

PGNIG SUPPLY & TRADING GMBH

MUNICH

CERTIFICATE COPY

REGARDING THE ANNUAL FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024 AND THE

MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2024

Translation from the German language

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PGNiG Supply & Trading GmbH, Munich

Balance sheet as of December 31, 2024

ASSETS			LIABILITIES		
	December 31, 2024 EUR	December 31, 2023 EUR		December 31, 2024 EUR	December 31, 2023 EUR
A. FIXED ASSETS			A. EQUITY		
I. Intangible assets			I. Subscribed capital	10,000,000.00	10,000,000.00
1. Acquired concessions, industrial property and similar rights and assets as well as licences in such rights and assets	740,116.00	941,667.00	II. Currency translation reserves	-4,189,975.49	-4,228,991.98
			III. Net profit	96,752,324.43	93,020,068.15
				102,562,348.94	98,791,076.17
II. TANGIBLE ASSETS			B. PROVISIONS		
Other equipment, factory and office equipment	146,708.00	180,894.77	1. Tax provisions	19,940,050.41	9,385,854.31
			2. Other provisions	3,795,321.55	10,233,393.99
				23,735,371.96	19,619,248.30
III. Financial assets			C. ACCOUNTS PAYABLE		
Shares in affiliated companies	57,558,919.10	57,558,919.10	1. Bank loans and overdrafts	42,630,915.31	49,720,880.38
	57,705,627.10	57,739,813.87	2. Payments received on account	135,586,601.62	375,739,639.61
			3. Trade payables	148,058,977.40	133,741,864.68
			4. Payables to affiliated companies	253,984,279.98	239,434,451.30
B. CURRENT ASSETS			5. Other liabilities	15,322,197.67	25,090,495.25
I. Inventories			incl. from taxes EUR 906,827.00 (previous year: EUR 9,914,940.89)		
Natural gas reserves	134,930,513.21	377,155,194.26	incl. as a rule, social security EUR 2,236.89 (previous year: EUR 6,792.63)	595,582,971.98	823,727,331.22
II. Receivables and other assets			D. DEFERRED INCOME	23,069,548.41	15,598,497.76
1. Trade receivables	80,324,795.68	137,153,330.47			
2. Receivables from affiliated companies	366,066,889.05	189,970,434.58	E. DEFERRED TAX LIABILITIES	0.00	7,288,677.01
3. Other assets	74,310,781.05	111,195,558.24			
incl. from taxes EUR 859,437.42 (previous year: EUR 438,321.71)	520,702,465.78	438,319,323.29			
III. Cash on hand and bank balances	29,762,157.47	69,102,429.20			
	685,395,136.46	884,576,946.75			
C. PREPAID EXPENSES AND DEFERRED CHARGES	1,070,287.40	21,766,402.84			
D. DEFERRED TAX ASSETS	39,074.33	0.00			
	744,210,125.29	964,083,163.46		744,950,241.29	965,024,830.46

PGNiG Supply & Trading GmbH, Munich

**Income statement
for the fiscal year 2024**

	2024 EUR	2023 EUR
1. Sales revenue	4,231,134,479.58	6,338,783,171.57
2. Other operating income including from currency translation: EUR 3,728,348.21 (previous year: EUR 9,865,733.12)	5,261,883.69	10,531,358.03
3. Cost of materials		
a) Cost of raw materials, supplies and merchandise	-4,163,853,718.95	-6,250,883,397.75
b) Cost of purchased services	-30,817,228.09	-19,475,601.83
	-4,194,670,947.47	-6,270,358,999.58
4. Gross Profit	41,725,416.23	78,955,530.02
5. Personnel expenses		
a) Wages and salaries	-4,625,669.78	-5,951,667.74
b) Social security, pension and other benefits including for pension: EUR 836.79 (previous year: EUR 750.13)	-573,676.43	-736,426.49
	-5,199,346.21	-6,688,094.23
6. Depreciation of fixed intangible and tangible assets	-513,243.32	-561,876.46
7. Other operating expenses including from currency translation: EUR 4,056,718.88 (previous year: EUR 8,283,461.32)	-8,369,679.47	-15,085,095.21
8. Operating result	27,643,147.23	56,620,464.12
9. Income from equity investments	19,985,127.35	0.00
10. Income from profit transfer	197,424.10	0.00
11. Other interest and similar income	2,650,233.14	1,908,899.91
12. Losses absorbed due to a profit-and-loss transfer agreement	0.00	-740,566.93
13. Interest and similar expenses	-4,407,403.61	-9,526,433.60
14. Financial result	18,425,380.98	-8,358,100.62
15. Taxes on income including income from deferred tax assets EUR 7,326,283.79 (previous year income: EUR -7,286,754.31)	-9,966,999.24	-15,954,786.42
16. Earnings after taxes	36,101,528.97	32,307,577.08
17. Other taxes	-235,308.30	-173,612.69
18. Annual net profit	35,866,220.67	32,133,964.39
19. Profit carried forward from the previous year	60,886,103.76	60,886,103.76
20. Balance sheet profit	96,752,324.43	93,020,068.15



ORLEN
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Appendix

PGNiG Supply & Trading GmbH, Munich

**for the financial year
from January 1 to December 31, 2024**

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General information

These annual financial statements of PGNiG Supply & Trading GmbH, Munich (HRB 190424, Munich Local Court, hereinafter also referred to as "PST") were prepared in accordance with Sections 242 et seq. and Sections 264 et seq. HGB and in accordance with the relevant provisions of the GmbHG.

The company is a large corporation within the meaning of Section 267 (3) and (4) HGB.

The income statement has been prepared using the nature of expense method.

The company is a wholly owned subsidiary of ORLEN S.A. ("ORLEN", formerly: Polski Koncern Naftowy ORLEN S.A.), Płock, Poland, a vertically integrated energy company operating along the entire value chain from energy generation/exploration to the supply of end consumers in the gas, electricity and oil sectors. In the course of the merger between ORLEN and Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG"), ORLEN assumed all rights and obligations (universal succession) of the previous shareholder PGNiG with effect from November 2, 2022, in accordance with Article 494 (1) of the Polish Commercial Code. The company therefore belongs to a group of companies that are related within the meaning of Article 3 (2) of Council Regulation (EC) No. 139/2004 of January 20, 2004, on the control of concentrations between undertakings and are active in the electricity or gas sector in the European Union. The company is therefore a vertically integrated company within the meaning of Section 3 No. 38 of the German Energy Industry Act (EnWG). The provisions of the EnWG apply.

There is a profit and loss transfer agreement with the wholly owned subsidiary PST Europe Sales GmbH i.L., Munich. The agreement has been in place since January 1, 2017, and has not been terminated as on the reporting date. It was entered in the commercial register on January 5, 2017.

In 2022, the company founded the subsidiary PGNiG Supply & Trading Polska Sp. z o.o. in Warsaw, Poland, which remains inactive, as well as the two operating subsidiaries ORLEN LNG Trading Limited (formerly PST LNG Trading Limited) in the UK and ORLEN LNG Shipping Limited (formerly PST LNG Shipping Limited) in London. In the 2023 financial year, all activities of the London branch were transferred to these subsidiaries in the UK. The operating branch in Warsaw, Poland, which had existed since 2019, was closed on April 30, 2024.

Accounting and valuation methods

The following valuation methods were used to prepare the annual financial statements.

Acquired **intangible** fixed assets are carried at cost and, if subject to wear and tear, are amortized over their useful lives using the straight-line method. Additions during the financial year are amortized pro rata temporis. The underlying useful lives are 1 to 5 years.

Property, plant and equipment is recognized at cost and, if depreciable, is depreciated over its expected useful life using the straight-line method. Additions to property, plant and equipment are depreciated pro rata temporis. The useful life of property, plant and equipment is between 3 and 23 years. Low-value assets with acquisition costs of up to EUR 250.00 are depreciated in full in the year of acquisition or over five years (pooling) for acquisition costs between EUR 250.00 and EUR 1,000.00.

Financial assets are valued at acquisition cost.

In the event of a permanent impairment of **fixed assets**, an impairment loss is recognized in accordance with section 253 (3) sentences 5 and 6 HGB to the corresponding lower value.

Inventories are measured at cost. For stored gas capacities (goods), the FIFO method is used as a simplified valuation method in accordance with Section 256 HGB. If necessary, inventories are written down to the lower fair value.

Receivables and other assets are carried at their nominal value; recognizable risks are taken into account through value adjustments.

Cash in hand and **bank balances** are valued at nominal value.

Expenses are recognized as **prepaid expenses** on the assets side of the balance sheet if they represent expenses for a certain period after the balance sheet date.

Foreign currencies are translated at the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the mean spot exchange rate on the reporting date.

This also applies to the balance sheet items of the foreign branches. The items in the income statement, on the other hand, are translated at the average spot exchange rate for the financial year. Any resulting difference is recognized directly in equity in the currency translation reserve.

For the calculation of **deferred taxes** due to temporary differences between the carrying amounts of assets, liabilities and prepaid expenses and deferred income under commercial law and their tax carrying amounts or due to tax loss carryforwards, the amounts of the resulting tax burden and relief are measured using the company-specific tax rates at the time the differences are eliminated and are not discounted. The calculation of deferred taxes results in an overall tax relief. The option to capitalize deferred tax assets in accordance with Section 274 (1) sentence 2 HGB was exercised. The tax rate used to calculate deferred taxes is 32.98%.

The **subscribed capital** is recognized at nominal value.

Tax provisions and **other provisions** take into account all recognizable risks and uncertain liabilities. They are recognized at the settlement amount required according to prudent business judgment. Non-current provisions are discounted at the market interest rate appropriate to the remaining term in accordance with Section 253 (2) HGB.

Liabilities are recognized at the settlement amount.

Deferred income is recognized on the liabilities side of the balance sheet if it represents income for a certain period after the balance sheet date.

Notes to the balance sheet

Fixed assets

The development of the individual fixed asset items is shown in the statement of changes in fixed assets, including depreciation and amortization for the financial year.

	Participation amount	Signed Capital	Financial year	Result
PST Europe Sales GmbH in liquidation, Munich	100 %	1,000,000.00 EUR	01.01.2024 - 31.12.2024	0,00
ORLEN LNG Trading Ltd ., London, Great Britain	100 %	50,000,000.00 GBP	01.01.2024 - 31.12.2024	97,901.17 USD (preliminary)
ORLEN LNG Shipping Ltd, London, Great Britain	100 %	5,000.00 GBP	01.01.2024 - 31.12.2024	4,189,093.99 USD (preliminary)
PGNG Supply & Trading Polska Sp. z o.o, Warsaw, Poland	99 %	PLN 50,000.00	01.01.2024 - 31.12.2024	-41,121.15 PLN (preliminary)

PST Europe Sales GmbH i.L. is reported under financial assets. A profit and loss transfer agreement has been in place with this company since January 1, 2017. Based on the profit and loss transfer agreement, the company transferred profits amounting to EUR 197,424.10 (previous year: loss of EUR 740,566.93).

Inventories

As at December 31, 2024, gas (dry gas) with a value of EUR 134,760,604.80 was stored in rented storage facilities (previous year: EUR 376,307,311.61). Inventories also include wet gas with a value of EUR 169,908.41 (previous year: EUR 847,882.65).



Receivables and other assets

	31.12.2024 EUR	31.12.2023 EUR
Trade receivables	80,324,795.68	137,153,330.47
<i>of which with a remaining term of more than 1 year</i>	<i>0.00</i>	<i>0.00</i>
Receivables from affiliated companies	366,066,889.05	189,970,434.58
<i>of which with a remaining term of more than 1 year</i>	<i>0.00</i>	<i>0.00</i>
Other assets	74,310,781.05	111,195,558.24
<i>of which with a remaining term of more than 1 year</i>	<i>0.00</i>	<i>0.00</i>
	<u>520,702,465.78</u>	<u>438,319,323.29</u>

Trade receivables in the 2024 financial year mainly receivables from trading partners for the delivery period December 2024.

	31.12.2024 EUR	31.12.2023 EUR
ORLEN S.A., Płock, Poland	363,056,402.25	166,134,989.28
PST Europe Sales GmbH in liquidation, Munich	2,017,017.91	1,814,593.81
ORLEN LNG Trading Ltd, London, Great Britain	990,468.89	22,020,851.49
XOOL GmbH in liquidation, Munich	3,000.00	0.00
	<u>366,066,889.05</u>	<u>189,970,434.58</u>

The receivables from the shareholder ORLEN result from delivery and service transactions. The receivable from PST Europe Sales GmbH i.L. consists of a loan of EUR 1,814,593.81 (previous year: EUR 1,814,593.81), trade receivables of EUR 5,000.00 (previous year: EUR 0.00) and the profit and loss transfer claim of 197,424.10 (previous year: liability). Trade receivables from XOOO GmbH i.L. are reported in the amount of EUR 3,000.00 (previous year: EUR 0.00). The receivable from ORLEN LNG Trading Ltd. results from delivery and service transactions.

In addition to collateral paid, other assets include margin payments ("initial, collateral and variation margin") for gas and electricity futures for delivery periods after December 31, 2024, in the total amount of EUR 47,644,886.70 (previous year: EUR 69,800,736.67).

Cash on hand and bank balances

Cash and cash equivalents consist of bank balances, which are subject to restrictions on disposal in the amount of EUR 776,900.00, unchanged from the previous year.

Prepaid expenses and deferred charges

Prepaid expenses mainly comprise the expense from the cascading of gas and electricity futures (with delivery commencing on or after January 1, 2025). The cascading effect is reported net under this deferred item regardless of whether it is a future physical delivery or a financial close-out.

Deferred taxes assets

The deferred tax assets result from the following circumstances:

	31.12.2024 EUR	31.12.2023 EUR
Deferred taxes on provisions for impending losses	39,074.33	0.00

Subscribed capital

The subscribed capital of EUR 10,000,000.00 is held in full by the sole shareholder ORLEN S.A., Płock, Poland.

Tax provisions

The reported tax provisions relate to the 2024, 2023 and 2022 financial years.

Other provisions

The other provisions were mainly posted for outstanding invoices (in particular for missing invoices for gas deliveries), for bonus and vacation obligations from the personnel area and also for the costs of preparing and auditing the annual financial statements and for the preparation of tax returns.

Provisions for onerous contracts amounting to EUR 118,496.79 (previous year: EUR 3,156.00) had to be recognized for the trading business in Germany.

Liabilities

The classification of liabilities and their maturities are shown in the following schedule of liabilities:

	Total Amount EUR	Remaining term up to 1 year EUR
Liabilities to banks (previous year)	42,630,915.31 (49,720,880.38)	42,630,915.31 (49,720,880.38)
Advance payments received on orders (previous year)	135,586,601.62 (375,739,639.61)	135,586,601.62 (375,739,639.61)
Liabilities from deliveries and services (previous year)	148,058,977.40 (133,741,864.68)	148,058,977.40 (133,741,864.68)
Liabilities to affiliated companies (previous year)	253,984,279.98 (239,434,451.30)	253,984,279.98 (239,434,451.30)
Other liabilities (previous year)	15,322,197.67 (25,090,495.25)	15,322,197.67 (25,090,495.25)
	<u>595,582,971.98</u> <u>(823,727,331.22)</u>	<u>595,582,971.98</u> <u>(823,727,331.22)</u>

Trade payables mainly relate to costs for energy procurement.

Liabilities to affiliated companies relate, among other things, to trade payables in the amount of EUR 190,839,593.72 (previous year: EUR 119,471,481.81) to the sister company ORLEN Upstream Norway SA, Stavanger, Norway (formerly PGNiG Upstream Norway SA), to GAS - TRADING S.A., Warsaw, in the amount of EUR 12,000.87 (previous year: EUR 0.00) and to ORLEN LNG Trading Ltd. (formerly PST LNG Trading Ltd.), London, United Kingdom, in the amount of EUR 1,175,679.56 (previous year: EUR 0.00). There were trade payables to the sole shareholder ORLEN S.A., Plock, Poland, in the amount of EUR 1,864,892.14 (previous year: EUR 19,610,166.48). This balance sheet position also includes a liability from a cash pool between the sole shareholder and the company (until April 30, 2024, also with the branch in Warsaw) in the amount of EUR 60,092,113.69 (previous year: EUR 84,411,020.33). Due to the profit situation of PST ES i.L., there are no liabilities from the transfer of losses under the existing profit and loss transfer agreement (previous year: EUR 740,566.93).

In addition to security deposits in the form of margin obligations for gas and electricity futures for delivery periods after December 31, 2024, totaling EUR 13,839,813.84 (previous year: EUR 14,420,933.52), other liabilities include VAT liabilities totaling EUR 900,845.17 (previous year: EUR 9,893,948.37).

Deferred income mainly includes the effect from the cascading of gas and electricity futures (with delivery commencing from January 1, 2025). The cascading effect is reported net under this deferred item regardless of whether it is a future physical delivery or a financial close-out.

Deferred taxes

The deferred tax liabilities result from the following circumstances:

	31.12.2024 EUR	31.12.2023 EUR
Deferred taxes on inventories	0.00	7,288,677.01

Contingent liabilities

Contingent liabilities from warranty agreements

As at the balance sheet date, there were contingent liabilities from warranties amounting to a maximum of EUR 2,000 million at and USD 1,600 million at towards the sole shareholder ORLEN S.A. Guarantee agreements were concluded for the various business areas of the Group against the background that the sole shareholder has issued payment guarantees to external suppliers of PGNiG Supply & Trading GmbH in order to hedge the risk of payment default by the subsidiary. In the event of a claim by an external supplier, the sole shareholder would be entitled to reclaim the money from the subsidiary. The shareholder guarantees relate to individual transactions between the company and external suppliers. Each individual guarantee agreement under the guarantee agreement is subject to the condition subsequent that the receivable to be secured is settled by the external suppliers or the term of the respective guarantee ends.

As at the balance sheet date, the company had outstanding liabilities to external suppliers and therefore payment guarantees from the parent company in the amount of EUR 148.06 million, meaning that the same amount could be utilized as at the balance sheet date. As the company has sufficient cash and cash equivalents and meets its payment obligations, it is not expected that the parent company's warranty obligation will be utilized by external suppliers and therefore the parent company's warranty obligation will not be utilized. The risk is classified as minimal.

Contingent liabilities from the provision of collateral for third-party liabilities

There were no contingent liabilities from the provision of collateral for third-party liabilities as at the reporting date.

Other financial obligations

As at December 31, 2024, other financial obligations were as follows

2025	2026	2027	Total
EUR	EUR	EUR	EUR
787,390,008.99	143,145,626.69	42,397,983.80	972,933,619.48

Other financial obligations mainly relate to pending gas and electricity forward contracts (procurement) with third parties in the amount of EUR 972,342,785.

However, this also includes pending procurements from the Norwegian sister company in the amount of EUR 14,291,589.00.

Notes to the income statement

Sales revenue

The main reason for the fall in sales is the further easing of tensions on the energy markets. The uncertainties caused by the war in Ukraine and the disruption and interruption to the supply of Russian gas in the past have been overcome. The general price level fell again in 2024 compared to 2023. This market normalization also led to a further reduction in risk premiums and thus a significant decrease in proprietary trading turnover due to the lower market potential.

In addition to the general conditions, internal factors also contributed to a decline in sales. The Warsaw site was liquidated in May 2024 and the remaining business was transferred to the head office. Following the spin-off of the LNG business of the operating facility in London to the LNG subsidiaries, this operating facility is no longer operational and therefore no longer generates revenue. The company's trading volume fell by more than 20% from 135 TWh in 2023 to 108 TWh.

The regional breakdown of sales revenues is as follows:

	inside Germany	outside Germany	Total
	EUR	EUR	EUR
Sales revenue	773,138,688.90	3,457,995,790.68	4,231,134,479.58
<i>(previous year)</i>	<i>(3,000,122,499.50)</i>	<i>(3,338,660,672.07)</i>	<i>(6,338,783,171.57)</i>

The breakdown of trading revenue by commodity is as follows:

	Gas	Electricity	Crude oil	Total
	EUR	EUR	EUR	EUR
Sales revenue	4,057,794,124.71	173,340,354.87	0.00	4,231,134,479.58
<i>(previous year)</i>	<i>(6,162,741,032.26)</i>	<i>(176,016,796.99)</i>	<i>(25,342.32)</i>	<i>(6,338,783,171.57)</i>

Cost of materials

The cost of materials item includes the cost of raw materials, consumables and supplies as well as all purchased services. As with revenue, the majority of this is attributable to gas procurement costs. The reduction compared to the previous year corresponds to the decline in sales and is primarily due to the easing of the situation on the energy markets in the 2024 financial year.

Depreciation and amortization

Only scheduled amortization of intangible and tangible fixed assets was carried out.

Other operating income and other operating expenses

Other operating income mainly includes income from currency translation, which amounted to EUR 3,728,348.21 in the reporting year (previous year: EUR 9,865,733.12). This significant decline is the result of the further decline in price levels and the associated decrease in currency translation effects.

Other operating expenses include those from currency translation amounting to EUR 4,056,718.88 (previous year: EUR 8,283,461.32). Other operating expenses for external services, consulting costs and expenses for the company's infrastructure are also reported under other operating expenses. The decrease in the reported costs is also mainly due to the significant reduction in currency translation costs, which, in addition to the price effect, is primarily attributable to the significantly lower LNG business volume.

Income from investments

The investment income of EUR 20.0 million relates to the distribution from ORLEN LNG Trading Ltd. for the 2023 financial year.

Other interests and similar income

Other interests and similar income in the amount of EUR 2,650,233.14 (previous year: EUR 1,908,899.91) includes interest from the cash pool in the amount of EUR 677,763.70 (previous year: EUR 0.00)

Interest and similar expenses

Interest and similar expenses mainly include guarantee commissions to the parent company totaling EUR 2,370,339.99 (previous year: EUR 3,067,295.61) and interest expenses (including cash pooling) to the parent company amounting to EUR 836,838.20 (previous year: EUR 5,021,538.87). The decrease in interest expenses is mainly due to lower financing requirements as a result of lower commodity costs and the discontinuation of significant parts of the previous business operations of the branch in Warsaw.

Taxes on income and earnings

Taxes on income result from the recognition of tax provisions and current tax payments totaling EUR 17,293,283.03 (previous year: EUR 8,668,032.11). In addition, income from deferred taxes in the amount of EUR 7,326,283.79 (previous year: expense of EUR 7,286,754.31) is reported, which mainly results from the repayment of deferred tax liabilities recognized in the previous year. The application of the Minimum Tax Act (MinStG) is not expected to have any impact on the company.

Other information

Major transactions with affiliated or associated companies in accordance with Section 6b (2) EnWG

In the financial year, the company sold 69,726 GWh of natural gas (pipeline gas and LNG gas) to its parent company ORLEN S.A., Płock, Poland, generating revenue (including capacities) of around EUR 2,781 million. At the same time, ORLEN purchased 1,145 GWh of natural gas with a value of EUR 38.9 million.

On behalf of Orlen Upstream Norway SA, the company marketed the shares attributable to the sister company in the gas volumes produced in several Norwegian gas fields with a total volume of 46,471 GWh (EUR 1,599 million).

As part of the marketing of delivery slots at the LNG terminal in Montoir, the company generates revenue of EUR 4.7 million with ORLEN LNG Trading Ltd, London, UK.

Reciprocal loan agreements were concluded within the PST Group to implement cash pooling. PST Europe Sales GmbH in liquidation utilized a shareholder loan in the amount of EUR 1.8 million in 2024. In addition, PST participates in a cash pooling agreement with ORLEN to strengthen its liquidity.

Activity report in accordance with Section 6b (3) EnWG

In the 2024 financial year, the company performed other activities within the gas sector and other activities within the electricity sector. The company therefore maintains separate accounts for these activities.

Valuation units

When measuring pending procurement and sales transactions, the company deviates from the individual measurement principle in accordance with IDW RS ÖFA 3 and combines the transactions into contract portfolios for gas, electricity and crude oil. The transactions offset each other in terms of volume and are subject to similar risks in terms of both substance and timing. The countervailing nature of the transactions balances out the risks. The contract portfolios are in line with the company's internal risk management. Risk management, including contribution margin accounting, is a key component of this. Impending losses and expected profits are recorded for each contract portfolio as at the balance sheet date and, in the event of an excess of obligations, a provision for impending losses is recognized in accordance with Section 249 (1) sentence 1 HGB. As at 31 December 2024, impending losses amounted to EUR 118 thousand (previous year: EUR 3 thousand). By forming the contract portfolios (volume: 25.5 TWh, previous year: 11.0 TWh), the company hedges risks from individual consideration in the amount of EUR 160 million.

Management

The Managing Directors of PGNiG Supply & Trading GmbH in the 2024 financial year were:

- Grzegorz Markiewicz, graduate of Szczecin University, Executive Director for Oil Trading at ORLEN, manager in the energy sector (since April 26, 2024)
- Grzegorz Bujnowski, graduate of the Warsaw School of Economics and the Kozminski University in Warsaw, Executive Director for Gas Trading at ORLEN, manager in the energy sector (since July 9, 2024)
- Robert Śleszyński, graduate of Warsaw University of Technology; Executive Director at ORLEN, manager in the energy sector (dismissed on April 25, 2024).

The managing directors are exempt from the restrictions of § 181 Alt. 2 BGB.

Supervisory Board

- Ms. Dorota Mazurek-Zaprawa (Chairwoman of the Supervisory Board since October 8, 2024; member of the Supervisory Board since June 5, 2024)
- Ms. Magdalena Skowyrska (member of the Supervisory Board from July 23, 2024)
- Mr. Jacek Polańczyk (Chairman of the Supervisory Board; was dismissed with effect from 8 October 2024); marketing manager, member of the Management Board of a Polish bank.
- Mr. Józef Wierzbowski (member of the Supervisory Board until 26 June 2024); lawyer
- Mr. Marcin Gawroński (member of the Supervisory Board until 7 March 2024); manager in the energy sector, member of the Management Board of a Polish district heating company
- Ms. Joanna Zakrzewska (Member of the Supervisory Board until March 15, 2024); Manager in the media sector
- Ms. Urszula Kowalczyk (member of the Supervisory Board until February 23, 2024); manager for corporate law matters
- Mr. Radosław Kwaśnicki (member of the Supervisory Board until March 8, 2024); attorney at law

The Supervisory Board has a purely advisory function.

Remuneration of active board members

The Management Board was granted total remuneration of EUR 27,305.06.

The members of the Supervisory Board received remuneration for their activities in the financial year amounting to EUR 194,802.93 (previous year: EUR 106,050.48).

Employees

In the financial year from January 1, 2024, to December 31, 2024, the average number of employees was 47 (previous year: 47). The breakdown of employees is as follows.

- Employees: 41
- Senior executives: 6

Group relationships

The annual financial statements are included in the consolidated financial statements of ORLEN S.A. (ORLEN), Płock, Poland (largest and smallest scope of consolidation). These are available at the registered office of the parent company and can be accessed via the Polish company register using the number of the National Court Register (KRS number) 0000028860. The operating business of PST Europe Sales GmbH in liquidation and XOOL GmbH in liquidation was discontinued with the sale of the respective customer portfolios in 2020. The companies have been in liquidation since January 1, 2022. A consolidated VAT group still exists with both companies, while the previous consolidated income tax group was automatically terminated with the sale of the main business basis. The profit and loss transfer agreement with PST Europe Sales GmbH in liquidation still existed under commercial law in the 2024 financial year. The subsidiary PGNIG Supply & Trading Polska Sp. z o.o., Warsaw, Poland, which was founded in the 2022 financial year, was not operational in 2024. ORLEN LNG Trading Ltd, London, United Kingdom, and ORLEN LNG Shipping Ltd. in London, United Kingdom, took over the operating business in the 2023 financial year as part of a spin-off of the London branch and have been operating since then.

The company does not prepare consolidated financial statements and a Group management report in accordance with Section 290 HGB, as it makes use of the exemption option under Section 291 (1) HGB.

Auditor's fee

In the reporting year, PST incurred fee expenses amounting to EUR 276,437.00. This exclusively includes auditing services. Of this amount, EUR 67,137.00 is attributable to the previous year.

Transactions with related parties

There are no transactions with related parties under non-market conditions.

Supplementary report

No events of particular significance to the net assets, financial position and results of operations occurred after the reporting date.

Appropriation of earnings

The net profit for 2023 was distributed in full in 2024. The shareholder resolution on this was passed on July 2, 2024.

The management proposes that the retained profits of EUR 96,752,324.43, consisting of the net profit for 2024 of EUR 35,866,220.67 and the profit carried forward of EUR 60,886,103.76, be carried forward to new account.

Munich, March 28, 2025

Grzegorz Markiewicz

Grzegorz Bujnowski

PGNiG Supply & Trading GmbH, Munich

Development of fixed assets in the 2024 financial year

	Acquisition and manufacturing costs				Accumulated depreciation				Book value	
	1/1/2024	Additions	Disposals	12/31/2024	1/1/2024	Additions	Disposals	12/31/2024	12/31/2024	12/31/2023
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets										
Acquired concessions, industrial property and similar rights and assets as well as licences in such rights and assets	4,144,861.96	200,650.00	0.00	4,345,511.96	3,203,194.96	402,201.00	0.00	3,605,395.96	740,116.00	941,667.00
II. Tangible assets										
Other equipment, factory and office equipment	1,379,269.56	77,018.55	823.16	1,455,464.95	1,198,374.79	111,042.32	660.16	1,308,756.95	146,708.00	180,894.77
III. Financial assets										
Shares in affiliated companies	58,259,997.44	0.00	0.00	58,259,997.44	701,078.34	0.00	0.00	701,078.34	57,558,919.10	57,558,919.10
	63,784,128.96	277,668.55	823.16	64,060,974.35	5,102,648.09	513,243.32	660.16	5,615,231.25	58,445,743.10	58,681,480.87



ORLEN
SUPPLY
TRADING

**Management Report
PGNiG Supply & Trading GmbH, Munich
For the financial year 2024**

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I. General information

1. General information on the company

PGNiG Supply & Trading GmbH (hereinafter referred to as "PST" or the "Company") is a limited liability company based in Munich, Germany. The headquarter of the company is located at Arnulfstraße 19, 80335 Munich, Germany. The company has been incorporated in 2010 and registered in the commercial register (hereinafter "HR") of the Munich (Amtsgericht München) under the number HRB 190424. The registered capital of the company amounts to EUR 10,000,000 and is fully paid up.

2. Ownership structure

ORLEN S.A., Płock, Poland (hereinafter "ORLEN"), holds all shares in the company's share capital. ORLEN became the sole shareholder of the company in November 2022 following the merger with the former owner of PST - Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG S.A.").

3. Equity investments of the company

PST holds shares in the following companies:

Company	Head office	Registered capital	PST share
ORLEN LNG Trading Ltd.	London	50.000.000 £	100 %
ORLEN LNG Shipping Ltd.	London	5.000 £	100 %
PGNiG Supply & Trading Polska Sp. z o.o. in liquidation	Warsaw	50,000 zł	99 %
PST Europe Sales GmbH in liquidation	Munich	1.000.000 €	100 %
XOOL GmbH in liquidation*	Munich	500.000 €	100 %

*Shares are held indirectly via PST Europe Sales GmbH, which is the sole shareholder of XOOL GmbH.

The retail business (customer portfolio) of PST Europe Sales GmbH i.L. and XOOL i.L. was sold and the companies have been in liquidation proceedings since January 1, 2022. It is planned to conclude the proceedings in 2025 and remove both companies from the court register.

4. Composition of the Management Board and the Supervisory Board

Management Board

Mr. Grzegorz Markiewicz (appointed on 26 April 2024 / entered in the HR on 3 June 2024) and Mr. Grzegorz Bujnowski (appointed on 9 July 2024 / entered in the HR on 30 September 2024) were members of the Management Board of PST as at 31 December 2024.

On April 25, Mr. Robert Dominik Śleszyński was dismissed as Managing Director (entry in the HR on June 3, 2024).

Supervisory Board

The members of the Supervisory Board of PST as at December 31, 2024 were

Ms. Dorota Mazurek-Zaprawa - Member of the Supervisory Board June 5, 2024 and Chairwoman of the Supervisory Board since October 8, 2024

Ms. Magdalena Skowyrska - Member of the Supervisory Board July 23, 2024

Mr. Jacek Polańczyk, Chairman of the Supervisory Board, until October 8, 2024

Ms. Józef Wierzbowski - Member of the Supervisory Board until June 26, 2024

Mr. Marcin Gawroński - Member of the Supervisory Board until March 7, 2024

Ms. Joanna Zakrzewska - Member of the Supervisory Board until March 15, 2024

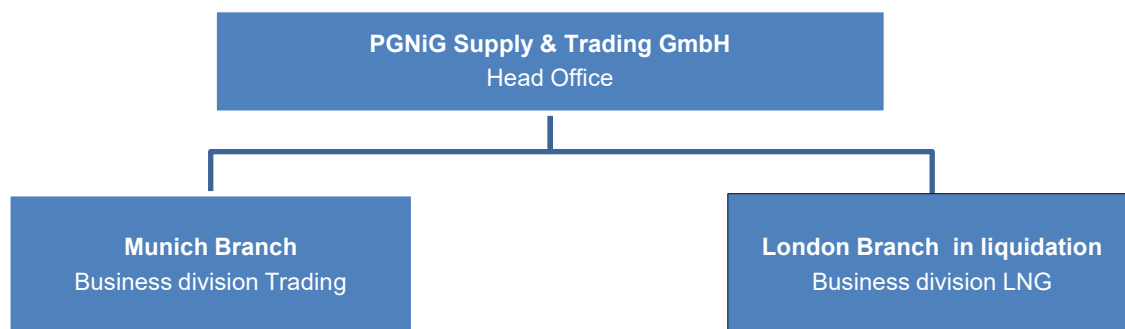
Ms. Urszula Kowalczyk - Member of the Supervisory Board until February 23, 2024

Mr. Radosław Kwaśnicki - Member of the Supervisory Board until 8 March 2024.

The Supervisory Board has a purely advisory function.

5. The most important activities of the company

At the end of 2024, PST had two branches :



Warsaw Branch was liquidated on April 30, 2024.

Business division Trading

The Trading business division was established to trade primarily in natural gas (hereinafter referred to as "gas") and other energy sources on the European energy markets.

PST is the international trading arm of the ORLEN Group and thus the "face to the market" within the ORLEN Group. PST is the interface between the various energy trading centers. PST also markets the natural gas produced by the Norwegian sister company ORLEN Upstream Norway AS, Stavanger, Norway (hereinafter "OUN"), on the Norwegian Continental Shelf (hereinafter "NCS") at the European gas hubs.

In 2024, PST focused on further expansion of its activities in the Central/Eastern European markets (hereinafter referred to as "CEE") and the Baltic market in order to strengthen its position in these regions. As the procurement arm of the Group, PST supplied gas to Poland from almost all neighboring markets, including purchases from Ukraine, in order to ensure the security of energy supply in Poland and increase it by developing additional supply routes.

PST further strengthened its supply portfolio on the NCS, procuring gas from ten different producers and landing the gas mainly in Denmark, Germany, the UK and France. From Denmark, the gas is transported by ORLEN via the Baltic Pipe to Poland.

In Southern Europe, PST has started trading on the Italian gas market, including the local gas exchange, and is examining further opportunities to expand its activities in the region.

Market access for third parties - mainly smaller utilities - and trading in electricity, gas and oil contracts on its own account is an additional part of the wholesale business. In addition, PST traded gas from the Slovakian and Latvian storage facilities.

Business division LNG

PST established a branch in London in 2016 to start its LNG trading activities. Alongside Singapore, London is one of the two trading centers for global LNG trading.

In 2023 all operations of the branch have been transferred to subsidiaries of PST, ORLEN LNG Trading Ltd ("OLT" for short) and ORLEN LNG Shipping Ltd ("OLS" for short), both based in London, UK. In 2024, the names of the subsidiaries were changed to ORLEN LNG Trading Ltd. and ORLEN LNG Shipping Ltd. (from PST LNG Trading Ltd. and PST LNG Shipping Ltd. respectively).

In order to implement ORLEN's long-term LNG contracts for FOB deliveries, OLS has concluded eight long-term charter contracts for LNG tankers that can transport the contractually agreed LNG volumes. Four of the eight vessels have already been delivered and were in operations as of end of 2024. The delivery of four further ships, which are chartered on a long-term basis, is expected in 2025.

In order to benefit even more from the added value along the LNG supply chain, PST has also contracted regasification capacities at the Montoir LNG terminal in France, comprising 10 slots in 2023 and 15 slots per year for the period 2024 to 2029.

In future, PST will also take over the distribution of regasified LNG on the European gas markets (outside Poland) for the ORLEN Group.

Business division Poland

PST founded a branch in Poland to build relationships with wholesale gas customers and resellers on the Polish market. Branch started its operations in 2019. Following the merger of ORLEN S.A. and PGNiG S.A. and gas crisis related to the war in Ukraine decision has been made, it was decided that the branch would not actively expand its activities and would focus on serving the existing customer portfolio. At the end of April 2024, when the branch was liquidated, it serviced only two contracts in Poland, which were taken over by the Munich branch.

In the financial year, the company maintained a further non-operating branch in Prague, Czech Republic.

II. Overview of the company's business activities and financial position

1. Economic report

As a trading company on the European energy markets, PST is influenced by global trends and developments in the world economy. The most important energy markets that have an impact on PST's activities are the European natural gas market -, the global LNG market and the electricity market and power market in Europe.

1.1. Macroeconomic environment

Global economic growth stabilized at 3.2 % in 2024, slightly above 3.1 % in 2023. ¹² This development was influenced by declining inflation and the associated improvement in real incomes.

Global inflation declined from 6.7 % in 2023 to 5.8 % in 2024, reflecting the effectiveness of tight monetary and fiscal policy in the major economies.³

The eurozone, which had previously struggled with the energy crisis triggered by the Russian invasion of Ukraine, cuts in public funding to offset the economic impact of the COVID-19 pandemic and rising interest rates, recorded GDP growth of 0.8% in 2024, compared to 0.4% in 2023.⁴

Germany, the largest economy in the eurozone, again recorded a 0.2 % decline in GDP in 2024, following a 0.3 % decline in 2023.⁵

Due to the restrictive monetary policy, the average inflation rate in the eurozone fell from 3,4 % in 2023 to 2.4 % in 2024.⁶

In Germany, inflation fell from 5.9 % in 2023 to 2.2 % in 2024. ^{7 8}

In the second half of 2024, the central banks began to ease their policy due to the decline in inflation. The ECB lowered its key interest rates by 100 basis points from June 2024. The interest rate for the main deposit facility was reduced to 3 % by the end of 2024 ⁹ The same path was taken by the US Federal Reserve, which lowered interest rates in three steps from September 2024 by a total of 100 basis points.¹⁰

¹ IMF; World Economic Outlook Update, January 2025: Global growth: inconsistent and

² IMF; World Economic Outlook Update, January 2024: Moderate inflation and steady growth pave the way for a soft landing

³ IMF view: The global fight against high inflation is "almost won" | AP News

⁴ IMF; World Economic Outlook Update, January 2025: Global growth: inconsistent and uncertain

⁵ Federal Statistical Office; press release dated January 15, 2025 019/25

⁶ Eurostat; press release dated January 17, 2024 and January 7, 2025

⁷ Federal Statistical Office; press release dated January 16, 2024 020/24

⁸ Federal Statistical Office; press release dated January 16, 2025 020/25

⁹ European Central Bank; Press release from December 12, 2024

¹⁰ Federal Reserve; press release dated December 18, 2024

1.2. Overview of the energy markets

The most important challenges for the European energy market in 2024 were the security of energy supply while at the same time turning away from Russian energy supplies and the integration of renewable energies.

Record-high inventories, warm winter weather and moderate economic growth of 1.12% in the EU led to further price corrections on the wholesale energy market.¹¹ However, prices recovered over the course of the year and closed with a positive trend.

Due to the lower prices, credit exposures to trading partners were significantly lower, which reduced the risk of a possible default. However, the lower volatility also significantly dampened the profits of trading houses and reduced their creditworthiness. From a trading perspective, the lower prices helped to increase liquidity in the futures market. The focus of trading continued to be on short to medium-term products, with more direct transactions between trading partners being concluded again compared to the last two years. Algorithmic trading is playing an increasingly important role in commodities trading, as more and more hedge funds and financial institutions are entering the European energy markets in order to profit from the volatility.

Germany maintained its position as the most attractive liquid market for natural gas sellers by trading at a premium to the Netherlands, the UK and France and increasingly sourcing gas from LNG suppliers and via the pipeline system from Norway. With the opening of the Baltic Sea pipeline, Denmark has become an attractive market for pipeline gas from Norway, which is traded at a significant premium to neighboring countries.

Natural gas market Europe

The year 2024 is characterized by a further normalization of prices on the European commodity markets, especially on the European gas and power market. As in 2023, Europe got through the winter well thanks to the newly introduced European storage regulation and mild temperatures. A downturn in the European economy and a high expansion of renewable energies from wind and solar helped Europe to cope with the suspension of Russian gas supplies. LNG remained an alternative source of gas supply, although inflows were significantly lower compared to 2023.

The price correction continued in early 2024 as fears of supply bottlenecks eased. As a result, the risk premiums decreased and prices for the largest

¹¹ <https://www.statista.com/statistics/686147/gdp-growth-europe/>

The main reason for this was a record level of 58% in European gas storage facilities at the end of the winter season.¹²

However, due to lower LNG inflows in 2024 and higher gas consumption due to higher gas demand in Europe compared to the previous year, prices recovered from April 2024. Germany, for example, reported total gas consumption of 844 TWh in 2024, an increase of 3.5% compared to consumption of 811.5 TWh in 2023.¹³ This increase was primarily due to a recovery in industrial demand and increased use in power generation. The upward trend in prices accelerated in the second half of 2024 as it became increasingly clear that no more Russian gas would reach Europe via Ukraine from 2025.

Gas prices traded in the first quarter of the year downward with spot prices in the German market hub THE receding from a level of 35 €/MWh at the beginning of the year to reach its low of 23 €/MWh on February 22. Prices then recovered and remained within a range of € 25 - 35/MWh for the rest of the first half of the year. In the second half of the year, prices broke through the resistance of 35 €/MWh and reached a new trading range of 35 – 50 €/MW, reflecting lower LNG inflows to Europe and the loss of Russian gas supplies from 2025 onwards.

The same pattern could be observed in the forward market, where the leading year-ahead index, the Dutch TTF Cal 25-index, started into the year at a level of 33 €/MWh to mark the low of 27.4 €/MWh on February 23. Prices followed the trend of the short-term market and moved up to reach a high of 46.7 €/MWh on December 27. Futures contracts for 2026 and 2027 traded in backwardation, i.e. below the Cal 25 index, reflecting the market view that LNG supplies to Europe will increase over time as liquefaction projects in the US ramp up, leading to additional gas supplies to Europe.

Price development:

THE Spot: High 51.125 €/MWh (Dec. 31) / Low 23.00€/MWh (Feb. 24) / Average 34.798 €/MWh

Dutch TTF Cal 25: High 46.724 €/MWh (Dec 27) / Low 27.408 €/MWh (Feb 24) / Average 36.901 €/MWh

¹² European Commission; Statement of April 12, 2014 "Statement of Commissioner for Energy Kadri Simson on record post-winter gas storage levels in Europe"

¹³ Federal Network Agency, Review: Gas supply in the year 2024

Power market Europe

In the power forward market, a similar price development as in the gas market was observed in the first quarter of 2024. The German baseload contract Calendar 2025 (Cal 25) started the year on high level opening above 90 €/MWh to drop to 68.55 €/ MWh on February 23rd to quickly recover thereafter and trading from April onwards in a range of around 85 – 100 €/MWh.

Spot prices on the other hand were strongly driven by renewable output. On days with sufficient wind/solar generation, prices were low, on days where the market experienced low renewable production, prices skyrocket. Overall price range for the spot market varied between 0.95 €/MWh and 492.04 €/MWh. One has to notice that the highest prices resulted from a technical malfunction on the European Power Exchange (EPEX SPOT) that led to its decoupling from the Single Day-Ahead Coupling (SDAC) market. This decoupling prevented cross-border electricity trading, isolating the German market.¹⁴ In average, the spot prices were around 16 % below the previous year's level.

In 2024, Germany significantly expanded its renewable energy capacity, adding nearly 20 gigawatts (GW) to reach a total of approximately 190 GW, marking a 12% year-on-year increase.

The growth was mainly driven by newly installed 16.2 GW solar photovoltaic (PV) capacity, bringing the total to 99.3 GW by the end of 2024. This growth was primarily driven by rooftop installations, which accounted for two thirds of the new capacity. The net increase in onshore wind capacity amounted to 2.5 GW. Installed onshore wind capacity amounted to 63.5 GW at the end of 2024.¹⁵

Price development:

Spot: High 492.04 €/MWh (June 25) / Low 0.95 €/MWh (Dec 31) / Average 79.53 €/MWh

Cal 25: High 102.12 €/MWh (21. Nov) / low 68.55 €/MWh (Feb 23) / Average €88.71 €/MWh

¹⁴ ICIS; communication dated June 25, 2024: "Day-ahead-power-price-spreads-soar-as-markets-decouple-on-technical-issue"

¹⁵ Federal Network Agency; press release dated 08.01.2025 "Growth in renewable energies in 2024"

LNG commodity market¹⁶

Limited new LNG supply came to the market in 2024. Global LNG gross supply grew by only 1.5% year-on-year in 2024 to reach a new all-time high of 409 Mtpa (vs 403 Mtpa in 2023, 398 Mtpa in 2022 and 379 Mtpa in 2021). Despite the limited number of newly commissioned projects, some additional supply came from existing projects achieving higher utilization rates compared to 2023. Incremental new supply came from Fast LNG Altamira - Mexico (+2.7 Mtpa nameplate). Higher utilization were achieved in Freeport, Tangguh LNG and Malaysia LNG. The biggest drop came from Egypt which reduced its supply by 1.8 Mtpa and has switched to a net-importer. The global gas prices were stable throughout 2024 compared to the volatility seen in 2023 and 2022.

After the record years in 2023 and 2022, European LNG demand dropped to approximately 100 Mtpa (vs 123 Mtpa in 2023, 125 Mtpa in 2022 and 77 Mtpa in 2021) due to the mild winter of 2023/24 and the weak macroeconomic. New regasification capacity of 14.2 Mtpa were added in 2024 in Europe. The new capacity came from Zeebrugge (Expansion 2), Le Havre FSRU, Mukran FSRU and Alexandroupolis (FSRU) leaving some spare capacity unutilized.

Asian LNG supply increased to approx. 177 Mtpa in 2024 (vs 172 in 2023, 171 Mtpa in 2022 and 165 Mtpa in 2021), albeit with some changes in flows within the Pacific Basin. Demand from Thailand and Japan stabilized at almost the same levels like in 2023. Higher demand came from China, Taiwan and South Korea, which rose by +7 Mtpa, +1.4 Mtpa and +2.1 Mtpa respectively. Increased activity was also observed in India, where LNG demand rose from around 22 Mtpa to 27 Mtpa, which overtook the record levels from 2020 and 2021. The rise in imports was supported by heatwaves during the summer in South and Southeast Asian markets, as well as new storage additions in China.

In 2024 non-long-term volumes rose from 150 MMt in 2023 to 165 MMt in 2024, representing 40% of all volumes produced. Lower prices in 2024 accelerated the spot trading activity, especially with the price sensitive regions like India and South Korea. Most of the flexible volumes came from the United States (new volumes and better utilizations) and Qatar (expiring long-term contracts).

The LNG shipping market in 2024 faced significant headwinds, with rates experiencing considerable volatility due to an oversupply of vessels, delays in major LNG projects, and weaker than expected demand growth. Spot rates declined substantially throughout the year, with Atlantic Basin availability consistently outstripping demand, particularly in Q3 and Q4. The seasonal winter peak failed to materialize, marking one of the weakest year-end periods in recent history.

¹⁶ S&P Global Commodity Insight as of January 2025

Fleet expansion continued aggressively, with over 85 new vessels delivered and only 8 vessels scrapped, leading to a prolonged period of structural oversupply. This drove down both spot and term charter rates, forcing independent shipowners and traders, many of whom had secured speculative tonnage, to actively seek short-term employment to mitigate idle periods. Furthermore, many vessels originally intended for long-term contracts remained uncommitted due to delays in major liquefaction projects, most notably with Venture Global. With more available tonnage in the market, the spot market saw a 90% year-on-year increase in fixtures, reflecting a growing reliance on short-term charters as long-term demand waned.

Trade flows were a significant talking point in 2024. These were significantly impacted by disruptions at key transit chokepoints, particularly the Suez and Panama Canals. Red Sea security risks led to fewer Suez transits, forcing vessels to reroute around the Cape of Good Hope, increasing voyage times and costs. Meanwhile, Panama Canal restrictions due to low water levels limited eastbound U.S. LNG flows to Asia, further tightening vessel availability in the Pacific. In 2025, both routes are expected to see gradual improvements, but any prolonged restrictions could continue distorting trade flows, keeping more tonnage trapped in the Atlantic Basin.

1.3. Company's operations overview

PST actively traded gas on all markets around Poland and beyond. The main focus was on securing supplies to Poland via various routes at competitive prices. With the introduction of a storage levy in Germany, exports from Germany to Poland became unattractive. As a result, procurement of PST in Denmark, the Baltic states and the Central and Eastern European region, including Ukraine, increased significantly. Covering a wide range of European gas markets and an extensive contract network were the key to success in procuring gas at competitive prices.

Overview of total energy volumes traded:

		2024 in GWh	2023 in GWh	2024 in EUR million	2023 in EUR million
Gas	Pipeline	105.770,5	123.025,7	4.049,2	5.598,3
	LNG*	167,4	10,8	8,5	564,4
Power		1.757,4	1,3	173,4	176,0

*The large scale LNG activities were transferred to subsidiaries in 2023.

Developments in the Trading business division

PST's focus markets are Norway, Germany, the Netherlands, the United Kingdom, Denmark, the Baltics and the CEE region.

PST continued to develop its natural gas business in 2024. Among other things, PST was able to secure additional volumes from its Norwegian upstream sister company ORLEN Upstream Norway ("OUN" for short, formerly: "PUN") and from other independent producers. The portfolio grew to ten different producers. Depending on the service requested, PST buys the gas either at the exit points of the Norwegian gas pipeline system or directly from the producer's field and also markets the by-products, such as propane and butane, which are produced during the conversion of "wet gas" into "dry gas", which is exported to the continent or to the UK.

In addition, PST expanded its trading counterparty portfolio mainly in the CEE region, in order to diversify its procurement and trading activities in those regions.

PST plays an active role on the Danish gas market by placing volumes from its upstream portfolio there and procuring additional volumes for ORLEN as required. In the Baltic region, PST has become a relevant trading partner on the GET Baltic exchange and for local business partners. PST continues its growth and strengthens its position in Northern Europe and on the Danish wholesale gas market.

In the CEE region, PST stepped up its activities in Slovakia and on the Ukrainian gas market in order to expand its supply and sales options for the ORLEN Group's gas portfolio.

In Southern Europe, PST commenced its gas trading activities on the Italian market, both in bilateral trading and on the exchange. The aim is to expand its presence in this region in order to explore additional opportunities.

With its comprehensive market coverage, PST has created a solid and future-oriented foothold in the European gas market that guarantees the ORLEN Group security of supply and creates additional trading opportunities for its own activities.

Lower volatility in the wholesale market paired with reduced risk premiums affected PST's proprietary trading business resulting in a reduction in speculatively traded natural gas and power volumes. However, PST was able to secure good margins from the optimization of its Norwegian upstream portfolio and through its flow trading by providing market access mainly to smaller German utilities.

EBIT in the Trading segment amounted to EUR 32.3 million in 2024 (previous year: EUR 44.2 million) with sales of EUR 4,218.4 million (previous year: EUR 5,296.6 million).

Developments in the LNG trading division

Acknowledging the scale and complexity of current and planned LNG operations, all activities have been transferred from the branch into subsidiaries as more adequate legal form to conduct large scale business. Branch continued deliveries contracted in year 2022 and the short-term charter contracts expiring in 2023. All assets, contracts and activities have been effectively transferred to OLT and OLS.

The London branch was no longer commercially active in 2024. As a result, the financial figures for the branch in the 2024 financial year were no longer relevant for the assessment of the company's net assets, financial position and results of operations

The generated EBIT amounted to EUR -0.2 million (previous year: EUR 16.9 million) on sales of EUR 0.0 million (previous year: EUR 630.4 million).

Development of the Poland division

Following the decision taken in 2022, the branch in Poland only continued the deliveries to the existing customers not making any efforts to expand its operations or acquire new customers. Following the expiry of the majority of contracts only limited operations were still carried out by the branch as of end of 2023. Branch kept delivering its customers interested in VTP Poland deliveries and SSLNG deliveries. From May 2024, after liquidation of branch, these activities were transferred to headquarter. PST Munich extended one of the operating contracts to the end of 2026 and additionally signed a new one. PST is in contact with counterparties willing to trade on Polish VTP and looking for new opportunities to expand its activities.

In 2024, the branch in Poland supplied 0.25 TWh of gas (previous year: 5.43 TWh) worth EUR 13.3 million (previous year: EUR 415.3 million) to Polish customers by 30.04.2024 and generated EBIT of EUR -0.1 million (previous year: EUR -0.3 million).

Liquidation of retail companies

In 2020, PST sold the retail segment, which consisted of two PST subsidiaries - PST Europe Sales GmbH (hereinafter also referred to as "PSTES") and XOOL GmbH ("XOOL"). On September 1, 2020, the nationwide energy supplier lekker Energie GmbH took over the approximately 40,000 electricity and natural gas customers of PSTES and XOOL. In November 2021, the management decided to initiate the liquidation of both companies.

The liquidation proceedings for both companies were continued in 2024. As the annual blocking period for the registration of creditors has expired, the plan is to deregister both companies by first merging XOOL with PSTES and then PSTES with PST. This will avoid the tedious process of obtaining statements from the tax authorities, which can carry out further time-consuming audits before closing.

Personnel

At the end of 2024 PST employed a total of 44 employees, which represents a reduction of 4 employees compared to the previous year. This change is primarily due to the optimization processes within the company. The company has qualified employees and strives to retain them. Diversity in the workforce has been an important goal since the company was founded. The internationality of the Group is not only a result of the area of activity, but also of the international composition of the workforce. PST employees (17 women/27 men) come from 8 different countries. Most of them are professionals with a university education and relevant experience in the energy sector.

2. Forecast report

2.1. General macroeconomic outlook

The general outlook for global growth is still below the pre-pandemic average (2019 - 2020) of 3.7 % and is estimated by the IMF at 3.3 % in 2025 and 2026. Global inflation is expected to fall to 4.2% in 2025 and 3.5% in 2026. According to the IMF, *"this forecast reflects expectations of continued disinflation as supply chain disruptions ease and monetary policy remains tight."*¹⁷ The eurozone is expected to grow by 1.0% in 2025 and 1.4% in 2026, supported by stronger domestic demand as financial conditions loosen, confidence increases and uncertainty recedes, while the German economy should recover from recession and hit to the growth path at 0.3% in 2025 and 1.1% in 2026.¹⁸¹⁹ The positive development is the further expected reduction of inflation rate in Eurozone to 2.1 % in 2025 and 1.9 % in 2026.²⁰ The inflation outlook for Germany is estimated to be slightly higher at 2.4 % and 2.1 % respectively.²¹

2.2. Outlook for the energy markets

Natural gas Europe

At the end of 2024, the supply situation in Europe will face a new challenge - the end of Russian supplies via Ukraine, which will lead to a loss of around 15 billion m³ of Russian gas in Europe.²² This cessation marked the end of a decades-long agreement and made it necessary to adjust the European gas supply. To compensate for most of the loss of Russian gas via Ukraine, Europe needs to increase its imports of liquefied natural gas (LNG) from alternative sources. Due to attractive prices in Europe and low demand in Asia, traders diverted at least six US LNG cargoes from Asia to Europe in January 2025 to meet the increased demand.²³ In addition, Europe faces the challenge of replenishing its gas storage in the summer, which had decreased significantly due to the cold winter and the interruption of Russian supplies. On January 21, 2025, the capacity of gas storage in the EU was 58%, compared to 74% at the same time last year.²⁴ Based on the current withdrawal rate, storage facilities are expected to be around 30 % to 40 % full at the end of winter, leading to high demand for gas as storage facilities will need to be replenished next summer. The market is currently in a paradoxical situation in which summer prices for this year are trading at a high premium compared to next winter, which means that filling the storage facilities is not economically viable.

¹⁷ IMF, World Economic Outlook Update, January 2025: Global growth: inconsistent and uncertain

¹⁸ IMF, World Economic Outlook Update, January 2025: Global growth: inconsistent and uncertain

¹⁹ IMF, World Economic Outlook Update, January 2025: Global growth: inconsistent and uncertain

²⁰ Reuters; Press release from November 15, 2024 "EU Commission sees euro zone economy picking up, warns of US protectionism"

²¹ Bundesbank; press release dated December 13, 2024 "Bundesbank's : economy battles forecast for Germany stubborn headwinds"

²² S&P Global, publication of January 01, 2025: "Russian gas flows via Ukraine suspended as transit deal expires"

²³ Reuters, publication of January 20, 2025; "LNG traders divert six US cargoes to Europe from Asia"

²⁴ <https://agsi.gie.eu/>

The most important factors for the European natural gas market in 2025 will be

- The development of the European economy - The European Union's gross domestic product (GDP) is expected to grow by between 1.0% and 1.5% in 2025.²⁵
- Pipeline flows from Norway - Norway has become the main supplier to Europe and any problem with the infrastructure would severely affect the fragile balance between supply and demand.
- Filling level of continental gas storage facilities - a "normal" winter led to high storage utilization in Europe and thus to low inventories. This will increase demand for gas in the coming summer.
- LNG inflows - additional regasification infrastructure in Europe will help to replace the missing gas supplies from Russia. As a side effect, Europe is exposed to global gas price developments as other markets and countries, including China, are dependent on LNG supplies, leading to price competition for this supply source.
- Vulnerability of the energy infrastructure - the Russian "shadow fleet" continues to cause damage to the infrastructure in the Baltic Sea region.

In summary, although modest growth or stabilization is forecast for European gas demand in 2025, the market is likely to face a tight supply situation and price volatility due to supply disruptions, storage problems and ongoing geopolitical factors.

²⁵ <https://www.statista.com/statistics/1102546/coronavirus-european-gdp-growth/>

Power Market Europe

Electricity demand in the EU is forecast to remain relatively stable until 2025. While modest GDP growth projections suggest limited increases in industrial and commercial electricity usage, ongoing initiatives to enhance energy efficiency across industries and households are contributing to a stabilization or slight reduction in electricity consumption.

The development of European electricity prices depends on several factors. The key factors for the markets include:

- The transition to renewable energy sources, in particular wind and solar energy.
- Demand growth - current forecasts assume stable demand. An unexpected change on either side will have an impact on prices.
- Weather conditions (wind, sun, water) - spot power prices are heavily influenced by renewable energy production, resulting in either high (low production of renewable energies) or low to negative prices (high production of renewable energies).
- Development of the EUA and gas prices - prices have increased significantly from the lows seen in February 2024. A tight gas supply situation will keep power prices elevated.
- Nuclear power production in France - EDF estimates production for 2025 and 2026 at 335-365 TWh, which is slightly higher than in 2024. Any downward deviation will drive up prices in Europe.²⁶

Outlook for the LNG market²⁷

Five new projects are expected to be commissioned in 2025, although they will not reach their nominal capacity by the end of 2025. New LNG supply in 2025 is expected to come from Canada (LNG Canada), Mauritania-Senegal (Greater Tortue LNG), Mexico (Energia Costa Azul LNG), Russia (Arctic LNG 2) and the US (Plaquemines). Newly commissioned terminals are expected to increase global supply by around 20 million tons per year in 2025.

Global LNG gross supply is expected to increase significantly in 2025 due to the commissioning of the delayed projects and higher production from existing plants. Supply is expected to increase by 6% year-on-year to around 434 Mtpa (compared to 409 Mtpa in 2024 and 403 Mtpa in 2023). The LNG market is currently entering a higher growth period, which is expected to peak in 2026 and 2027, when the new liquefaction projects in the US and Qatar come on stream and increase the global supply balance by approx. 30 Mtpa per year on average between 2026-2030.

European LNG demand is expected to increase in 2025 despite higher prices. Higher European demand is expected due to a couple factors, such as the colder winter of 2024/25 and the expected low gas storage levels. Europe will have around

18 million tons of incremental LNG in 2025 compared to last year, primarily due to a reduction of Russian pipeline supplies that previously flowed through Ukraine.

With rising gas prices at European hubs making them more attractive for the supply of LNG, some of the price-sensitive LNG demand in Asia is expected to achieve a modest increase in 2025. These are

²⁶ EDF; press release from December 21, 2023: "Estimated nuclear generation in France for 2026"

²⁷ See also S&P Global Commodity Insights Global LNG Balance Report January 2025

partially constrained by global market and price limitations. An increase in LNG demand is expected above all emerging countries such as Pakistan, Bangladesh and Thailand. These countries are primarily dependent on LNG to meet their growing long-term demand, as they do not have any significant pipeline sources and are faced with declining domestic gas production.

Additional LNG volumes, which are expected to be available in 2025 due to the completion of new liquefaction plants, will mainly come from the USA and Russia. These volumes are expected to be marketed on a SPOT basis, which should increase non-long-term trading activities. It is expected that it will activity. This should stabilize the prices of LNG allowing the price-sensitive LNG demand in Asia can keep imports at al least similar levels as in 2024.

The LNG chartering market is expected to face further challenges, with another 85+ vessels set for delivery, pushing total fleet growth close to almost 10 %. Meanwhile, subdued shipping demand due to limited LNG supply growth and ongoing project delays will likely prolong weak market conditions. Additionally, uncertainties in European and Chinese demand will contribute to soft charter rates, allowing charterers to retain bargaining power and forcing Disponent and Independent Owners to compete aggressively on pricing.

To navigate this environment, short-term flexibility will be essential, and long-shipping interest will need to be creative in optimizing their length by exploring alternative employment options. In the meantime, market participants should prepare for another year of volatility, lower rates, and excess shipping length before conditions improve towards the latter half of the decade.

2.3. Outlook for the company's business activities

Outlook for the Trading Division

Development of Norwegian Continental Shelf (NCS) and the Danish wholesale activities:

In 2024 PST successfully and sustainably developed its natural gas business by adding further offtake agreements with Norwegian producers. With the existing contracts and the agreements concluded in the past, PST has strengthened its position in Northern Europe and on the Danish wholesale gas market.

In Denmark, the restart of the Tyra gas field in 2024 encountered several challenges that affected its production timeline. Technical problems with power transformers supplying energy to critical gas compressors delayed the ramp-up to full production. Despite these setbacks, the Tyra gas field resumed production in March 2024 and is progressing toward full operational capacity in the first quarter of 2025. In April 2024, PST started procuring gas from Oersted in Denmark.

Based on the current production forecast, PST's portfolio (including the expected volumes from Danish Continental Shelf ("DCS") Tyra field) consist of approx. 6 billion cm³. The majority of the produced is transported to Poland via the Baltic Pipe. Other importing countries for the gas are Germany, the Netherlands, France, Belgium and the United Kingdom.

The most important goals on the NCS and in Denmark for the year are:

- Securing gas supply to Poland via Baltic Pipe
- Increasing the value of the gas portfolio by optimising gas flows to other markets in order to achieve the highest net return
- Maintaining and increasing the supply portfolio from NCS, if economically viable

Origination development in of the CEE region/Baltic States

PST is focusing on expanding its business in the Baltic region, where PST has become an important trading partner for GET Baltic and for local suppliers. In the Central and Eastern Europe (CEE) region, PST expanded its counterparty portfolio and stepped up its activities in Slovakia and in Ukraine in particular. PST purchased gas from Ukraine for deliveries to ORLEN on the Ukrainian-Polish border. With these new markets, PST has created a solid and future-oriented foothold in the CEE region.

PST also optimized storage capacities in Slovakia and the Baltic states to its own economic advantage.

The most important goals in the CEE region/Baltics for the year are:

- Security of supply and through flexibility of supply direction and sources (Lithuania, Latvia, Estonia, Ukraine, Slovakia, Austria and Hungary)
- Access to Poland's neighbouring markets (Lithuania, Ukraine, Slovakia, Czech Republic)
- Market information CEE region
- Cross-border optimization
- Location swaps / Storage agreements

PST started its wholesale trading activities on the Italian wholesale gas market. First trades were concluded on bilateral basis and on the Italian exchange. It is planned to increase the activities on an opportunistic basis.

Wholesale development for the optimization of the ORLEN Group's portfolio

PST is further expanding its gas trading presence at the European hubs by actively expanding its counterparty portfolio and trading activities and extending its activities to new hubs.

In 2024, PST procured significant amounts of gas from various counterparties in Ukraine and Denmark for deliveries to Poland, which benefited ORLEN's gas portfolio.

In the Baltic States, PST concluded transactions in Lithuania via Get Baltic and bilaterally with regional counterparties. PST acted as buyer and seller on the market for the commercial benefit of the ORLEN Group.

In 2025, the focus will remain on active gas trading on the European wholesale markets and the exploration of new markets and opportunities in Europe (e.g. Croatia), including the associated cross-border activities. The activity for the ORLEN Group will be, next to sourcing competitive gas in neighboring market to also create sales opportunities for access gas in the ORLEN Group's portfolio.

Activities on the French gas market remain opportunistic, as the Group's LNG activities could further increase by utilizing the regasification capacities at the Montoir LNG terminal. PST's role will be to take the regasified gas at the terminal and place it at the French hub or to export the gas to neighboring countries in order to obtain the highest netback price for the Group.

With the closure of the PST branch in Warsaw, the PST branch in Munich has actively assumed commercial responsibility for VTP Poland, as it acts as the trading company for this segment within the ORLEN Group.

The main objectives of the development of PST's gas trading activities in other markets are:

- Creation of alternative hubs for the acceptance of LNG deliveries in Europe,
- Establishment of new supply routes for Poland's security of supply (e.g. via Italy or Greece),
- Development of potential off-take markets for surplus gas from the ORLEN Group's portfolio
- Increasing the value of the gas portfolio through cross-border optimization in order to benefit from price differences in the various markets.

Outlook for the gas and electricity trading division

Taking into account the planned developments in the division, the intention is to trade around 110.3 TWh on both the gas and power market in 2025 and to generate EBIT in the range of EUR 18.2 - 22.2 million. This planning is based on sales of EUR 5,400.1 million to EUR 6,600.1 million.

Outlook for the LNG trading division

From 2024, the LNG business will no longer be part of PST's separate financial statements (with the exception of the small-scale LNG business, which has no material impact on PST's net assets, financial position and results of operations).

Outlook for the Warsaw business division

The Warsaw branch was closed at the end of April 2024 and its operations (Polish VTP customers and SSLNG) were taken over by the Munich branch.

The effects of the remaining activities in Poland will no longer be significant for the presentation of PST's net assets, financial position and results of operations. For this reason, no forecast is provided for this division.

Outlook for PST - planned KPIs for 2025

The table below shows the forecast key economic data (sales revenues and EBIT) for PST in an expected range for the financial year 2025:

		2025
Sales revenue	million EUR	5,400.1 - 6,600.1
Costs (netted with other income) *	million EUR	5,381.9 – 6,577.9
EBIT	million EUR	18.2 - 22.2

* Cost for information purposes only

3. Net assets, financial position and results of operations of the company

3.1. Assets and their financing sources as at December 31, 2024

	2024	2023
	MEUR	MEUR
ASSETS	744.95	965.02
Fixed assets	58.45	58.68
Current assets	685.39	884.57
Prepaid expenses and deferred charges	1.07	21.77
Deferred assets	0.04	0.00
PASSIVA	744.95	965.02
Equity	102.56	98.79
Provisions	23.74	19.62
Liabilities	595.58	823.72
Accrued expenses and deferred income	23.07	15.60
Deferred tax liabilities	0.00	7.29

Total assets fell by 22.8% from EUR 965.02 million in 2023 to EUR 744.95 million. No significant investments were made in the company's fixed assets in the financial year. Current assets accounted for around 92.0% of total assets in 2024 (previous year: 91.7%). The value of current assets fell by EUR 199.18 million to EUR 685.39 million. The change is primarily due to increased withdrawals from gas storage facilities.

The equity ratio rose from 10.2% (previous year) to 13.8% in the financial year. This is due to the reduction in total assets as a result of market prices and the profit generated. In line with current assets, liabilities also fell by EUR 228.14 million to EUR 595.58 million in the 2024 financial year. The main reason for this significant decrease is the prepayments received, which fell by EUR 240.15 million. Provisions rose by EUR 4.1 million to EUR 23.7 million in 2024, with tax provisions increasing by EUR 10.6 million to EUR 19.9 million, while other income taxes fell to EUR 3.8 million (previous year: EUR 10.2 million). Trade payables increased slightly by EUR 14.32 million to EUR 148.06 million and liabilities to affiliated companies by EUR 14.55 million to EUR 253.98 million. Due to the elimination of the valuation difference in the storage valuation, the deferred tax liabilities formed in the previous year fell again in full to EUR 0.00

In addition to the bank credit line available to PST, the company can also draw on a cash pool of the ORLEN Group for corporate financing. Furthermore, ORLEN provides the necessary collateral for the company's trading activities and to secure bank loans in the form of payment guarantees. PST therefore has sufficient liquidity at its disposal to service all due liabilities on time at all times.

3.2. Profit and loss statement

	2024	2023
	MEUR	MEUR
Sales revenue	4,231.13	6,338.78
Cost of materials	-4,194.67	-6,270.36
Other operating income	5.26	10.53
Other operating expenses		
Amortization	-0.51	-0.56
Personnel expenses	-5.20	-6.69
Other operating expenses	-8.37	-15.09
EBIT	27.64	56.62
Financial result	-1.76	-7.62
Profit transferred from profit and loss transfer agreements	0.20	-0.74
Profit distribution	19.99	0.00
Profit before taxes	45.84	48.26
Taxes on income and earnings	-9.97	-15.95
Net income for the year	35.87	32.13

PST's sales revenue and the corresponding cost of materials fell by EUR 2,107.7 million or EUR 2,075.7 million due to the lower trading volume, also as a result of the completed spin-off of the London branch's operating LNG business to the subsidiary OLT and the expiry of contracts ahead of the closure of the branch in Warsaw. As the other income and cost components have not changed significantly, the decline in the gross margin (EUR 31.6 million) almost corresponds to the decline in EBIT by EUR 29.0 million to EUR 27.6 million. With this EBIT generated, the EBIT forecast for the 2024 financial year was once again significantly exceeded (forecast for 2024: EUR 9.9 - 12.1 million). The revenue forecast for the 2024 financial year (original plan: EUR 4,413.6 - 5,394.4 million) was narrowly missed due to the effects described above (2024: EUR 4,231.13 million). The corresponding costs (netted against other operating income) of EUR 4,203.5 million were also just below the planned budget of EUR 4,403.7 - 5,382.3 million. Other operating income fell by EUR 5.3 million due to lower currency gains; correspondingly, significantly lower currency losses were also the reason for the decline in other operating expenses (minus EUR 4.2 million)

The price trend and the order structure led to lower liquidity requirements overall in the financial year and therefore to a reduction in financing and hedging expenses (minus EUR 5.1 million). In addition, the company received a profit distribution from ORLEN LNG Trading GmbH in the amount of EUR 20.0 million.

3.3. Cash flow statement for the financial year from 01.01 - 31.12.2024

		2024	2023
		MEUR	MEUR
	Net income for the year	35,9	32,1
+/-	Depreciation/write-ups of fixed assets	0,5	0,6
+/-	Other cash expenses/income	-7,3	-2,4
+/-	Changes in working capital*	-15,3	-295,2
+/-	Interest expenses/interest income	1,8	7,6
+/-	Income tax expense/income	10,6	-0,3
=	Cash flow from operating activities	26,2	-257,6
-	Payments for investments in fixed assets	-0,3	-57,6
+	Payments as part of short-term financial management (including interest received)	2,7	1,9
=	Cash flow from investing activities	2,4	-55,7
-	Dividend payments	-32,1	0,00
+	Payments from taking out/issuing financial loans	-31,5	57,4
-	Interest paid	-4,4	-9,5
=	Cash flow from financing activities	-68,0	47,9
	Cash-effective change in cash and cash equivalents	-39,4	-265,4
+	Cash and cash equivalents at the beginning of the period	69,1	334,5
=	Cash and cash equivalents at the end of the period	29,8	69,1

* Changes in provisions, inventories, trade receivables / and affiliated companies, other assets, liabilities and prepaid expenses and deferred income

Cash flow from operating activities for 2024 increased significantly by EUR 283.8 million compared to the previous year and amounted to EUR 26.2 million. The reason for this is the net profit achieved, which was not significantly reduced or increased by special effects in the 2024 financial year.

Cash flow from investing activities increased again by EUR 58.1 million compared to the previous year. The previous year's effect from the capital increase (amounting to GBP 50 million) at OLT did not recur in the current financial year.

Cash flow from financing activities decreased by EUR 115.9 million compared to 2023 and amounted to EUR -68.0 million. The decrease is due to the distribution of the net profit for 2023 to the shareholder as well as the reduction of the Group's cash pool in connection with the closure of the branch in Warsaw

4. Risk and opportunity report

4.1. Key risk factors

Within the scope of its risk management activities, the Company continuously and systematically monitors the opportunities and risks as well as the development of business transactions. PST monitors and manages the following risks associated with its business activities in the respective fields of business:

- Operational risks
- Market price risks
- Counterparty default risks / credit risks
- Liquidity risks
- Legal and regulatory risk
- Other risks

Risks and opportunities are assessed on the basis of two dimensions: the potential financial impact on the net assets, financial position and results of operations on the one hand and the likelihood of these impacts occurring on the other. The order is based on their relative importance (in descending order here).

Operational Risks

Operational risks arise from organizational, process-based, technical, personnel irregularities or unfavorable external influences. For example, risks from faulty processes can have a negative impact on existing controls or decisions to be made in the Company which then result in additional efforts or higher costs.

The Company effectively manages these operational risks through the implementation of appropriate processes and process automations, redundancies as well as by applying the 4-eye principle. An IT emergency concept is in place to address potential IT risks.

The management of operational risks benefits and will benefit in future from the results of the implemented risk management process (recording of events, learning process, key risk indicators, etc.).

PST recognizes a significant operational risk increase due to geopolitical situation in connection with the invasion of Ukraine. The infrastructure in Ukraine is endangered with physical damage and the risk of attacks on the IT infrastructure of energy companies, banks and telecommunications operators has to be closely monitored. So far this additional risks materialized for PST in probable loss of 0.03 million USD which has been deposited with Ukrainian transmission system operator to enable PST to transport gas through Ukrainian infrastructure. Furthermore, given the recent acts of sabotage on gas pipeline and undersea cables, PST recognizes a potential risk of further attacks on the infrastructure.

PST is also aware of the additional operational risks associated with LNG FOB deliveries. There is no direct exposure of PST as those operations are carried out by subordinated company. In addition, the subsidiary as charterer is only affected by negative operating events to a limited extent, but the indirect consequences, including reputational and financial risk, can be significant. In order to manage this area and mitigate potential risks PST's subsidiaries implemented an LNG dedicated ETRM system with expanded functionalities related to fleet management processes.

Market Price Risks

Market price risks or market price change risks arise when the market price develops differently from the price contracted for the respective product over the course of time. Market price changes primarily result from fluctuations in supply and demand, for example, as a result of temperature changes or supply bottlenecks.

The assessment, monitoring and management of the resulting risks require a consistent risk management system. To this end, trading positions are recorded in the ETRM-system and valued according to current market parameters. The management of market price risks includes both open position - and loss-related limits at book and strategy level.

When measuring pending procurement and sales transactions, the company deviates from the individual measurement principle in accordance with IDW RS ÖFA 3 and combines the transactions into contract portfolios for gas, electricity and crude oil. The transactions offset each other in terms of volume and are subject to similar risks in terms of both substance and timing. The countervailing nature of the transactions balances out the risks. The contract portfolios are in line with the company's internal risk management. Risk management, including contribution margin accounting, is a key component of this. Impending losses and expected profits are recorded for each contract portfolio as at the balance sheet date and, in the event of an excess of obligations, a provision for impending losses is recognized in accordance with Section 249 (1) sentence 1 HGB. As of 31 December 2024, impending losses amounted to EUR 118 thousand (previous year: EUR 3 thousand). By forming the contract portfolios (volume: 25.4 TWh, previous year: 11.0 TWh), the company hedges risks from the individual consideration in the amount of EUR 175 million.

The Back Office team carries out market conformity checks for all transactions. In addition, the market price risk is minimized through a back-to-back strategy, which is applied to the majority of trading transactions. Due to these measures, the Company's market price risks are transparent and manageable.

Over the recent years, we have seen extreme volatility in prices due to the COVID-19 pandemic and the energy prices crisis related to the war in Ukraine, with historic lows and highs in 2020 and 2022 respectively. Although the volatility is still higher compared to before the COVID-19 pandemic, it has decreased significantly, reducing the risk.

Counterparty Default Risks/Credit Risks

Counterparty default or credit risks arise when a trading or business partner is not able to make or accept deliveries or to meet its payment obligations. The counterparty default risk is determined on each trading day by means of a summary of existing receivables and potential claims after taking into account received cash collaterals or bank guarantees and netting possibilities per trading partner (= exposure).

The credit risk management mainly includes:

- Credit risk assessment
- Credit limit monitoring
- Collateral management

Trading transactions are concluded mainly based on standardized master agreements. The creditworthiness of potential trading partners and, if applicable, their maximum allowable credit limits are decided based on a credit assessment. Limit utilization is published in the risk report, which is issued on every trading day and made available to the management. The report also contains information on future limit utilizations and business transactions with affected trading partners will be limited, if required. Furthermore, the creditworthiness of existing trading partners is monitored and the approved limits are reviewed on a regular basis. Thus, these measures implemented by risk management limit the credit risk to a significant extent.

Liquidity Risks

The liquidity risk relates to the risk that payment obligations cannot be met upon maturity or that no adequate refinancing possibilities are available.

The management of liquidity risks includes:

- Liquidity budgeting and controlling
- Management and reconciliation of receivables and liabilities within the scope of a standard process
- External financing and ensuring liquidity as described in 4. "Overview of financial situation"

In order to determine short-term liquidity requirements, (significant) future liquidity flows are identified and the relevant financing requirement is determined. This is reported on a daily basis. Liquidity analysis and management are the responsibility of PST's finance department.

The generally lower price levels reduced the demand for cash and increased the liquidity on OTC market.

Legal and regulatory risks

Legal risks may arise in connection with legal procedures, unfavourable or unenforceable contracts as well as compliance with regulations. Such risks can be minimized if the legal department manages legal procedures and negotiates and prepares contracts accordingly and risk owners act in accordance with established policies and procedures. Furthermore, PST has a compliance management system (including KYC, client onboarding, anti-bribery and gift policy) which aims to avoid any violations in advance or detect them downstream. The company offers training courses to the staff both as part of the onboarding process and as a regular awareness-raising campaign on current compliance topics such as data protection or trade sanctions. Regulatory risks may arise due to amendments of the regulatory and legal framework. The Legal department monitors amendments to the regulatory and legal framework applicable to the PST's business and makes sure at an early stage that in case of any amendment the required measures will be established and implemented accordingly in the event of a change.

PST monitors global developments in trade sanctions regulations, particularly those triggered by the war in Ukraine. In order to manage compliance risks pertinent thereto, PST revised KYC process. A revisited KYC form refers i.e. to direct or indirect involvement of any Russian national or entity. The form also contains an obligation to update the indications contained therein. Typically commercial agreements entered into by PST contain a sanctions clause. Since the outbreak of Russian invasion PST has also received regular updates on sanctions from ORLEN (intra-group communication on US and EU sanctions). PST has additionally procured dedicated software to ensure the swiftness and comprehensiveness of the KYC process.

Other risks

PST has identified an additional risk relating to the value of the shares in its subsidiary ORLEN LNG Trading Ltd. In the event of adverse developments in the market environment in which the subsidiary operates, it may be necessary to recognize impairment losses on the shares held (total value of EUR 57,2 million). At the end of 2024, PST tested the value of the shares using the discounted cash flow (DCF) method and concluded that there was no need for impairment until December 31, 2024. As at the balance sheet date, there were contingent liabilities from warranties amounting to a maximum of EUR 2,000 million and an additional USD 1,600 million to the sole shareholder, which has assumed payment guarantees for PST's trade payables. The risk of utilization is classified as low due to sufficient liquidity and timely payment of existing obligations by PST.

4.2. Organization of risk management

Organization of risk management

PST has implemented a two-stage risk management system. While operational risk management (i.e. continuous observation, monitoring and reporting of the Company's business development) is the responsibility of Risk Management Department, the internal Risk Committee's task is not only risk management but also the assessment of the opportunities and risks related with the introduction of new products or the entry into new markets. The Risk Committee consists of the PST's top managers responsible for different areas of operation. Besides the market and product release, the Risk Committee also decides on the conclusion of significant transactions with already approved products in approved markets.

Risk management process

This process includes the identification, assessment, management and monitoring of risks as well as risk reporting. The Company applies customary industry methods for risk assessment and risk management purposes (stop-loss limit, open-position limit and credit exposure). Risks are recorded on a daily basis and are assessed and reported in accordance with standardized criteria.

The company's risk-aware performance is based on the risk policy which is updated on an ongoing basis. The management is informed about the current risks and opportunities situation on the basis of risk reports which are issued on each trading day. The basic data are derived directly from the ETRM-system. The system's risk measurement methods are basic methods subject to continuous development. These daily basic data are prepared on a daily basis and reported directly to ORLEN's Risk Management Department by means of weekly, monthly and annual reports. In special cases, information is provided directly to the management board or the Risk Committee which, in turn, directly notify the Supervisory Board.

The ETRM-system and the related processes are further developed on a continuous basis in order to accommodate the business's significant growth in recent years as well as the regulatory requirements. The implementation of formalized and demanding solutions shall take account of the Company's increasingly complex business and its further growth.

4.3. Opportunities report

The assessment of opportunities is part of the risk management system (organization and processes) established at PST.

Definition of opportunities

In accordance with the Company's defined risks, the following opportunities arise for PST (in order of relative importance):

Operational opportunities

Due to the strategic positioning and orientation of the ORLEN Group, PST will play an increasingly important role, in particular in terms of trading activities. In addition to marketing natural gas from NCS and DCS on European markets, the company will further expand its activities in Central Eastern Europe (CEE) and the Baltics region.

Lean structures and efficient processes in combination with the employee's know-how and longstanding industry experience will help the Company to optimally position itself for future competition.

Liquidity opportunities

The financial strength and creditworthiness of the parent company ORLEN enables the further expansion of the business, in particular through the provision of the required collateral, that can be used both for external corporate financing and to secure trading transactions.

Market price opportunities

The fact that the Company has been operating on the German and European energy markets for more than ten years offers the opportunity to benefit from price developments on the relevant energy markets through appropriate procurement strategies and the development of suitable products and services.

4.4. Summary

Should the market conditions for the LNG business deteriorate in the long term, this could lead to an impairment of the LNG investments. Beyond this, to the best of its knowledge and belief, the management is not aware of any individual risks or general risks that could jeopardize the continued existence of the company or have a significant impact on the company's net assets and results of operations. Due to the ongoing war in Ukraine and the still very volatile energy prices, PST recognizes an increase in risk in all areas: Operations, Market Prices, Credit, Liquidity and Regulation. Otherwise, the composition of risks has not changed significantly compared to the previous year.

The existing framework and risk management processes enable PST to react flexibly and in good time to changing risks. We therefore believe that all risks are well managed and do not jeopardize the well-being of PST

The opportunities that present themselves in the medium term are also virtually unchanged compared to the previous year. Taking into account the respective probabilities of occurrence and the potential financial impact of the risks and opportunities described, no future development is currently expected in which risks individually or in combination with other risks could lead to a permanent impairment of the net assets, financial position or results of operations that could jeopardize the continued existence of the company.

Munich, March 28, 2025

Grzegorz Markiewicz

Grzegorz Bujnowski

Note: This is a convenience translation of the German original. Solely the original text in German language is authoritative.

"INDEPENDENT AUDITOR'S REPORT

To PGNiG Supply & Trading GmbH, Munich/Germany:

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of PGNiG Supply & Trading GmbH, Munich, which comprise the balance sheet as at December 31st, 2024 and the statement of profit and loss for the financial year from January 1st, 2024 to December 31st, 2024, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the separate management report of PGNiG Supply & Trading GmbH, Munich, for the financial year from January 1st, 2024 to December 31st, 2024.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31st, 2024 and of its financial performance for the financial year from January 1st, 2024 to December 31st, 2024 in compliance with Germany Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and the management report in accordance with § 317 HGB and German Generally Accepted Standards for Financial Statements Audits promulgated by the Institut der Wirtschaftsprüfer in Deutschland [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements and, to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud error, design and perform audit procedures responsive to those risks, and obtain audit evidence that it is sufficient and appropriate to provide a basis for our audit opinions. 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, and intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and its view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will deviate materially from the prospective information.

We 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.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

Report on the audit of compliance with the accounting obligations pursuant to Section 6b (3) EnWG

Audit opinion

We have audited the compliance with the accounting obligations pursuant to Section 6b (3) EnWG, according to which separate accounts must be kept for the activities pursuant to Section 6b (3) EnWG, for the financial year from January 1st, 2024 to December 31st, 2024.

Basis for the audit opinion

We conducted our audit in accordance with Section 6b (5) EnWG and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these provisions and principles is further described in the section "Auditor's responsibility for the audit of compliance with the financial reporting requirements pursuant to section 6b (3) EnWG" and in the section "Auditor's responsibility for the audit of the annual financial statements and the management report". We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion in this regard.

Responsibility of the legal representatives for the financial reporting pursuant to Section 6b (3) EnWG

The legal representatives are responsible for compliance with the accounting obligations pursuant to Section 6b (3) EnWG and for the precautions and measures (systems) they have deemed necessary to comply with these obligations.

Auditor's responsibility for the audit of compliance with the accounting obligations pursuant to section 6b (3) EnWG

Our objective is to obtain reasonable assurance about whether the financial reporting requirements pursuant to Section 6b (3) EnWG have been fulfilled in all material respects, and to issue an auditor's report that includes our opinion on compliance with the financial reporting requirements pursuant to Section 6b (3) EnWG.

The audit includes assessing whether the valuations and the allocation of accounts in accordance with Section 6b (3) EnWG are appropriate and comprehensible and whether the principle of consistency has been observed."

Munich, March 28, 2025

DR. KLEEBERG & PARTNER GMBH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT
STEUERBERATUNGSGESELLSCHAFT

Dr. Petersen
Wirtschaftsprüfer

Neu
Wirtschaftsprüfer