.

completed in 2025 reaches USD 41.4 million. Installation of 42.2 MW solar power plant will allow generating 45Gwh of el. power and reducing electricity acquisition cost by approx. 4.5 million USD per year.

In 2024, the Company completed replacement of heater KR-102 in Vacuum Gasoil (VGO) Hydrotreatment Unit, with the costs last year amounting to USD 7.6 million. The total expenditures on this project comprise USD 11.4 million, whereas the project implementation will allow the Company to ensure safe and continuous operation of VGO Hydrotreatment Unit.

The Company also invested in other projects to ensure safety and reliability of its installations as well as continuity of the refining process, including USD 3.1 million for the replacement of TK-101/1 and TK-101/2 heat exchangers in VGO Hydrotreatment Unit, and USD 9.1 million for replacement of the long time performance catalysts.

Apart from the said projects, the activities for refurbishment of other process units of the Company's refinery were also implemented in 2024.

HR Policy, Staff Structure and Work Compensation

Human resource policy of the Company focuses on:

- The efforts of consistent, targeted and equal opportunity-based attracting and retaining of skilled employees , ensuring and strengthening the level of competence as well as the level of employee engagement, also on ensuring good working conditions and fair remuneration for the Company employees;
- Building an inclusive, open and tolerant work culture and environment and adapting to the needs and expectations of employees across the different generations, ensuring equal treatment of and supportive environment for all employees, regardless of their gender, nationality, language, ethnic origin, religion or belief, or views, especially when it comes to labor relations in the Company;
- Developing and mentoring of motivated employees willing to keep their skills up-to-date, also training of specialists, by providing access to learning opportunities, participation in seminars, conferences, and trainings, as well as by engaging the experienced employees of the Company with training skills;
- Motivating employees to achieve the best performance, through regular planning and assessment of employees' activities;
- Taking the image-building actions concentrated on building the employer's brand among both potential candidates and current staff members. The Company aims to be the best choice for its current staff members and future employees;
- Shaping of an organizational culture that is built on the corporate values and driving for value creation;
- Improving labor efficiency to meet the objectives set by the shareholder.

The number of employees in the Company as of 31 December 2024 was 1'535, including 11 on parental leave and 2 on mandatory military service leave (1'492 employees as of 31 December 2023).

	Management[2]	Specialists and clerks	Workers
Headcount by HR categories	191	464	880
incl. women	27.2%	51.5%	14.9%

Educational statistics of the Company: university and non-university higher education – 44.8%, post-secondary and vocational education – 39.0%, secondary education – 15.6%, and lower than secondary education – 0.6 %. The Company employs 72.5% male and 27.5% female employees, with major effect on such distribution made by the specifics of the Company's activities. Staff turnover in 2024 was 5.6%.

During 2024, the right to additional rest day for employees raising children was exercised by 335 employees, with 27.2% female and 72.8% male employees.

Seeking to improve efficiency of its internal processes, implementation of organizational changes continued in 2024. Communication and Marketing Group was established in May 2024, Corporate Governance and Internal Administration Department formed in September 2024, Process Safety Department established in December 2024, and the area of the functions as well as responsibilities of the Company's Strategy, Development and Technology Department extended.

[2] Management of the Company includes the following positions: General Director, Deputies of General Director, Directors, managers of organizational units, Project Managers, Shift Supervisors, etc.

The remuneration system of the Company comprises of the base salary (monthly salary or hourly wage), bonuses and premiums provided for by the applicable legislation as well as additional remuneration components agreed upon in the Collective Agreement such as monthly, quarterly, or annual bonus, reward for the initiatives submitted, implemented, and recognized as rewardable, also management discretion bonuses for exceptional performance, annual bonus for the Company's performance results, etc. Apart from the bonuses and rewards under the Collective Agreement, the Company encouraged its employees by paying one-time bonuses on Easter and Christmas occasions.

The remuneration system applied by the Company is based on job levels. Each year, the Company participates in the salary market surveys and, in view of their results, aims at paying competitive salary for its employees. Therefore, in 2024, salary increase was done in several stages, in February and July.

Information on bonus systems applicable to the key management of the Company is available in Note 9.5.1 of the Set of Annual Financial Statements.

The package of additional benefits offered by the Company under the Collective Agreement consists of the following:

Financial benefits	
Increased annual vacation pay Increased severance pay in case of an employment contract termination by an employee of retirement age Additional allowance when an employment contract is terminated with an employee who, under the relevant conclusions given by the Disability and Working Capacity Assessment Office, is not able to work in previous position, or if the working capacity of the employee is determined as less than 55% Partial compensation of tuition fees and other costs for employees studying in university-type institutions	Salary at 3 times higher rate paid to employees called to work on public holidays (if notified of the necessity less than 48 before the shift start) Increased sickness benefit for the first two days of sick leave Resources from the Social Needs Fund that may be allocated for Christmas gifts or Christmas events for the children of the Company' employees, sponsoring summer time activities (camps) for the children of the Company employees, gifts or events for first-graders, support to Company' employees in case of accident or other misfortune
Vacation/rest days	
Additional paid leave days for uninterrupted period of service Additional paid leave in case of a family member' or immediate relative' death Additional day of rest for the Company' veterans	Paid study leave Additional paid leave for employees of certain profession depending on the specific nature of the work
Insurance	
Life insurance, which includes benefits for family members Health insurance	Payments to the 3rd pillar pension funds
Other benefits	
Free transportation of the Company employees working in Juodeikiai and Stačkūnai from/to Mažeikiai and Biržai Fuel discounts in ORLEN fuel stations Support for sports events and equipment Day of Veterans for the Company's employees	Tick-borne encephalitis and fever vaccinations for the Company employees 7 sightseeing tours per year for staff teams or groups Summer festivals for the employees and their family members Internal and external trainings

In 2024, the employees worked shorter hours on Family Day and New Year Eve. Furthermore, employees of the Company have the opportunity to join the new employee discount platform PERKS taking advantage of more than 400 exclusive discounts for various goods and services.

The year 2024 was marked by numerous projects to promote employee engagement. Starting January 2024, the employees residing in the areas more remote from the Company's facilities, are entitled to the travel compensation. In addition, the Company continued other successful projects such as regular supply of fresh fruits, organization of employee meetings and team-building sessions that are willingly participated by all employees of the Company.

Election of the Best Employees has become an annual event in the Company being another important element of the Company's motivation system. The title of the Best Employee is an honorable appreciation awarded for high professionalism and social achievements as well as exemplary and ethical behavior demonstrated both within and outside the Company in line with the Company‘s Core Values and Code of Ethics. Last year, 67 candidates were nominated by managers and employees of the Company, with 1 employee awarded in the category ‘Breakthrough of the Year’, 4 employees in the category ‘Colleague of the Year’, 8 employees in the category ‘Professional of the Year’, and 3 employees in the category ‘Experience of the Year’.

Employees’ Development and Social Initiatives

Development of employees remains the priority for the human resource management. Last year, in view of the requirements of the applicable legislation as well as job descriptions and occupational risk assessment results, employees of the Company attended the trainings in the areas of fire safety and civil protection, first aid and hygiene, information security, as well as trainings under the programs for energy employees, formal safety programs, and programs for execution of specialized works. Furthermore, over 1200 employees of the Company attended the trainings and conferences to improve their professional knowledge, leadership, sustainability, language and negotiating skills. In 2024, particular attention was given to anti-corruption issues, protection of human rights, ethics, prevention of mobbing and discrimination, etc.

In 2024, the Company further proceeded with the project of internal trainings *'Expert Club. Refined Knowledge'* intended for experience and knowledge exchange. Specialists and managers of the Company as well as invited guests acting as the experts prepared presentations and information, introduced various projects, presented new developments in business management area, briefed on the issues of stress management, combining family and professional life, emotional wellbeing of the team, also on law issues, quality management, etc. The trainings attended on voluntary basis by 2’144 participants are very popular among the Company’s staff.

The Company has defined clear and consistent age management policy to reduce the generation gap, sustain the knowledge and skills transfer, and eliminate skill gaps, with a succession project being successfully implemented. To achieve faster and more efficient integration of new employees, the Company organizes the Newcomer Days and offers adaptation programs.

Managers of the Company hold annual performance appraisal interviews with employees aiming to promote their engagement and innovative approach based on the mutual dialogue and responsive feedback culture, to unleash the employee’ full potential, monitor the qualitative growth of competencies, analyze and identify training needs and future performance objectives.

To attract new employees, the Company is working proactively with the national educational institutions. Last year, 82 students (with 32 being the employees of the Company) from Kaunas University of Technology (KTU), Vytautas Magnus University, Vilnius University, Vilnius Gediminas Technical University, Vilnius, Šiauliai and Klaipėda Universities of Applied Sciences, Mažeikiai Polytechnic School, etc. took their traineeships in the Company.

Representatives of the Company attended CTF Partner Days and WANTed Career Days organized by KTU, VILNIUS TECH CAREER FEST, ‘Inžinerija visiems’ and ‘Tapk WANTed vasara’ events, job fairs organized by Šiauliai University of Applied Sciences and Klaipėda University of Applied Sciences, the Open Day event in Mažeikiai Polytechnic School.

The Company provides the representatives of educational institutions with an opportunity to get a closer look at its production processes and better know the Company and its activities. In 2024, employees of the Company got actively engaged in the Junior Achievement job shadowing initiative *‘JA Job Shadow’* being a comprehensive experience through interaction with professionals in a workplace site visit to help students design an individualized career path. The year 2024 was also marked by numerous excursions of visitors from educational institutions, universities and schools. Excursions and meetings with the staff of Human Resource, Technology Departments, representatives of operations and laboratories were joined by more than 500 school students of various ages, as well as representatives and students from various universities. In February 2024, the Company organized the event on the occasion of International Day of Women and Girls in Science with participation of students from Merkelis Račkauskas Gymnasium in Mažeikiai.

In 2024, more than 30 events were organized to enhance the employee engagement. In 2024, the Company employees took active participation in the events organized under the Collective Agreement (Christmas events for employees and their children, Veterans' Day, traditional Summer Fest, event for first-formers, etc.) as well as other events targeted at development of sustainability and social responsibility awareness (forestry plantation and clean-up campaigns, blood donation campaigns, etc.). Employees of the Company could also attend the International Arts Festival and Theater Festival, the 'Race for Freedom' organized to commemorate the Day of Restoration of Lithuania's Independence, ORLEN Lietuva Rally. Traditional summer gathering in 2024 was attended by more than 7 thous. of the Company employees and their family members, with the event itself becoming the summer festival #ORLENfest staging numerous artists and shows.

Social Dialogue

Oilmen Trade Union (Lith. Naftininkų profesinė sąjunga) formed in the Company is recognized as the equal social partner of the Company. Bipartite committees and commissions of the Company with their members, acting on a parity basis, being the representatives of administration and employees delegated by the Trade Union bring benefits to both the employer and employees. Such form of cooperation is one of the ways to exercise the right of the employees' representatives to information and consultations as well as encourage the contribution of the staff members to the efficient management of human resources.

More than 20 meetings of Trade Union and the employer' representatives took place in 2024. Collective Agreement concluded on 28 December 2021 with the Trade Union was extended until 31 December 2025.

Environmental Protection

ORLEN Lietuva is a socially responsible entity with a strong focus on the environmental protection. The Company ensures continuous introduction of modern production technologies and measures to reduce pollution and generation of waste. In 2024, the following environmental initiatives were implemented:

- Solutions to reduce emissions of non-methane volatile organic compounds (NMVOCs) have been introduced in the Company such as risk-based leak detection and repair (LDAR) program for prevention and reduction of diffuse VOC emissions, application of instrumented measurements for more accurate quantification of emissions, changes in the methods of accounting for some sources, and application of the emission calculations based on the European Environment Agency's methodology for accounting emissions (EMEP/CORINAIR);
- The data of continuous monitoring of emissions and atmosphere posted on the website of the Company;
- Continued monitoring of nickel and vanadium emissions into the environment, and emissions of polychlorinated dibenzo-p-dioxins (PCDDs) and polychlorinated dibenzofurans (PCDFs) from catalytic reforming processes to meet the requirements of BAT 4.

In 2024, emissions of CO_2 were 1'605'458 t (result not audited) with reduction in comparison to 2023 (1'646'257 t), emissions of SO_2 amounted to 6.1 thous. t (10.6 thous. tons set in IPPC permit), emissions of NOx were 1.0 thous. t with reduction in comparison to 2023 (1.9 thous. t), whereas the emissions of VOC decreased by 38% if compared to the year 2023.

Furthermore, groundwater monitoring, monitoring of underground oil-contaminated sites and their decontamination in the territory of the Refinery as well as pollution prevention performance were continued. The results of the monitoring measures evidence that the thickness of free oil product on the sites in 2024 slightly decreased in comparison to 2023, with 4.72 tons of oil products extracted in 2023, and 3.78 tons in 2024. The works will also be continued in 2025.

Incidents and Incident Management

In 2024, the Company had two environmental incidents:

- Fire at the refinery, which resulted in the exceeded allowable CO and particulate emissions, and the increased pollution tax to be charged for the violation,
- Offshore crude oil spill in Būtingė Terminal when almost 2 t of crude released into the Baltic Sea. The Company took immediate action, cooperated with authorities, and reimbursed the damage in full.

Process Safety

The Company has implemented the process safety system aimed at ensuring prevention of crude oil, gas and other substance releases and spills, reducing the likelihood of major industrial accidents, ensuring proper level of technical protection, establishing of preventive measures to avoid possible emergency situations or reduce their likelihood, and, in the event of their occurrence, to minimize damage to people, Company business, assets and the environment. In this context, the following activities took place in the Company during 2024:

- 9 safety procedures updated,
- 47 safety drills conducted,
- 4 HAZOP studies completed and 304 opportunities for improvement implemented.

All incidents and their causes have been investigated on time, 19 prevention measures defined, with 11 already implemented, and the remaining measures being under implementation as scheduled. After analysis of historical data of incidents and measures implemented as a result of HAZOP studies, it could be stated that since 2017, when implementation of recommendations of HAZOP studies started, the occurrence of incidents decreased by around 40%. In 2024, the number of TIER3 incidents was the lowest since 2004.

Occupational Health and Safety

Occupational health and safety (OHS) is one of the priority areas in the Company, which follows ISO 45001:2018 standard and implements ‘Safety First’ Program. 'Safety First' Program introduced in 2012 ensures the highest level of OHS in the Company. 'Safety First' is the Company's mission and message rather than its title only, which reflects the overall approach of the Company and its employees to OHS.

OHS initiatives

- Introduced e-system for issuing electronic work permits (E-Permit) and has LOTO system for protection against unintentional exposure to hazardous energy from equipment and machinery;
- The number of hazards are actively reported in the Hazard Reporting System (1453 hazards reported, and 1383 fixed in the year 2024, funds for the fixing of the remaining hazards are included in the maintenance budgets for 2025 and 2026);
- 438 OHS inspections conducted, and 595 opportunities for improvement issued.

Accidents at work

In 2024, the Company had 4 accidents at work:

- 2 in-house employees and 2 contractor’ employees were injured;
- Total recordable accident rate (TRR) per 1 million man hours (involving both the Company’ employees and its contractors) dropped down to 0.93 vs 1.26 in 2023.

Ownership Structure

Shares of the Parent Company are owned by the sole shareholder ORLEN Spółka Akcyjna entitled to 100% of the shares.
In 2024, the Company did not acquire or transfer any of its own shares.

Branches

The Company has no branches established; AB ORLEN Lietuva Representative Office in Ukraine is under liquidation process.

Research and Development Activities

The Company was not engaged in any research and development activities during 2024.

Information on remuneration

Information on remuneration paid and due to the members of the Board of Directors and other members of key executive personnel of the Company is available in Note 10.5.1 of the Set of Annual Financial Statements.

Corruption prevention

In its business, the Company follows the highest standards of business ethics and social responsibility.

The Company as a reliable business entity and business partner declares and expects a zero-tolerance approach to corruption and fraud in any form, following in its business activities the principles set in Anti-Corruption Policy of ORLEN Group applicable within AB ORLEN Lietuva, which is available at:
https://www.orlenlietuva.lt/EN/ForBusiness/ForVendors/Documents/TV1(1.2-1)-60.EN.pdf

All employees and representatives of the Company are required to comply with anti-corruption provisions (including bribery of foreign officials in international business transactions) introduced in all countries where ORLEN Group companies operate, as listed in § 3 of the Policy 'Ensuring compliance with legal requirements and ethical standards'.

ORLEN Group Core Values and Standards of Conduct Applicable at AB ORLEN Lietuva are available at https://www.orlenlietuva.lt/EN/Company/Documents/CODE%20OF%20ETHICS%20ENG.pdf

The Company has adopted an anonymous reporting policy. The following methods are available for reporting possible, ongoing or suspected violations:

- By sending a letter to Director of Control and Security / Control and Security Department, Mažeikių g. 75, Juodeikių k., LT-89467 Mažeikių r. sav. 'PERSONAL DELIVERY'.
- By sending an e-mail to anonim@orlenlietuva.lt (the information will be received by the responsible employee of Control and Security Department).
- Calling to +370 800 90 008 (free line available 24 hours a day), and +370 443 92 789 (every working day from 8.00 to 15.00 to speak to a designated employee of Control and Security Department).
- Contacting Director of Control and Security by telephone +370-443-92211 on weekdays between 8:00 and 15:00.
- Using the mailboxes designated as 'Anonymous Violation Reporting System (AVRS)' and located near the main administrative building, at the entrance to the production area, and at the administrative buildings of the main production facilities. Anonymity is guaranteed because the mailboxes are outside of the video camera coverage area.

Sustainability

In accordance with the exemption under Article 23(1) of Law on Reporting of Companies and Groups of Companies of the Republic of Lithuania, no separate sustainability report is prepared by the Company.

The Company's parent company that provides sustainability information on the Group level in accordance with the European Sustainability Reporting Standards is ORLEN Spółka Akcyjna, with its registered office at Chemików 7, 09-411 Plock, Poland. Information on sustainability is available in the integrated sustainability report of ORLEN Spółka Akcyjna at https://www.orlen.pl/en/sustainability/reports-and-policies/Reports

Material Events after the end of reporting period

Information on material events after the end of reporting period is available in Note 10 of the Set of Annual Financial Statements.

Managerial Positions of the Head and Members of the Board of the Company

Position in AB ORLEN Lietuva 31 December 2024	Other managerial positions 31 December 2024
Zbigniew Jozef Paszkowicz Chairman of the Board of Directors, General Director of AB ORLEN Lietuva	
Marek Paweł Gołębiewski Executive Member of the Board of Directors, Chief Financial Officer of AB ORLEN Lietuva	• Chairman of the Supervisory Council, ORLEN Latvija, SIA, code 40003637994, address: Miera iela 2–3, LV-1001 Riga, Latvia; • Chairman of the Supervisory Council, ORLEN Eesti, OÜ, code 10960209, address: Pärnu mnt. 22, 10141 Tallinn, Estonia
Artur Krzysztof Śladowski Executive Member of the Board of Directors, Deputy General Director for Commercial Sales and Logistics of AB ORLEN Lietuva	• Chairman of the Board of Directors, General Director, ORLEN Baltics Retail, AB, code 166920025, address: J. Jasinskio 16B, LT-03163, Vilnius, Lithuania
Robert Antoni Pijus Non-executive Member of the Board of Directors of AB ORLEN Lietuva	• Executive Director for Petrochemical Production, ORLEN S.A., code 610188201, address: Chemików 7, 09–411 Płock, Poland; • Member of the Board, Stowarzyszenie Płockich Naftowców, code 610991725, address: Kazimierza Wielkiego 41, 09–400 Płock, Poland
Renata Agnieszka Rosiak Non-executive Member of the Board of Directors of AB ORLEN Lietuva	• Director of the Capital Group Office, ORLEN S.A., code 610188201, address: Chemików 7, 09–411 Płock, Poland; • Member of the Supervisory Board, ORLEN Serwis S.A., code 360160621, address: Chemików 7, 09–411 Płock, Poland
Andrzej Mieczyslaw Stegenta Non-executive Member of the Board of Directors of AB ORLEN Lietuva	• Technology Modelling and Analysis Centre Office Director, ORLEN S.A., code 610188201, address: Chemików 7, 09–411 Płock, Poland; • Chairman of the Supervisory Board, PGNiG Technologie S.A., code 0000422566, address: Naftowa 8, 38-400 Krosno, Poland
Marek Wocial Non-executive Member of the Board of Directors of AB ORLEN Lietuva	• Director of Group Wholesale Price Coordination Office, ORLEN S.A., code 610188201, address: Chemików 7, 09–411 Płock, Poland; • Member of the Supervisory Council, ORLEN Latvija, SIA, code 40003637994, address: Miera iela 2–3, LV-1001 Riga, Latvia; • Member of the Supervisory Council, ORLEN Eesti, OÜ, code 10960209, address: Pärnu mnt. 22, 10141 Tallinn, Estonia

Business plans and projections

In 2025, the Company will continue its activities by coherently implementing the objectives set out in ORLEN2035 Strategy, focusing on the reduction of carbon dioxide emissions, enhancement of energy security, and value creation in view of the latest environmental trends and consumption patterns as well as financial stability.

The forecasted throughput of the Refinery in 2025 is about 8.7 million tons of feedstock. In the context of the persisting energy crisis under the challenging geopolitical reality, the Company will concentrate its efforts on realization of the key investment projects, capacity utilization increase and reduction of energy consumption as well as on securing the stability of its performance, increasing sales to inland markets, and reducing costs.

To give a long term perspective of growth to AB ORLEN Lietuva as well as the entire ORLEN Capital Group in the context of the increasingly competitive environment and unpredictable market developments, the management of the Company will continue in 2025 its intensive efforts for implementation of advanced management solutions aimed at the operational efficiency increase and process optimization, with the special focus on sustainability of its business.

General Director Zbigniew Paszkowicz