



# ORLEN GROUP

CONSOLIDATED QUARTERLY REPORT

FOR THE 3<sup>rd</sup> QUARTER

2023

**ORLEN GROUP - SELECTED DATA**

	PLN million		EUR million	
	9 MONTHS ENDED 30/09/2023	9 MONTHS ENDED 30/09/2022 (restated data)	9 MONTHS ENDED 30/09/2023	9 MONTHS ENDED 30/09/2022 (restated data)
Sales revenues	260 315	176 166	56 871	37 578
Operating profit increased by depreciation and amortisation (EBITDA)	32 112	30 477	7 015	6 501
Operating profit increased by depreciation and amortisation (EBITDA) adjusted for the gain on bargain purchase of the LOTOS Group	32 112	21 931	7 015	4 678
EBITDA before net impairment allowances	33 804	33 417	7 385	7 128
Profit from operations (EBIT), incl.:	23 357	26 081	5 103	5 563
<i>gain on bargain purchase of the LOTOS Group</i>	-	8 546	-	1 823
Profit from operations adjusted for the gain on bargain purchase of the LOTOS Group	23 357	17 535	5 103	3 740
Profit before tax	24 524	24 988	5 358	5 330
Profit before tax adjusted for the gain on bargain purchase of the LOTOS Group	24 524	16 442	5 358	3 507
Net profit before net impairment allowances	18 804	24 219	4 108	5 166
Net profit adjusted for the gain on bargain purchase of the LOTOS Group	17 112	12 733	3 738	2 716
<b>Net profit</b>	<b>17 112</b>	<b>21 279</b>	<b>3 738</b>	<b>4 539</b>
Total net comprehensive income	20 691	22 876	4 520	4 880
Net profit attributable to equity owners of the parent	17 016	21 061	3 717	4 493
Total net comprehensive income attributable to equity owners of the parent	20 595	22 653	4 499	4 832
Net cash from operating activities	37 752	17 049	8 248	3 637
Net cash (used) in investing activities	(28 709)	(7 019)	(6 272)	(1 498)
Net( cash used) in financing activities	(15 007)	(1 594)	(3 279)	(340)
Net increase/(decrease) in cash and cash equivalents	(5 964)	8 436	(1 303)	1 799
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN/EUR per share)	14.66	33.62	3.20	7.17
	30/09/2023	31/12/2022 (restated data)	30/09/2023	31/12/2022 (restated data)
Non-current assets	164 474	154 624	35 481	32 971
Current assets	91 363	119 340	19 709	25 446
<b>Total assets</b>	<b>255 837</b>	<b>273 964</b>	<b>55 190</b>	<b>58 417</b>
Share capital	1 974	1 974	426	421
Equity attributable to equity owners of the parent	151 272	137 062	32 633	29 225
<b>Total equity</b>	<b>152 379</b>	<b>138 073</b>	<b>32 871</b>	<b>29 440</b>
Non-current liabilities	38 875	42 021	8 386	8 960
Current liabilities	64 583	93 870	13 933	20 017
Number of shares	1 160 942 049	1 160 942 049	1 160 942 049	1 160 942 049
Carrying amount and diluted carrying amount per share attributable to equity owners of the parent (in PLN/EUR per share)	130.30	118.06	28.11	25.17



## ORLEN – SELECTED DATA

	PLN million		EUR million	
	9 MONTHS ENDED 30/09/2023	9 MONTHS ENDED 30/09/2022 (restated data)	9 MONTHS ENDED 30/09/2023	9 MONTHS ENDED 30/09/2022 (restated data)
Sales revenues	175 681	128 269	38 381	27 361
Profit from operations increased by depreciation and amortisation (EBITDA)	14 986	20 566	3 274	4 387
Operating profit increased by depreciation and amortisation (EBITDA) adjusted for the gain on bargain purchase of the Grupa LOTOS S.A.	14 986	10 444	3 274	2 228
Profit from operations (EBIT)	12 595	18 989	2 752	4 051
Profit before tax	14 594	19 136	3 188	4 082
Net profit before net impairment allowances	13 711	19 677	2 995	4 197
<b>Net profit</b>	<b>12 077</b>	<b>17 474</b>	<b>2 638</b>	<b>3 727</b>
Total net comprehensive income	16 248	17 198	3 550	3 669
Net cash from operating activities	24 036	7 653	5 251	1 632
Net cash (used) in investing activities	(18 197)	(2 901)	(3 975)	(619)
Net cash (used) in financing activities	(8 624)	(262)	(1 884)	(56)
Net increase/(decrease) in cash	(2 785)	4 490	(608)	958
Net profit and diluted net profit per share (in PLN/EUR per share)	10.40	27.89	2.27	5.95

	30/09/2023	31/12/2022 (restated data)	30/09/2023	31/12/2022 (restated data)
Non-current assets	117 038	111 304	25 247	23 733
Current assets	76 082	86 274	16 413	18 395
<b>Total assets</b>	<b>193 120</b>	<b>197 578</b>	<b>41 660</b>	<b>42 128</b>
Share capital	1 974	1 974	426	421
<b>Total equity</b>	<b>128 780</b>	<b>118 919</b>	<b>27 781</b>	<b>25 356</b>
Non-current liabilities	18 828	20 719	4 062	4 418
Current liabilities	45 512	57 940	9 817	12 354
Number of shares	1 160 942 049	1 160 942 049	1 160 942 049	1 160 942 049
Carrying amount and diluted carrying amount per share (in PLN/EUR per share)	110.93	102.43	23.93	21.84

The above financial data for the 9-month period of 2023 and 2022 was translated into EUR using the following exchange rates:

- items in the statement of profit or loss and other comprehensive income and the statement of cash flows - by the arithmetic average of average exchange rates quoted by the National Bank of Poland as of the last day of each month during the reporting period: from 1 January to 30 September 2023 – 4.5773 EUR/PLN and from 1 January to 30 September 2022 – 4.6880 EUR/PLN;
- items of assets, equity and liabilities – by the average exchange rate published by the National Bank of Poland as on 30 September 2023 – 4.6356 EUR/PLN and as at 31 December 2022 – 4.6899 EUR/PLN.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS

FOR THE 9 AND 3-MONTH PERIOD ENDED 30 SEPTEMBER

2023

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

**A. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION**
**Consolidated statement of profit or loss and other comprehensive income**

		9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
	NOTE				
Sales revenues	5.1	260 315	75 424	176 166	72 915
<i>revenues from sales of finished goods and services</i>		210 850	59 189	144 920	61 404
<i>revenues from sales of merchandise and raw materials</i>		49 465	16 235	31 246	11 511
Cost of sales	5.2	(221 159)	(63 587)	(141 623)	(61 057)
<i>cost of finished goods and services sold</i>		(177 387)	(49 328)	(114 364)	(51 914)
<i>cost of merchandise and raw materials sold</i>		(43 772)	(14 259)	(27 259)	(9 143)
<b>Gross profit on sales</b>		<b>39 156</b>	<b>11 837</b>	<b>34 543</b>	<b>11 858</b>
Distribution expenses		(11 429)	(3 918)	(7 830)	(2 999)
Administrative expenses		(4 044)	(1 290)	(2 284)	(850)
Other operating income	5.6	6 051	2 993	10 873	9 967
<i>gain on bargain purchase of the LOTOS Group</i>	5.6	-	-	8 546	8 546
Other operating expenses	5.6	(5 245)	(3 083)	(9 463)	(672)
(Loss) due to impairment of trade receivables		(94)	(29)	(38)	(10)
Share in profit from investments accounted for using the equity method		(1 038)	(927)	280	36
<b>Profit from operations</b>		<b>23 357</b>	<b>5 583</b>	<b>26 081</b>	<b>17 330</b>
Finance income	5.7	2 593	597	1 816	962
Finance costs	5.7	(1 380)	(1 163)	(2 904)	(1 735)
<b>Net finance income and costs</b>		<b>1 213</b>	<b>(566)</b>	<b>(1 088)</b>	<b>(773)</b>
(Loss) due to impairment of loans and interest on trade receivables		(46)	(19)	(5)	(1)
<b>Profit before tax</b>		<b>24 524</b>	<b>4 998</b>	<b>24 988</b>	<b>16 556</b>
Tax expense		(7 412)	(1 539)	(3 709)	(1 805)
<b>Net profit</b>		<b>17 112</b>	<b>3 459</b>	<b>21 279</b>	<b>14 751</b>
<b>Other comprehensive income:</b>					
<b>which will not be reclassified subsequently into profit or loss</b>		<b>(4)</b>	<b>(30)</b>	<b>57</b>	<b>(35)</b>
<i>actuarial gains and losses</i>		4	(31)	69	(36)
<i>gains and losses on investments in equity instruments at fair value through other comprehensive income</i>		(8)	(6)	1	(6)
<i>deferred tax</i>		-	7	(13)	7
<b>which will be reclassified into profit or loss</b>		<b>3 583</b>	<b>69</b>	<b>1 540</b>	<b>1 132</b>
<i>cash flow hedging instruments</i>		4 591	(1 415)	(470)	(360)
<i>hedging costs</i>		684	223	380	612
<i>exchange differences on translating foreign operations</i>		(749)	1 017	1 611	929
<i>share in other comprehensive income of investments accounted for using the equity method</i>		-	2	2	1
<i>deferred tax</i>		(943)	242	17	(50)
<b>Total net comprehensive income</b>		<b>20 691</b>	<b>3 498</b>	<b>22 876</b>	<b>15 848</b>
<b>Net profit attributable to</b>		<b>17 112</b>	<b>3 459</b>	<b>21 279</b>	<b>14 751</b>
<i>equity owners of the parent</i>		17 016	3 464	21 061	14 679
<i>non-controlling interest</i>		96	(5)	218	72
<b>Total net comprehensive income attributable to</b>		<b>20 691</b>	<b>3 498</b>	<b>22 876</b>	<b>15 848</b>
<i>equity owners of the parent</i>		20 595	3 506	22 653	15 780
<i>non-controlling interest</i>		96	(8)	223	68
Net profit per share attributable to equity owners of the parent (in PLN per share)					
<i>basic</i>		14.66	2.98	33.62	23.43
<i>diluted</i>		14.66	2.98	33.62	23.43

The accompanying notes disclosed on pages 10 – 56 are an integral part of these interim condensed consolidated financial statements.

**Consolidated statement of financial position**

	NOTE	30/09/2023 (unaudited)	31/12/2022 (restated data)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		128 919	119 950
Intangible assets and goodwill		13 875	10 971
Right-of-use asset		11 041	10 502
Investments accounted for using the equity method		3 519	3 442
Deferred tax assets		982	4 205
Derivatives	5.9	1 597	1 505
Other assets	5.9	4 541	4 049
		<b>164 474</b>	<b>154 624</b>
<b>Current assets</b>			
Inventories		35 995	45 127
Trade and other receivables		34 622	38 035
Current tax assets		1 937	1 036
Cash		13 607	21 456
Derivatives	5.9	1 702	3 359
Assets classified as held for sale		10	17
Other assets, incl.:		3 490	10 310
<i>security deposits</i>	5.9	1 928	8 774
<i>purchased securities</i>	5.9	939	479
		<b>91 363</b>	<b>119 340</b>
<b>Total assets</b>		<b>255 837</b>	<b>273 964</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		1 974	1 974
Share premium		46 405	46 405
Own shares		(2)	(2)
Hedging reserve		9 337	5 005
Revaluation reserve		(11)	(5)
Exchange differences on translating foreign operations		1 934	2 683
Retained earnings		91 635	81 002
<b>Equity attributable to equity owners of the parent</b>		<b>151 272</b>	<b>137 062</b>
<b>Non-controlling interests</b>		<b>1 107</b>	<b>1 011</b>
<b>Total equity</b>		<b>152 379</b>	<b>138 073</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans, borrowings and bonds	5.8	10 797	11 973
Provisions	5.10	7 878	8 229
Deferred tax liabilities		9 435	7 682
Derivatives	5.9	590	4 613
Lease liabilities		9 355	8 842
Other liabilities	5.9	820	682
		<b>38 875</b>	<b>42 021</b>
<b>Current liabilities</b>			
Trade and other liabilities		40 916	40 242
Lease liabilities		1 337	1 422
Liabilities from contracts with customers		3 376	2 644
Loans, borrowings and bonds	5.8	1 574	7 252
Provisions	5.10	9 522	12 867
Current tax liabilities		2 562	14 603
Derivatives	5.9	3 044	12 839
Other liabilities	5.9	2 252	2 001
		<b>64 583</b>	<b>93 870</b>
<b>Total liabilities</b>		<b>103 458</b>	<b>135 891</b>
<b>Total equity and liabilities</b>		<b>255 837</b>	<b>273 964</b>

The accompanying notes disclosed on pages 10 – 56 are an integral part of these interim condensed consolidated financial statements.

**Consolidated statement of changes in equity**

	Equity attributable to equity owners of the parent									Total equity
	Share capital	Share premium	Own shares	Hedging reserve	Revaluation reserve	Exchange differences on translating foreign operations	Retained earnings	Total	Non-controlling interests	
01/01/2023 (restated data)	1 974	46 405	(2)	5 005	(5)	2 683	81 002	137 062	1 011	138 073
Net profit	-	-	-	-	-	-	17 016	17 016	96	17 112
Components of other comprehensive income	-	-	-	4 332	(6)	(749)	2	3 579	-	3 579
<b>Total net comprehensive income</b>	-	-	-	<b>4 332</b>	<b>(6)</b>	<b>(749)</b>	<b>17 018</b>	<b>20 595</b>	<b>96</b>	<b>20 691</b>
Dividends	-	-	-	-	-	-	(6 385)	(6 385)	-	(6 385)
<b>30/09/2023</b> (unaudited)	<b>1 974</b>	<b>46 405</b>	<b>(2)</b>	<b>9 337</b>	<b>(11)</b>	<b>1 934</b>	<b>91 635</b>	<b>151 272</b>	<b>1 107</b>	<b>152 379</b>
01/01/2022	1 058	1 227	-	(430)	(20)	2 111	47 761	51 707	871	52 578
Net profit	-	-	-	-	-	-	21 061	21 061	218	21 279
Components of other comprehensive income	-	-	-	(73)	1	1 611	53	1 592	5	1 597
<b>Total net comprehensive income</b>	-	-	-	<b>(73)</b>	<b>1</b>	<b>1 611</b>	<b>21 114</b>	<b>22 653</b>	<b>223</b>	<b>22 876</b>
Change in share structure	-	-	-	-	-	-	5	5	(5)	-
Dividends	-	-	-	-	-	-	(1 497)	(1 497)	(1)	(1 498)
Issue of merger shares	248	14 852	-	-	-	-	-	15 100	-	15 100
Other	-	-	-	-	-	-	-	-	3	3
<b>30/09/2022</b> (unaudited) (restated data)	<b>1 306</b>	<b>16 079</b>	<b>-</b>	<b>(503)</b>	<b>(19)</b>	<b>3 722</b>	<b>67 383</b>	<b>87 968</b>	<b>1 091</b>	<b>89 059</b>

The accompanying notes disclosed on pages 10 – 56 are an integral part of these interim condensed consolidated financial statements.



**Consolidated statement of cash flows**

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
NOTE				
<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>	<b>24 524</b>	<b>4 998</b>	<b>24 988</b>	<b>16 556</b>
Adjustments for:				
Share in profit from investments accounted for using the equity method	1 038	927	(280)	(36)
Depreciation and amortisation	8 755	2 834	4 396	1 549
Foreign exchange (profit)/loss	(291)	220	275	298
Net interest	174	56	440	168
Dividends	-	-	(61)	(61)
(Profit)/Loss on investing activities, incl.:	524	(144)	(5 689)	(8 523)
<i>recognition/(reversal) of impairment allowances of property, plant and equipment, intangible assets, goodwill and other assets</i>	5.6	631	2 940	53
<i>(gain) on bargain purchase of the LOTOS Group</i>	5.6	-	(8 546)	(8 546)
Change in provisions	6 214	1 628	5 351	1 685
Change in working capital	14 385	(41)	(8 401)	(1 289)
<i>inventories</i>	9 054	(4 194)	(4 843)	2 998
<i>receivables</i>	4 510	1 177	(7 966)	(3 452)
<i>liabilities</i>	821	2 976	4 408	(835)
Other adjustments, incl.:	(2 574)	(2 238)	(2 239)	(1 428)
<i>settlement of grants for property rights</i>	(3 108)	(1 006)	(2 180)	(684)
<i>security deposits</i>	6 831	(94)	(1 837)	316
<i>derivatives</i>	(6 841)	(1 156)	953	250
<i>change in cash of Rafineria Gdańska classified as assets held for sale</i>	-	-	406	406
Income tax (paid)	(14 997)	(999)	(1 731)	(399)
<b>Net cash from operating activities</b>	<b>37 752</b>	<b>7 241</b>	<b>17 049</b>	<b>8 520</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment, intangible assets and right-of-use asset	(26 514)	(9 207)	(11 561)	(4 331)
Proceeds from the sale of shares in connection with the implementation of Remedies	340	-	-	-
Acquisition of financial assets in ORLEN VC	(23)	(6)	(35)	(17)
Disposal of property, plant and equipment, intangible assets and right-of-use asset	237	60	60	32
Short-term deposits	(1)	(4)	(49)	(34)
(Purchase)/Disposal of bonds	(938)	47	-	-
Acquisition of petrochemical assets less cash	(214)	-	-	-
Recapitalisation in investments in joint ventures	(1 147)	(621)	-	-
Interest received	149	19	-	-
Dividends received	108	8	381	191
(Outflows) net cash from loans	(609)	(634)	-	-
Acquisition of shares lowered by cash	(110)	(133)	(209)	(209)
Cash in the acquired LOTOS Group companies	-	-	4 350	4 350
Other	13	(4)	44	9
<b>Net cash (used) in investing activities</b>	<b>(28 709)</b>	<b>(10 475)</b>	<b>(7 019)</b>	<b>(9)</b>
<b>Cash flows from financing activities</b>				
Proceeds from loans and borrowings received	2 220	99	9 921	924
Bonds issued	2 183	2 183	-	-
Repayment of loans and borrowings	(7 037)	(694)	(9 756)	(493)
Redemption of bonds	(3 999)	(578)	(626)	(226)
Interest paid from loans, borrowings and bonds	(513)	(135)	(391)	(125)
Interest paid on lease	(277)	(79)	(143)	(43)
Dividends paid	(6 385)	(6 385)	-	-
Payments of liabilities under lease agreements	(1 141)	(254)	(617)	(219)
Grants received	101	17	58	20
Other	(159)	(38)	(40)	(18)
<b>Net cash (used) in financing activities</b>	<b>(15 007)</b>	<b>(5 864)</b>	<b>(1 594)</b>	<b>(180)</b>
<b>Net increase/(decrease) in cash</b>	<b>(5 964)</b>	<b>(9 098)</b>	<b>8 436</b>	<b>8 331</b>
Effect of changes in exchange rates	(1 885)	(796)	123	78
Cash, beginning of the period	21 456	23 501	2 896	3 046
<b>Cash, end of the period</b>	<b>13 607</b>	<b>13 607</b>	<b>11 455</b>	<b>11 455</b>
<i>including restricted cash</i>	<i>1 311</i>	<i>1 311</i>	<i>613</i>	<i>613</i>

The accompanying notes disclosed on pages 10 – 56 are an integral part of these interim condensed consolidated financial statements.

## EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Principal activity of the ORLEN Group

The Parent Company of the ORLEN S.A. Capital Group ("Group", "ORLEN Group") is ORLEN S.A. ("ORLEN", "Company", "Parent Company") with its headquarters in Plock, 7 Chemików Street. Pursuant to the decision of the Ordinary General Meeting of ORLEN S.A. of 21 June 2023, on 3 July 2023, the District Court in Łódź, XX Commercial Department of the National Court Register, registered the change of the Company's from Polski Koncern Naftowy ORLEN S.A. to ORLEN S.A.

The core business of the ORLEN Group is the processing of crude oil and the production of fuel, petrochemical and chemical products as well as their wholesale and retail sale and generates, distributes and trades of electricity and heat, incl. from renewable energy sources. The ORLEN Group also conducts exploration, recognition and extraction of hydrocarbons. Moreover, the operations of the ORLEN Group also include exploration for and production of natural gas, import of natural gas, as well as storage, sale and distribution of gaseous and liquid fuels.

The activity of the ORLEN Group companies is also service-related activity: storage of crude oil and fuels, transportation, maintenance and overhaul services, laboratory, security, design, administrative, courier services, distribution of the press, insurance and financial services as well as media activities (newspapers and websites).

### 2. Information on principles adopted in the preparation of interim condensed consolidated financial statements

#### 2.1. Statement of compliance and general principles of preparation

These interim condensed consolidated financial statements ("consolidated financial statements") were prepared in accordance with requirements of IAS 34 "Interim financial reporting" and in the scope required by the Minister of Finance Regulation of 29 March 2018 on current and periodical information to be published by issuers of securities and conditions of consideration of information required by the law of non-member country's law as equal (Official Journal 2018, item 757) and present the ORLEN S.A. Capital Group's ("Group", "ORLEN Group") financial position as at 30 September 2023 and as at 31 December 2022, financial results and cash flows for the 9 and 3-month period ended 30 September 2023 and 30 September 2022.

These interim condensed consolidated financial statements were prepared on the assumption that the Group will continue to operate as a going concern in the foreseeable future. As at the date of approval of these interim condensed consolidated financial statements there is no evidence indicating that the Group will not be able to continue its operations as a going concern.

As part of the assessment of the Group's ability to continue as a going concern, the Management Board analysed the existing risks, both financial and operational, and in particular assessed the impact of the ongoing armed conflict in Ukraine and the related changes in the macroeconomic situation in Europe and around the world as well as sanctions imposed on Russia for the Group's operations, as described in more detail in note [3.1](#).

The Parent Company and the entities comprising the ORLEN Group have unlimited period of operations.

These interim condensed consolidated financial statements, except for the consolidated statement of cash flows, were prepared using the accrual basis of accounting.

#### 2.2. Accounting principles and amendments to International Financial Reporting Standards (IFRS)

##### 2.2.1. Accounting principles

In these interim condensed consolidated financial statements, the significant accounting policies applied by the Group and significant values based on judgments and estimates were the same as described in individual explanatory notes in the Consolidated Financial Statements for 2022.

##### 2.2.2. Restated of comparative data

The following events had an impact on the comparative data presented in the Consolidated Financial Statements for 2022 and in the Consolidated Quarterly Report for the 3<sup>rd</sup> quarter of 2022:

- in the Consolidated half-year Report for the 1<sup>st</sup> half of 2023, the Group presented the final settlement of the merger transaction with the LOTOS Group. As a result of determining the final fair values of the acquired assets and assumed liabilities as at the acquisition date, which resulted in an adjustment to the provisional values recognised so far, the Group has reviewed the comparative information for the previous periods presented in these interim condensed consolidated financial statements. As a result of this process, some items of assets and liabilities as at 31 December 2022 changed, which required transformation of these data. Detailed information is presented in table below and in note [3.4.3](#);

The table below shows the impact of the above changes on the comparative data for 2022.

	31/12/2022 (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with LOTOS Group	31/12/2022 (restated data)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	118 844	1 106	119 950
Intangible assets and goodwill	10 861	110	10 971
Right-of-use asset	10 262	240	10 502
Investments accounted for using the equity method	3 442	-	3 442
Deferred tax assets	4 154	51	4 205
Derivatives	1 505	-	1 505
Other assets	4 049	-	4 049
	<b>153 117</b>	<b>1 507</b>	<b>154 624</b>
<b>Current assets</b>			
Inventories	45 127	-	45 127
Trade and other receivables	37 905	130	38 035
Current tax assets	1 036	-	1 036
Cash	21 456	-	21 456
Derivatives	3 359	-	3 359
Assets classified as held for sale	17	-	17
Other assets	10 310	-	10 310
	<b>119 210</b>	<b>130</b>	<b>119 340</b>
<b>Total assets</b>	<b>272 327</b>	<b>1 637</b>	<b>273 964</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity, incl.:</b>	<b>136 959</b>	<b>1 114</b>	<b>138 073</b>
retained earnings	79 887	1 115	81 002
<b>Non-current liabilities</b>			
Loans, borrowings and bonds	11 973	-	11 973
Provisions	8 079	150	8 229
Deferred tax liabilities	7 279	403	7 682
Derivatives	4 613	-	4 613
Lease liabilities	8 842	-	8 842
Other liabilities	745	(63)	682
	<b>41 531</b>	<b>490</b>	<b>42 021</b>
<b>Current liabilities</b>			
Trade and other liabilities	40 257	(15)	40 242
Lease liabilities	1 422	-	1 422
Liabilities from contracts with customers	2 644	-	2 644
Loans, borrowings and bonds	7 252	-	7 252
Provisions	12 817	50	12 867
Current tax liabilities	14 604	(1)	14 603
Derivatives	12 839	-	12 839
Other liabilities	2 002	(1)	2 001
	<b>93 837</b>	<b>33</b>	<b>93 870</b>
<b>Total equity and liabilities</b>	<b>272 327</b>	<b>1 637</b>	<b>273 964</b>

	9 MONTHS ENDED 30/09/2022 (unaudited) (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with LOTOS Group	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
Sales revenues	176 247	(81)	176 166
<i>revenues from sales of finished goods and services</i>	145 001	(81)	144 920
Cost of sales	(140 913)	(710)	(141 623)
<i>cost of finished goods and services sold</i>	(113 654)	(710)	(114 364)
<b>Gross profit on sales</b>	<b>35 334</b>	<b>(791)</b>	<b>34 543</b>
Administrative expenses	(2 283)	(1)	(2 284)
Other operating income	8 230	2 643	10 873
<i>gain on bargain purchase of the LOTOS Group</i>	5 923	2 623	8 546
Other operating expenses	(9 464)	1	(9 463)
<b>Profit from operations</b>	<b>24 229</b>	<b>1 852</b>	<b>26 081</b>
Finance costs	(2 908)	4	(2 904)
<b>Net finance income and costs</b>	<b>(1 092)</b>	<b>4</b>	<b>(1 088)</b>
<b>Profit before tax</b>	<b>23 132</b>	<b>1 856</b>	<b>24 988</b>
Income tax	(3 855)	146	(3 709)
<i>deferred tax</i>	385	146	531
<b>Net profit</b>	<b>19 277</b>	<b>2 002</b>	<b>21 279</b>
<b>Net profit attributable to</b>	<b>19 277</b>	<b>2 002</b>	<b>21 279</b>
<i>equity owners of the parent</i>	19 059	2 002	21 061
<b>Total net comprehensive income attributable to</b>	<b>20 874</b>	<b>2 002</b>	<b>22 876</b>
<i>equity owners of the parent</i>	20 651	2 002	22 653
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN per share)	30,42	3,20	33,62

	3 MONTHS ENDED 30/09/2022 (unaudited) (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with LOTOS Group	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
Sales revenues	72 996	(81)	72 915
<i>revenues from sales of finished goods and services</i>	61 485	(81)	61 404
Cost of sales	(60 347)	(710)	(61 057)
<i>cost of finished goods and services sold</i>	(51 204)	(710)	(51 914)
<b>Gross profit on sales</b>	<b>12 649</b>	<b>(791)</b>	<b>11 858</b>
Administrative expenses	(849)	(1)	(850)
Other operating income	7 324	2 643	9 967
<i>gain on bargain purchase of the LOTOS Group</i>	5 923	2 623	8 546
Other operating expenses	(673)	1	(672)
<b>Profit from operations</b>	<b>15 478</b>	<b>1 852</b>	<b>17 330</b>
Finance costs	(1 739)	4	(1 735)
<b>Net finance income and costs</b>	<b>(777)</b>	<b>4</b>	<b>(773)</b>
<b>Profit before tax</b>	<b>14 700</b>	<b>1 856</b>	<b>16 556</b>
Income tax	(1 951)	146	(1 805)
<i>deferred tax</i>	126	146	272
<b>Net profit</b>	<b>12 749</b>	<b>2 002</b>	<b>14 751</b>
<b>Net profit attributable to</b>	<b>12 749</b>	<b>2 002</b>	<b>14 751</b>
<i>equity owners of the parent</i>	12 677	2 002	14 679
<b>Total net comprehensive income attributable to</b>	<b>13 846</b>	<b>2 002</b>	<b>15 848</b>
<i>equity owners of the parent</i>	13 778	2 002	15 780
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN per share)	20,24	3,19	23,43

- moreover, the Group has changed the presentation of the valuation and settlement of derivative financial instruments not designated as hedge accounting purposes in Consolidated Financial Statements for 2022 as a result of which inflows and outflows from the settlement of these instruments are presented as part of operating activities.

The table below shows the impact of the above changes on the comparative data for 2022 presented in the Consolidated Statement of Cash Flows in the 3<sup>rd</sup> quarter of 2022

	9 MONTHS ENDED 30/09/2022 (unaudited) (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with LOTOS Group	Change in the presentation of the measurement and settlement of derivatives not designated for hedge accounting purposes	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>	<b>23 132</b>	<b>1 856</b>	<b>-</b>	<b>24 988</b>
Adjustments for:				
Depreciation and amortisation	4 365	31	-	4 396
Loss on investing activities, incl.:	667	(2 659)	(3 697)	(5 689)
<i>(gain) on bargain purchase of the LOTOS Group</i>	<i>(5 923)</i>	<i>(2 623)</i>	-	<i>(8 546)</i>
Change in provisions	5 372	(21)	-	5 351
Change in working capital	(9 194)	793	-	(8 401)
<i>inventories</i>	<i>(5 495)</i>	<i>652</i>	-	<i>(4 843)</i>
<i>receivables</i>	<i>(8 057)</i>	<i>91</i>	-	<i>(7 966)</i>
<i>liabilities</i>	<i>4 358</i>	<i>50</i>	-	<i>4 408</i>
Other adjustments	(3 252)	-	1 013	(2 239)
<b>Net cash from operating activities</b>	<b>19 733</b>	<b>-</b>	<b>(2 684)</b>	<b>17 049</b>
<b>Cash flows from investing activities</b>				
Settlement of derivatives not designated as hedge accounting	(2 684)	-	2 684	-
<b>Net cash (used) in investing activities</b>	<b>(9 703)</b>	<b>-</b>	<b>2 684</b>	<b>(7 019)</b>

	3 MONTHS ENDED 30/09/2022 (unaudited)	Adjustments to comparative data due to completion of accounting settlement of merger with LOTOS Group	Change in the presentation of the measurement and settlement of derivatives not designated for hedge accounting purposes	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>	<b>14 700</b>	<b>1 856</b>	<b>-</b>	<b>16 556</b>
Adjustments for:				
Depreciation and amortisation	1 518	31	-	1 549
Loss on investing activities, incl.:	(6 667)	(2 659)	803	(8 523)
<i>(gain) on bargain purchase of the LOTOS Group</i>	<i>(5 923)</i>	<i>(2 623)</i>	-	<i>(8 546)</i>
Change in provisions	1 706	(21)	-	1 685
Change in working capital	(2 082)	793	-	(1 289)
<i>inventories</i>	<i>2 346</i>	<i>652</i>	-	<i>2 998</i>
<i>receivables</i>	<i>(3 543)</i>	<i>91</i>	-	<i>(3 452)</i>
<i>liabilities</i>	<i>(885)</i>	<i>50</i>	-	<i>(835)</i>
Other adjustments	(167)	-	(1 261)	(1 428)
<b>Net cash from operating activities</b>	<b>8 978</b>	<b>-</b>	<b>(458)</b>	<b>8 520</b>
<b>Cash flows from investing activities</b>				
Settlement of derivatives not designated as hedge accounting	(458)	-	458	-
<b>Net cash (used) in investing activities</b>	<b>(467)</b>	<b>-</b>	<b>458</b>	<b>(9)</b>

## 2.3. Functional currency and presentation currency of financial statements and methods applied to translation of financial statements of foreign entities

### 2.3.1. Functional currency and presentation currency

The functional currency of the Parent Company and presentation currency of these interim condensed consolidated financial statements is Polish Zloty (PLN). Possible differences in the amount of PLN 1 million when summing up the items presented in the explanatory notes result from the adopted rounding's. The data in consolidated financial statements is presented in PLN million, unless otherwise stated.

### 2.3.2. Methods applied to translation of financial data

Translation into PLN of financial statements of foreign entities, for consolidation purposes:

- particular assets and liabilities – at spot exchange rate as at the end of the reporting period,

- items of the statement of profit or loss and other comprehensive income and the statement of cash flows - at the average exchange rate for the reporting period (arithmetic average of daily average exchange rates published by the National Bank of Poland ("NBP") in a given period).

Foreign exchange differences resulting from the above recalculations are recognised in equity in the line exchange differences on translating foreign operations. Upon disposal of a foreign operation, foreign exchange differences accumulated in equity are transferred to the statement of profit or loss and disclosed as part of the overall net gain/(loss) on the disposal.

CURRENCY	Average exchange rate for the reporting period				Exchange rate as at the end of the reporting period	
	9 MONTHS ENDED	3 MONTHS ENDED	9 MONTHS ENDED	3 MONTHS ENDED	30/09/2023	31/12/2022
	30/09/2023	30/09/2023	30/09/2022	30/09/2022		
EUR/PLN	4.5854	4.5001	4.6711	4.7473	4.6356	4.6899
USD/PLN	4.2333	4.1368	4.3962	4.7135	4.3697	4.4018
CZK/PLN	0.1924	0.1865	0.1898	0.1931	0.1901	0.1942
CAD/PLN	3.1466	3.0843	3.4259	3.6103	3.2487	3.2486
NOK/PLN	0.4047	0.3945	-	-	0.4117	0.4461

#### 2.4. Information concerning the seasonal or cyclical character of the ORLEN Group's operations in the presented period

Sales and distribution of natural gas and production, sales and distribution electricity and heat during the year are subject to seasonal fluctuations. The volume of natural gas and energy sold and distributed, and consequently sales revenues, increases in the winter months and decreases in the summer months. This depends on the ambient temperature and day length. The range of these fluctuations is determined by low temperatures and shorter days in winter and higher temperatures and longer days in summer. The seasonal nature of this part of revenues applies to a much greater degree to individual customers than to the production/industrial sector clients.

In the other segments of the ORLEN Group is no significant seasonality or cyclicity of operations.

### 3. Financial situation and the organization of the ORLEN Group

#### 3.1. Impact of the military conflict in Ukraine on Group's operating and financing activities

In the Group's opinion, the ongoing conflict in Ukraine will continue to affect the macroeconomic situation in Poland and in the world and will cause volatility in the prices of refining and petrochemical products and raw materials, including oil and gas, energy and CO<sub>2</sub> emission allowances and currency quotations, with the direction of impact on margins currently difficult to define which will translate into the future financial position of the Group, its operating activities, as well as its financial results in the future. This impact on the operating and financial activities of the Group will depend both on the implementation of possible scenarios for the further course of the war in Ukraine, as well as on the actions that will be taken by the governments of other countries, including the maintenance or imposition of new sanctions on Russia, as well as the continuation of restrictions in trade relations with Russia and possibly countries supporting its military operations in Ukraine.

The description of the Group's achievements and factors having a significant impact on the financial data presented by the Group as at 30 September of 2023 is presented in note [3.2](#).

So far, there have been no significant disruptions in the operational processes carried out within the Group, and there were no significant restrictions on the availability of raw materials, including crude oil, in any of the Group's operating areas. Terminals, storage depots and refineries in ORLEN Group operate in the same scope, and fuel deliveries to all filling stations are carried out all the time. The Group believes that it has adequate stocks of raw materials, including crude oil and fuels to ensure the continuity of production processes. In addition, the Group secured additional supplies of crude oil from alternative sources. Since the outbreak of the war in Ukraine, ORLEN has given up importing crude oil by sea and finished fuels from Russia. From the beginning of February 2023, after the contract with Rosneft expired, Russian oil supplies covered only about 10 percent of the Company's demand for this raw material. These were only pipeline deliveries for which international sanctions had not been introduced. At the end of February 2023, the Russian side suspended supplies via the Druzhba pipeline to Poland, which consequently led to the termination of the last contract with Tatneft for pipeline oil supplies to Poland from the Russian direction. Therefore, currently ORLEN refineries in Poland do not receive crude oil from Russia. In the recent period, the Company has taken intensive actions to diversify the portfolio and deliver to the above-mentioned refineries can only be carried out by sea.

Currently, crude oil is supplied from the North Sea, West Africa, the Mediterranean basin, as well as the Persian and Mexican Gulfs. An important partner in the import portfolio of this raw material is Saudi Aramco, with whom ORLEN concluded a strategic contract for the supply of crude oil in 2022. In 2023, a long-term contract was also concluded with BP for the supply of Norwegian oil to Johan Sverdrup. Thus, in the Group's opinion the suspension of REBCO oil deliveries from Russia will not affect the supply of the Company's Polish customers with the Company's products, including gasoline and diesel oil. The Company monitors and forecasts crude oil operating inventories on an ongoing basis and verifies the assumptions for the operating plan. Purchasing decisions are made on the basis of the contracted volumes of deliveries and the planned levels of processing, in order to secure the continuity of production processes with the assumed structure of the raw material in subsequent periods and to maintain the security of product supply.



The Company is also subject to numerous obligations resulting from the Act of 16 February 2007 on stocks of crude oil, petroleum products and natural gas and the rules of conduct in situations of threat to the fuel security of the state and disturbances on the oil market and fully meets the requirements regarding mandatory stocks of crude oil and fuels. The volumes of mandatory stocks are controlled by national regulatory authorities and may be placed on the market (or processed into products in the case of crude oil) only in response to supply shortages/disruptions or market crises, pursuant to a government decision/authorisation or as a result of a stock release decision by the International Energy Agency (IEA).

Additionally, the Group is taking intensive steps to increase oil imports to Czech refineries from directions other than Russia. In particular, the Group supports the Czech government, which has taken steps to modernize oil pipelines and expand their capacity, which will make it possible to reduce dependence on oil imports from Russia. Currently, pipelines that deliver Russian oil to the Czech Republic are still exempt from the sanctions due to infrastructural limitations that prevent the full coverage of Czech demand for oil from alternative directions.

Considering the above, in the period of 12 months after the balance sheet date, the Group does not identify the risk of shortages of crude oil operating inventories.

Nevertheless, the Group believes that restrictions on oil supplies from the Russian direction has affect the Group's operating activities and financial results. Limited availability of REBCO crude oil and its replacement with other, more expensive, available crude oils translates into an increase in production costs in the Group in the Refining and Petrochemical segments.

In connection with the merger of ORLEN and PGNiG on 2 November 2022, ORLEN as PGNiG's legal successor, monitors the situation regarding the implementation of natural gas supplies to the Polish transmission system on an ongoing basis. Thanks to the reserved transmission capacity, ORLEN can supply natural gas from various directions, including the LNG Terminal in Świnoujście (shipments mainly from Qatar and the United States), Lithuania, as well as via the Baltic Pipe gas pipeline from the Norwegian Continental Shelf. An important source of natural gas is also extraction from domestic deposits. Depending on the balancing needs, the ORLEN Group makes reservations for additional transmission capacities on interconnectors and supplementary gas purchases. The Group is also investing in its own LNG tankers, which will provide the Group with effective transport of liquefied gas to Poland and will strengthen the Group's position on the global LNG market.

The suspension of supplies of Russian gas to Poland in April 2022 accelerated the diversification of imports and thanks to the quick and effective reorganization, the Company ensured the safety of Polish recipients of this raw material from various directions. The Company expects 2023 to be the first full year without gas imports from Russia.

As at the date of preparation of these interim condensed consolidated financial statements, gas transmission both to the Company's customers and to the ORLEN Group complies with the reported demand. In addition, ORLEN continues implemented technological measures to reduce the dependence of the main plant in Płock on the availability of natural gas. In addition, through membership and active participation on the Polish Power Exchange and the possession of a portfolio of OTC contracts, the Company has a wide range of purchasing alternatives.

In connection with the ongoing war in Ukraine, the Group has developed appropriate contingency plans in the event of cyber attacks, the need to introduce immediate changes in the supply chain, and in the event of a threat to the lives of employees of the Group's companies in the event of expansion of military operations to the territories of other countries. Additionally, procedures in the event of emergency situations have been developed to ensure the continuity of the critical infrastructure.

The Group has sufficient financial resources to enable it to settle its current liabilities and to continue planned investment and acquisition projects.

Moreover, the Group constantly adjusting its derivative transactions portfolio to the changing market conditions in order to reduce their negative impact on the liquidity situation and the Group's results.

In the opinion of the Group, the ongoing conflict in Ukraine does not change the risk with regard to the guarantees issued as at 30 September 2023. The Group has made a detailed analysis of sales on the Ukrainian and Russian markets.

The Group has no subsidiaries, jointly controlled entities or associates in Russia and Belarus. As at 30 September 2023, the Group did not have any significant assets located in Russia, Belarus or Ukraine, and the sales volume in these countries is immaterial (less than 2% share in the Group's sales revenues).

Despite the ongoing conflict in Ukraine and the related volatility in the markets and macroeconomic situation, in the 1<sup>st</sup> half of 2023 the Group did not observe a significant deterioration in repayment capacity or an increase in the number of bankruptcies or restructuring among its clients. Due to the effective management of trade credit and debt collection, the Group believes that the risk of non-payment of receivables by contractors has not changed significantly, and the repayment of receivables shown in the balance sheet as at 30 September 2023, which are due in the coming months, will remain at a materially unchanged level. In connection with the above, as at 30 September 2023, the Group did not identify any reasons to modify the assumptions adopted to assess the expected credit loss in terms of the potential need to take into account an additional element of risk related to the current economic situation and forecasts for the future.

The Group analyses the situation on the markets on an ongoing basis and the incoming signals from contractors that may indicate a deterioration of the financial situation and, if necessary, will update the adopted estimates for the ECL calculation in subsequent reporting periods.

The Group monitors the developments in Ukraine on an ongoing basis and adjusts its activities to the changing market conditions. Nevertheless, in the event of a protracted armed conflict in Ukraine and the implementation of negative scenarios of the war impact on the global economic situation, it may also have a negative impact on the Group's operations, both in terms of organization and liquidity.

The ORLEN Group assumes that Russia's invasion of Ukraine may affect significant estimates and assumptions made by the Management Board in subsequent periods, in particular such as:

- prices and supply of raw materials: crude oil, gas, electricity;
- changes in prices of CO<sub>2</sub> emission allowances;
- raw material optimization due to the high price and volatility of supply;
- prices and margins of refinery and petrochemical products;
- exchange rates, mainly EUR and USD;
- ratios of the expected rate of return on WACC investments;
- inflation rates and the level of interest rates.

These assumptions will mainly affect the models in relation to future expected cash flows in the scenarios developed by the Group as well as the method of calculating the discount rates used to estimate the value in use in impairment tests of fixed assets, which may be prepared in subsequent periods reporting.

Changes in the assumptions regarding inflation rates and the level of interest rates will also affect the estimates of the provisions created in the long-term part, as well as the calculation of the marginal interest rate for the valuation of lease liabilities.

Assumptions regarding oil prices as well as prices of refinery and petrochemical products will affect the Group's estimates of the net realisable value of inventories.

In addition, changes in the prices of raw materials, CO<sub>2</sub> emission allowances, margins on products and fluctuations in exchange rates will have a direct impact on the operating profit generated by the Issuer, including the valuation and settlement of derivatives held by the Group.

In addition, the assumptions made with regard to macroeconomic data, such as the dynamics of Gross Domestic Product, inflation rate, or unemployment rates, may make it necessary to change the estimates of the expected credit loss for the Group's trade receivables and to include an additional element in the calculation of the expected credit loss risks related to the economic situation and forecasts for the future.

Based on the analysis of the potential impact of changes in the macroeconomic situation in Europe and in the world caused by the armed conflict in Ukraine, conducted as at 30 September 2023, the Group did not identify any indications of the need to perform impairment tests for non-current assets, or the need to modify significant assumptions and estimates made by the Group. Depending on the further course of the war in Ukraine, if necessary, the Group will update the adopted estimates and assumptions in subsequent reporting periods. Additional information is included in note [5.4](#).

When making assumptions and estimates as at 30 September 2023, the Group relied on rational and factually supported assumptions reflecting the most appropriate assessment of the Management Board regarding all economic conditions that may occur in the foreseeable future. Nevertheless, due to the fact that the estimates adopted by the Group are subject to high uncertainty, there is a significant risk that the balance sheet values of the assets and liabilities described above, which are most affected by the adopted assumptions, may change significantly in subsequent reporting periods. Since the outbreak of the war in Ukraine, high uncertainty and unpredictability of price changes have persisted in commodity markets. This is due both to the unpredictability of the further course of the war, subsequent sanctions imposed on Russia and their effects, and retaliation from Russia. Under these conditions, many international institutions withheld their forecasts. They were replaced by conditional scenarios, limited to the leading commodity markets, such as oil, and differing in the scale and effectiveness of sanctions on Russian exports of fossil fuels, which, however, due to high uncertainty, cannot be assigned a reasonable level of probability of implementation.

## **3.2. Group achievements and factors that have a significant impact on the interim condensed consolidated financial statements**

### **Profit or loss for the 9 months of 2023**

Sales revenues of the ORLEN Group for the 9 months of 2023 amounted to PLN 260,315 million and was higher by PLN 84,149 million (y/y). The increase of sales revenues (y/y) reflects both higher by 14% (y/y) volume sales in tonnes (increase mainly in the refining, upstream, gas and retail segment, with a decrease in petrochemical) and the inclusion in 2023 volumes sales of natural gas in the amount of 217.3 TWh and CNG gas in the amount of 19.8 million m<sup>3</sup>. The increase in volumes results mainly from the recognition in consolidation companies from the former LOTOS Group and former PGNiG Group.

The increase in sales revenues was partly limited by the decrease in quotations of the main products as a result of lower crude oil prices by (-) 22% (y/y). In the 9-months period of 2023, compared to the corresponding period of 2022, the prices of gasoline decreased by (-) 15%, diesel oil by (-) 22%, aviation fuel by (-) 22%, heavy fuel oil by (-) 15%, ethylene by (-) 18% and propylene by (-) 25%.

The operating expenses totally increased by PLN (84,895) million (y/y) to PLN (236,632) million, mainly as a result of including the costs of the companies of the former LOTOS Group and former PGNiG Group in the amount of PLN (11,033) million and of PLN (92,731) million, respectively.

The result of other operating activities amounted to PLN 806 million and was lower by PLN (604) million (y/y) mainly due to the lack of the impact of the recognition in the comparable period of the previous year of the profit from the bargain purchase of Grupa LOTOS in the amount of PLN (8,546) million and the change of net positions of valuation and settlement of derivative financial instruments related to operating exposure (non-designated instruments for hedge accounting purposes) in the amount of PLN 4,607 million and lower by



PLN 2,309 million than in the comparable period of the previous year negative impact of net impairment allowances of property, plant and equipment and intangible assets, goodwill, other assets and assets held for sale.

Share in profit from investments accounted for using the equity method was lower by PLN (1,318) million (y/y) and amounted to PLN (1,038) million mainly due to the recognition of an impairment loss on the investment in EuRoPol GAZ in the amount of PLN (1,061) million. Additional information in note [5.5](#).

As a result, profit from operations amounted to PLN 23,357 million and was lower by PLN (2,724) million (y/y). An additional comment regarding the main reasons of the change in profit from operations increased by depreciation and amortisation (so-called EBITDA) is presented in point B1.

Net finance income in the described period amounted to PLN 1,213 million and included mainly net foreign exchange gain in the amount of PLN 625 million, net interest income in the amount of PLN 875 million and settlement and valuation of derivative financial instruments in the amount of PLN (292) million.

After the deduction of tax charges in the amount of PLN (7,412) million, the net profit of the ORLEN Group for the 9 months of 2023 amounted to PLN 17,112 million and was lower by PLN (4,167) million (y/y).

### **Profit or loss for the 3<sup>rd</sup> quarter of 2023**

Sales revenues of the ORLEN Group in the 3<sup>rd</sup> quarter of 2023 amounted to PLN 75,424 million and were higher by PLN 2,509 million (y/y). The increase of sales revenues (y/y) reflects both higher by 3% (y/y) volume sales in tonnes (increase mainly in the upstream, gas, petrochemical and retail segment, with a decrease in refining) and the inclusion in the 3<sup>rd</sup> quarter of 2023 volumes sales of natural gas in the amount of 56.1 TWh and CNG gas in the amount of 6.7 million m<sup>3</sup>. The increase in volumes results mainly from the recognition in consolidation companies from the former PGNiG Group.

The increase in sales revenues was partly limited by the decrease in quotations of the main products as a result of lower crude oil prices by (-) 14% (y/y). In the 3<sup>rd</sup> quarter of 2023, compared to the corresponding period of 2022, the prices of gasoline decreased by (-) 7%, diesel oil by (-) 18%, aviation fuel by (-) 15%, ethylene by (-) 18% and propylene by (-) 25% by increase of heavy fuel oil by 18 % (y/y).

Total operating expenses increased by PLN (3,889) million (y/y) to PLN (68,795) million mainly as a result of including the costs of the acquired former PGNiG Group in the consolidation.

The result of other operating activities amounted to PLN (90) million and was lower by PLN (9,385) million (y/y) mainly due to the lack of the impact of the recognition in the comparable period of the previous year of the profit from the bargain purchase of Grupa LOTOS in the amount of PLN (8,546) million and the change of net positions of valuation and settlement of derivative financial instruments related to operating exposure (non-designated instruments for hedge accounting purposes) in the amount of PLN (663) million.

Share in profit from investments accounted for using the equity method was lower by PLN (963) million (y/y) and amounted to PLN (927) million mainly due to the recognition of an impairment loss on the investment in EuRoPol GAZ in the amount of PLN (1,061) million. Additional information in note [5.5](#).

As a result, profit from operations amounted to PLN 5,583 million and was lower by PLN 11,747 million (y/y). An additional comment regarding the main reasons of the change in profit from operations increased by depreciation and amortisation (so-called EBITDA) is presented in point B1.

Net finance costs in the described period amounted to PLN (566) million and included mainly net foreign exchange loss in the amount of PLN (838) million, net interest income in the amount of PLN 318 million.

After the deduction of tax charges in the amount of PLN (1,539) million, the net profit of the ORLEN Group amounted to PLN 3,459 million and was lower by PLN (11,292) million (y/y).

### **Statement of financial position**

As at 30 September 2023, the total assets of the ORLEN Group amounted to PLN 255,837 million and was lower by PLN (18,127) million in comparison with 31 December 2022.

As at 30 September 2023, the value of non-current assets amounted to PLN 164,474 million and was higher by PLN 9,850 million in comparison with the end of the previous year, mainly due to increase in property, plant and equipment and intangible assets and right-of-use assets by PLN 12,412 million and decrease in the deferred tax asset by PLN (3,223) million.

The change in balance of property, plant and equipment and intangible assets by PLN 11,873 million (y/y) comprised:

- investment expenditures in the amount of PLN 18,806 million including development of fertilizer production capacities in Anwil, construction of the Visbreaking and HVO (Hydrotreated Vegetable Oil) Installation in Plock, construction of the Bioetanol 2<sup>nd</sup> Gen installation in ORLEN Południe, construction of the Hydrocracking Oil Unit and a marine terminal for transshipment of petroleum products on the Martwa Wisła in Gdańsk, construction of the new hydrocracking in Lithuania, expenditure of the production capacity of the Olefin installation in Plock, projects in the Energy segment related mainly to the modernization of existing assets and the connection of new customers, construction of CCGT Ostrołęka, construction of photovoltaic farms, projects in the gas segment mainly related to construction and modernization of customer connections to the grid - PSG and projects in Retail and Upstream segment;
- depreciation and amortisation in the amount of PLN (7,775) million;

- purchase of CO<sub>2</sub> allowances and energy certificates in the amount of PLN 8,308 million;
- amortisation of CO<sub>2</sub> allowances and energy certificates in the amount of PLN (9,676) million;
- rights received free of charge in the amount of PLN 4,337 million;
- recognition of net impairment allowances on assets mainly in the Upstream segment in the amount of PLN (631) million;
- effect of differences in balance on translating foreign operations in the amount of PLN (1,123) million.

The value of current assets as at 30 September 2023 decreased by PLN (27,977) million in comparison with the end of the previous year, mainly as:

- decrease in inventories by PLN (9,132) million, mainly due to decrease in gas prices on the European market, resulting in a decrease in gas purchase prices by the company, and partial depletion of gas stocks from storage facilities (seasonal effect),
- decrease in trade and other receivables by PLN (3,413) million,
- decrease in balance of cash by PLN (7,849) million
- decrease in other assets by PLN (6,820) million, which mainly related to the decrease in margin deposits by PLN (6,846) million due to hedging transactions traded with financial institutions and on commodity exchanges (detailed information in note 5.9). The decrease in the balance of margin deposits results mainly from the settlement of commodity risk hedging transactions concluded by ORLEN (mainly gas commodity swaps).

As at 30 September 2023, total equity amounted to PLN 152,379 and was higher by PLN 14,306 million in comparison with the end of 2022, mainly due to recognition of net profit for the 9 months of 2023 in the amount of PLN 17,112 million, impact of the change in hedging reserve in the amount of PLN 4,332 million, dividends payment from previous years' profits to ORLEN's shareholder in the total amount of PLN (6,385) million and the impact of exchange differences on translating foreign operations in the amount of PLN (749) million and consideration.

The value of trade and other liabilities increased by PLN 674 million in comparison to the end of 2022 mainly due to increase of tax liabilities by PLN 3,333 million, by decrease of trade liabilities by PLN (1,224) million and investment liabilities by PLN (788) million and other liabilities by PLN (1,096) million. The increase in tax liabilities is mainly due to the termination of the reduced VAT rate on fuels and gas introduced by the provisions of the anti-inflation shield as of January 2023. The decrease in trade liabilities resulted mainly from lower oil and gas prices on the markets.

Value of provisions as at 30 June 2023 amounted to PLN 17,400 million and was lower by PLN (3,696) million in comparison to the end of 2022. The change resulted mainly from:

- a decrease in the net provisions for estimated CO<sub>2</sub> emissions and energy certificates in the amount of PLN (2,410) million due to the recognition and updating of the net provision in the amount of PLN 7,650 based on the weighted average price of allowances and certificates held and their use due to redemption of property rights for 2022 in the amount of PLN (9,676) million.
- settlement of the provisions for onerous contract in the amount of PLN 708 million recognised at the end of 2022 following the entry into force of the Act of 7 October 2022 on special solutions for the protection of electricity consumers.

Derivatives non-current and current as at 30 September 2023 amounted to PLN 3,634 million and were lower by PLN (13,818) million, mainly due to change in valuation of cash flow hedging instruments and derivatives not designated as hedge accounting in the amounts of PLN (10,762) million and PLN (3,048) million, respectively.

As at 30 September 2023, net financial indebtedness of the ORLEN Group amounted to PLN (1,264) million and was lower by PLN 967 million in comparison with the end of 2022 mainly due to the net outflows, including inflows and repayments of loans, and borrowings and redemption of bonds in the amount of PLN (6,633) million, an decrease in balance of cash by PLN 7,849 million, short-term deposits in the amount of PLN (28) million and the net effect of valuation and revaluation of debt due to foreign exchange differences in the total amount of PLN (221) million.

### **Statement of cash flows for the 9 months of 2023**

Proceeds of net cash from operating activities for the 9 months of 2023 amounted to PLN 37,752 million and comprised mainly result from operations increased by depreciation and amortisation (EBITDA) in the amount of PLN 32,112 million adjusted by:

- the positive impact of decrease in a net working capital by PLN 14,385 million mainly related to increase in crude oil prices and prices of products, which translated into the value of inventories, receivables and liabilities, decreased by paid income taxes in the amount of PLN (14,997) million,
- gain on investing activities in the amount of PLN 524 million,
- change in provisions in the amount of PLN 6,214 million mainly as a result of creation of provision for CO<sub>2</sub> emission,
- other adjustments in the amount of PLN (2,574) million related mainly to securing the settlement of transactions hedging commodity risk traded with financial institutions and on commodity exchanges in the amount of PLN 6,831 million, settlement and valuation of derivatives in the amount of PLN (6,841) million and settlement of grants for property rights in the amount of PLN (3,108) million.

Net cash used in investing activities for the 9 months of 2023 amounted to PLN (28,709) million and comprised mainly net cash flows for the acquisition and disposal of property, plant and equipment, intangible assets and right-of-use asset in the amount of PLN (26,277) million and the purchase of bonds in the amount of PLN (938) million and increasing capital involvement in joint ventures in the amount of PLN (1,142) million.

Net cash flows used in financing activities for the 9 months of 2023 amounted to PLN (15,007) million and comprised mainly the net repayment of loans and borrowings in the amount of PLN (4,817) million, redemption of Eurobonds issued by ORLEN Capital AB and

partial redemption of senior bonds issued by B8 Sp.z o.o. Baltic SKA in the total amount of PLN (3,999) million, issue of bonds in the amount of PLN 2,183 million, dividends paid to ORLEN's shareholder in the amount of PLN (6,385) million, interest paid in the amount of PLN (790) million and liabilities under lease agreements in the amount of PLN (1,141) million.

Following inclusion of the revaluation of cash due to exchange differences, the cash balance in the 9-month period of 2023 decreased by PLN (7,849) million and as at 30 September 2023 amounted to PLN 13,607 million.

#### **Statement of cash flows for the 3<sup>rd</sup> quarter of 2023**

In the 3<sup>rd</sup> quarter of 2023 the net cash from operating activities amounted to PLN 7,241 million and comprised mainly of profit from operations increased by depreciation and amortisation (EBITDA) in the amount of PLN 8,417 million, paid income tax in the amount of PLN (999) million, change in provisions in the amount of PLN 1,628 million other adjustments in the amount of PLN (2,238) million related mainly to settlement and valuation of derivatives in the amount of PLN (1,156) million and settlement of grants for property rights in the amount of PLN (1,006) million.

In the 3<sup>rd</sup> quarter of 2023 the net cash used in investing activities amounted to PLN (10,475) million and comprised mainly of net expenses for the acquisition and disposal of property, plant and equipment, intangible assets and right-of-use asset in the amount of PLN (9,147) million, increasing capital involvement in joint ventures in the amount of PLN (621) million and outflow from loans granted in the amount of PLN (634) million mainly for the Baltic Power JV joint venture.

In the 3<sup>rd</sup> quarter of 2023 net expenses of cash used in financing activities amounted to PLN (5,864) million and comprised mainly the net outflows of loans and borrowings in the amount of PLN (595) million, dividends paid to ORLEN's shareholder in the amount of PLN (6,385) million, payments of liabilities under lease agreements in the amount of PLN (254) million, interest paid in the amount of PLN (214) million and issue of bonds in the amount of PLN 2,183 million.

Following inclusion of the revaluation of cash due to exchange differences, the cash balance in the 3<sup>rd</sup> quarter of 2023 decreased by PLN (9,894) million and as at 30 September 2023 amounted to PLN 13,607 million.

#### **Factors and events which may influence future results**

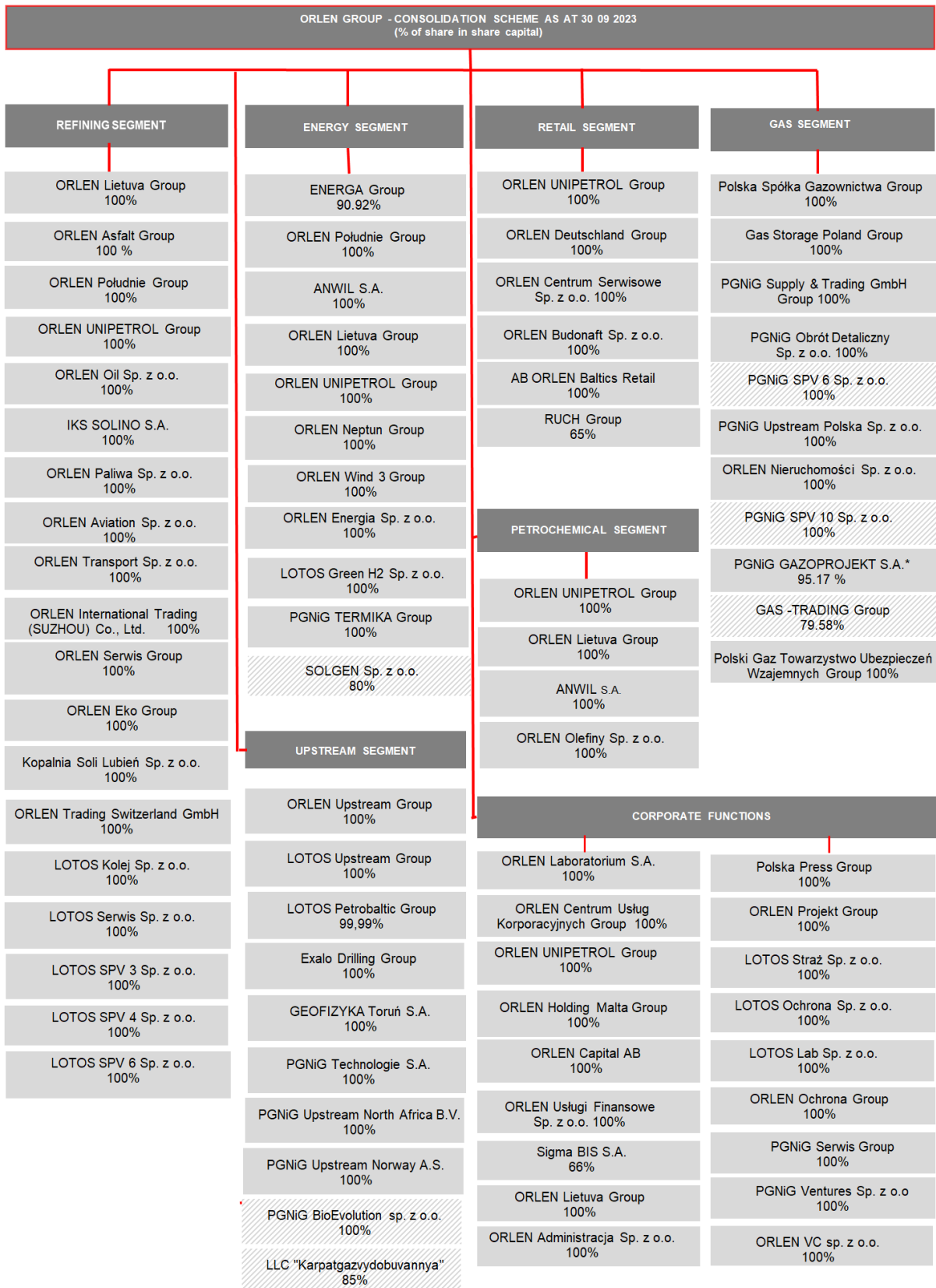
The key factors that will affect future financial results of the ORLEN Group include:

- the impact of the war in Ukraine (sanctions on the crude oil, petroleum products and restrictions on natural gas supplies to Europe) on the deepening of natural gas, diesel oil, crude oil and coal shortages in global markets and their market prices,
- impact of the geopolitical situation on the global economy and energy markets,
- the impact of the risk of escalation of the armed conflict in the Gaza region on oil and fuel prices,
- impact of the COVID-19 pandemic in China on the global economy and energy markets,
- inflation and market interest rates persisting at a high level,
- a significant decrease in the global GDP growth rate and the risk of recession,
- the depth and pace of reduction of the global demand for energy carriers,
- European Union's climate policy and prices of rights and CO<sub>2</sub> emissions allowances,
- administrative interventions on international and domestic fuel markets and electricity (price caps, taxation of windfall profits, tariff policy of the President of the Energy Regulatory Office),
- increase in operating costs and investment financing related to inflation, geopolitical risk and regulatory risk,
- availability of production installations,
- applicable legal regulations,
- investments in development projects of the ORLEN Group,
- synergies resulting from the Grupa LOTOS and PGNiG acquisition.


#### **3.3. Description of the organization of the ORLEN Group**

As at 30 September 2023 the ORLEN Group includes ORLEN as the Parent Company and entities located in Poland, Germany, the Czech Republic, Lithuania, Malta, Sweden, Slovakia, Hungary, Norway, Cyprus, Estonia, Switzerland, United Kingdom, the Netherlands, Ukraine, Latvia, Canada and China.

ORLEN as the Parent Company is a multi-segment entity, appropriately allocated to all operating segments and corporate functions.



\* 96.53% in number of votes

 companies not consolidated using the full method due to their immateriality

**The list of entities included in the lower-level Capital Groups presented in the consolidation diagram**

Name of the Capital Group/Company		Name of the Capital Group/Company	
<b>Refining Segment</b>		<b>Energy Segment</b>	
<b>ORLEN Lietuva Group</b>		<b>ENERGA Group</b>	
AB ORLEN Lietuva	100%	Energa S.A.	90.92%
SIA ORLEN Latvija	100%	Energa-Operator S.A.	100%
OU ORLEN Eesti	100%	Energa Operator Wykonawstwo Elektroenergetyczne Sp. z o.o.	100%
UAB ORLEN Mockavos terminalas	100%	Energa-Obrót S.A.	100%
<b>ORLEN UNIPETROL Group</b>		Energa Green Development Sp. z o.o.	100%
ORLEN UNIPETROL RPA s.r.o.	100%	Enspirion Sp. z o.o.	100%
ORLEN UNIPETROL Slovakia s.r.o.	100%	Energa Oświetlenie Sp. z o.o.	100%
ORLEN UNIPETROL Doprava s.r.o.	100%	Energa Wytwarzanie S.A.	100%
ORLEN UNIPETROL Hungary Kft.	100%	Energa Elektrownie Ostrołęka S.A.	89.64%
Petrotrans s.r.o.	100%	Energa Serwis Sp. z o.o.	100%
Paramo a.s.	100%	ECARB Sp. z o.o.	100%
<b>ORLEN Południe Group</b>		ENERGA MFW 1 Sp. z o.o.	100%
ORLEN Południe S.A.	100%	ENERGA MFW 2 Sp. z o.o.	100%
Konsorcjum Olejów Przetworzonych - Organizacja Odzysku Opakowań i Olejów S.A.	90%	Energa Kogeneracja Sp. z o.o.	35.41%
<b>ORLEN Asphalt Group</b>		Energa Wind Service Sp. z o.o.	100%
ORLEN Asphalt Sp. z o.o.	100%	CCGT Grudziądz Sp. z o.o.	100%
ORLEN Asphalt Ceska Republika s.r.o.	100%	CCGT Gdańsk Sp. z o.o.	100%
<b>ORLEN Serwis Group</b>		Energa Finance AB	100%
ORLEN Serwis S.A.	100%	Energa Informatyka i Technologie Sp. z o.o.	100%
UAB ORLEN Service Lietuva	100%	Energa Logistyka Sp. z o.o.	100%
ORLEN Service Česká Republika s.r.o.	100%	Energa Prowis Sp. z o.o.	100%
<b>ORLEN Eko Group</b>		Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.	100%
ORLEN Eko Sp. z o.o.	100%	Energa Kogeneracja Sp. z o.o.	64.59%
ORLEN EkoUtylizacja Sp. z o.o.	100%	Energa Ciepło Ostrołęka Sp. z o.o.	100%
<b>Retail Segment</b>		Energa Ciepło Kaliskie Sp. z o.o.	91.24%
<b>ORLEN UNIPETROL Group</b>		CCGT Ostrołęka Sp. z o.o.	100%
ORLEN UNIPETROL RPA s.r.o.	100%	<b>ORLEN Południe Group</b>	
Normbenz Magyarorszáig Kft	100%	ORLEN Południe S.A.	100%
<b>ORLEN Deutschland Group</b>		Energomedia Sp. z o.o.	100%
ORLEN Deutschland GmbH	100%	Bioenergy Project Sp. z o.o.	100%
ORLEN Detuschland Betriebsgesellschaft mbH	100%	CHP Energia Sp. z o.o.	100%
ORLEN Deutschland Süd Betriebsgesellschaft mbH	100%	Bioutil Sp. z o.o.	100%
<b>RUCH Group</b>		<b>ORLEN Lietuva Group</b>	
RUCH S.A.	65%	AB ORLEN Lietuva	100%
FINCORES BUSINESS SOLUTIONS Sp. z o.o.	100%	<b>ORLEN UNIPETROL Group</b>	
<b>Upstream Segment</b>		ORLEN UNIPETROL RPA s.r.o.	100%
<b>ORLEN Upstream Group</b>		<b>ORLEN Wind 3 Group</b>	
ORLEN Upstream Sp. z o.o.	100%	ORLEN Wind 3 Sp. z o.o.	100%
ORLEN Upstream Canada Ltd.	100%	Livingstone Sp. z o.o.	100%
KCK Atlantic Holdings Ltd.	100%	Nowotna Farma Wiatrowa sp. z o.o.	100%
<b>LOTOS Upstream Group</b>		<b>ORLEN Neptun Group</b>	
LOTOS Upstream Sp. z o.o.	100%	ORLEN Neptun Sp. z o.o.	100%
LOTOS Exploration and Production Norge AS	100%	ORLEN Neptun II Sp. z o.o.	100%
AB LOTOS Geonafra	100%	ORLEN Neptun III Sp. z o.o.	100%
UAB Genciu Nafta	100%	ORLEN Neptun IV Sp. z o.o.	100%
UAB Manifoldas	100%	ORLEN Neptun V Sp. z o.o.	100%
<b>LOTOS Petrobaltic Group</b>		ORLEN Neptun VI Sp. z o.o.	100%
LOTOS Petrobaltic S.A.	99.99%	ORLEN Neptun VII Sp. z o.o.	100%
Energobaltic Sp. z o.o.	100%	ORLEN Neptun VIII Sp. z o.o.	100%
B8 Sp. z o.o.	100%	ORLEN Neptun IX Sp. z o.o.	100%
B8 Sp. z o.o. BALTIC S.K.A.	100%	ORLEN Neptun X Sp. z o.o.	100%
Miliana Shipholding Company Ltd.	100%	ORLEN Neptun XI Sp. z o.o.	100%
Miliana Shipmanagement Ltd.	100%	UAB „ORLEN Neptūnas“	100%
Bazalt Navigation Company Ltd.	100%	<b>PGNiG TERMIKA Group</b>	
Granit Navigation Company Ltd.	100%	PGNiG TERMIKA S.A.	100%
Kambr Navigation Company Ltd.	100%	PGNiG TERMIKA Energetyka Rozproszona sp. z o.o.	100%
St. Barbara Navigation Company Ltd.	100%	PGNiG TERMIKA Energetyka Przemysł sp. z o.o.	100%
Petro Icarus Company Ltd.	100%	PGNiG TERMIKA Energetyka Przemysłowa S.A.	100%
Petro Aphrodite Company Ltd.	100%	PGNiG TERMIKA Energetyka Przemysłowa - Technika Sp. z o.o.	100%
Technical Ship Management Sp. z o.o.	100%	<b>Petrochemical Segment</b>	
SPV Baltic Sp. z o.o.	100%	<b>ORLEN UNIPETROL Group</b>	
SPV Petro Sp. z o.o.	100%	ORLEN UNIPETROL RPA s.r.o.	100%
<b>Grupa Exalo Drilling</b>		ORLEN UNIPETROL Deutschland GmbH	100%
Exalo Drilling S.A.	100%	Spolana s.r.o.	100%
Zakład Gospodarki Mieszkaniowej sp. z o.o.	100%	REMAQ, s.r.o.	100%
„EXALO DRILLING UKRAINE“ LLC	100%	<b>ORLEN Lietuva Group</b>	
Exalo Diament Sp. z o.o.	100%	AB ORLEN Lietuva	100%



Name of the Capital Group/Company		Name of the Capital Group/Company	
<b>Gas Segment</b>		<b>Corporate Functions</b>	
<b>Polska Spółka Gazownictwa Group</b>		<b>ORLEN Ochrona Group</b>	
Polska Spółka Gazownictwa Sp. z o.o.	100%	ORLEN Ochrona Sp. z o.o.	100%
PSG Inwestycje Sp. z o.o.	100%	ORLEN Apsauga UAB	100%
Gaz Sp. z o.o.	100%	<b>PGNiG Serwis Group</b>	
<b>Gas Storage Poland Group</b>		PGNiG Serwis Sp. z o.o.	
Gas Storage Poland Sp. z o.o.	100%	Polskie Centrum Brokerskie sp. z o.o.	100%
Ośrodek Badawczo-Rozwojowy		<b>ORLEN UNIPETROL Group</b>	
Górnictwa Surowców Chemicznych	92,82%	ORLEN UNIPETROL, a.s.	
CHEMKOP Sp. z o.o.		ORLEN UniCRE a.s.	
<b>PGNiG Supply &amp; Trading GmbH Group</b>		ORLEN UNIPETROL RPA s.r.o.	
PGNiG Supply & Trading GmbH	100%	HC Verva Litvinov a.s.	
PGNiG Supply&Trading Polska Sp. z o.o.	100%	ORLEN Projekt Česká republika s.r.o.	
PST LNG TRADING LIMITED	100%	<b>ORLEN Holding Malta Group</b>	
PST LNG SHIPPING LIMITED	100%	ORLEN Holding Malta Ltd.	
<b>GAS -TRADING Group</b>		Orlen Insurance Ltd.	
GAS - TRADING S.A.	79,58%	<b>Polska Press Group</b>	
Gas-Trading Podkarpacie sp. z o.o.	78,82%	Polska Press Sp. z o.o.	
<b>Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych Group</b>		Pro Media Sp. z o.o.	
Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych	100%	PL24 Sp. z o.o.	
Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie	100%	<b>ORLEN Lietuva Group</b>	
		AB ORLEN Lietuva	
		<b>ORLEN Projekt Group</b>	
		ORLEN Projekt S.A.	
		ORLEN Projekt Česká republika s.r.o.	
		Energa Invest Sp. z o.o.	

companies not consolidated using the full method due to their immateriality

### Changes in the structure of the ORLEN Group from 1 January 2023 up to the date of preparation of this report

- on 2 January 2023 ORLEN Unipetrol RPA s.r.o. acquired 100% of shares in REMAQ s.r.o. (REMAQ) with its headquarters in Otrokovice, Czech Republic. REMAQ is a leading company in the region of Central and Eastern Europe, focusing its core activity on chemical and mechanical recycling activities. Additional information in note [3.4.2](#).
- on 1 March 2023, a change in the name of PGNiG SPV 7 sp. z o.o. was registered with the National Court Register on PGNiG BioEvolution sp. z o.o.;
- on 22 March 2023, the Extraordinary General Meeting of ORLEN S.A. adopted a resolution on the merger of the Company with LOTOS SPV 5 and consent to the merger plan agreed on 7 February 2023. Registration of the merger of the Company with LOTOS SPV 5 Sp. z o.o. took place on 1 June 2023.
- on 5 April 2023, ORLEN Unipetrol RPA s.r.o. and ORLEN Projekt S.A. act of establishing a new entity ORLEN Projekt Česká republika s.r.o.
- on 7 April 2023, a change in the name of ORLEN Neptun I sp. z o.o. was registered in the National Court Register on ORLEN Neptun sp. z o.o.
- on 27 April 2023 ORLEN Neptun sp. z o.o. signed the Articles of Association and Agreement of a new company established in Lithuania under the name UAB "ORLEN Neptūnas, which was registered on 10 May 2023;
- on 1 June 2023, ORLEN Deutschland acquired 100% of shares in Avanti Deutschland GmbH from the Austrian oil company OMV. On the same day, the name of the company was changed to ORLEN Deutschland Süd Betriebsgesellschaft mbH. The company operates in the retail sale of fuels at 17 unmanned stations.  
The Group assessed that the assets and related liabilities taken over by the Group as part of this transaction do not constitute a business as defined in IFRS 3, therefore the Group allocated the purchase price to individual identifiable assets and liabilities and, consequently, did not recognize settlement of goodwill or bargain purchase transactions;
- on 12 June 2023, a new company Energa Prowis Sp. z o. o. in the Energy Group. The company was registered in the National Court Register on 28 June 2023;
- on 3 July 2023, the merger of LOTOS Kolej Sp. z o. o. with ORLEN KolTrans S.A. by transferring all assets of ORLEN KolTrans S.A. to LOTOS Kolej Sp. z o.o.;
- on 3 July 2023, the merger of LOTOS Oil Sp. z o. o. (acquired) and ORLEN OIL Sp. z o. o. (poignant). As part of the merger, the share capital was increased and the registered office of ORLEN Oil Sp. z o.o.;
- on 3 July 2023, the merger of the following companies was registered: ORLEN Centrum Usług Korporacyjny Sp. z o. o. (the acquiring company of ORLEN CUK) and ENERGA Centrum Usług Wspólnych Sp. z o. o. (the acquired company of ENERGA CUW) by transferring all assets of ENERGA CUW to ORLEN CUK in a simplified procedure. According to Art. 516 pairs 6 of the Commercial Companies Code (the acquiring company is the sole shareholder of the acquired company) based on the resolution of the Extraordinary General Meeting of ENERGA CUW No. 3/2023 of 29 May 2023;
- on 28 July 2023, a change in the name of PGNiG SPV 9 sp. z o.o. was registered with the National Court Register. on ORLEN Nieruchomości sp. z o.o.;
- on 31 July 2023, ENERGA S.A. and ORLEN Projekt S.A. signed a contract of sale by ENERGA S.A. 100% of shares in Energa Invest Sp. z o. o. for ORLEN Projekt S.A.;

- on 8 August 2023, there was a change in the capital share of ORLEN S.A. in SOLGEN sp. z o. o. ORLEN purchased 125 shares of SOLGEN Sp. z o. o. o. As a result of this transaction, from 8 August 2023, ORLEN holds a total of 500 shares (80%) in the share capital of SOLGEN sp. z o. o.;
- on 25 August 2023, the merger of RUCH S.A. was registered in the National Court Register. ("Acquiring Company") with the companies RUCH Nieruchomości V sp. z o.o. and RUCH Marketing sp. z o. o. ("Acquired Companies"). The merger was carried out in a simplified manner by transferring all assets of the Acquired Companies to RUCH S.A. Thus, the structure within the RUCH S.A. Group was simplified, which currently includes only Fincores Business Solution Sp. z o. o.;
- on 2 October 2023, the merger of ORLEN VC sp. z o.o. was registered in the National Court Register. and PGNiG Ventures sp. z o. o. by transferring all assets of PGNiG Ventures sp. z o.o. to ORLEN VC sp. z o.o.;
- on 12 October 2023, ORLEN Wind 3 sp. z o.o. acquired shares from EDP Renewables in three companies with wind assets. Thus, the ORLEN Wind 3 Capital Group increased by 3 companies, i.e. Ujazd Sp. z o. o.; EW Dobrzyca Sp. z o. o.; Wind Field Wielkopolska Sp. z o. o.;
- on 13 October 2023 ORLEN Projekt S.A. purchased shares in ENERGOP Sp. z o. o.

Changes in the Group structure are an element of the ORLEN Group strategy, assuming the development of a strong and diversified multi-energy concern, a focus on core activities and allocating capital for the development of the Group in the most prospective areas.

### **3.4. Settlement of acquisition of shares in accordance with IFRS 3 Business Combinations**

#### **3.4.1. Acquisition of petrochemical assets**

On 1 January 2023 the Group has closed the transaction to acquire a part of the business related to the production and marketing of LDPE from the Poland's largest plastics manufacturer Basell Orlen Polyolefins sp z o.o. (a joint venture in which ORLEN and Lyondell Basell Industries each hold a 50% of shares) and Basell Orlen Polyolefins Sprzedaż sp. z o.o. (100% of shares held by Basell Orlen Polyolefins sp z o.o.). The business involves the production and marketing of LDPE, as well as customer service in the Polish market. The transaction was cleared by the Polish and Dutch antitrust regulators.

The acquired production capacity is 100 thousand tonnes per year, which means that ORLEN, as Poland's only producer of LDPE, will single-handedly cover about a third of the country's overall demand for the plastic.

Low density polyethylene (LDPE) is commonly used to make consumer and industrial products, found in plastic films, bags, canisters, food packaging, as well as components of electronic devices, such as wires and cables. It is a fully recyclable product playing an important role in advancing the circular economy.

After the transaction, Basell Orlen Polyolefins sp. z o.o. will continue to develop the production and sale of HDPE polyethylene, i.e. high-density polyethylene, and polypropylene.

The acquisition of the part of the business related to the production and sale of LDPE is in line with the strategy implemented by the Group. The Group observes a dynamic increase in demand for petrochemical products on global markets, and according to forecasts, by 2030 the value of the petrochemicals and base plastics market is expected to double. Therefore, the Group aims to increase its share in this promising business and to strengthen its position as the leading producer of petrochemical products in Europe, which will enable it to increase its profits.

#### **Provisional settlement of the transaction**

The acquisition of the business related to the production and sale of LDPE is accounted for using the acquisition method in accordance with IFRS 3 Business Combinations.

As at the date of preparation of these interim condensed consolidated financial statements, the accounting for the merger has not been completed, in particular the valuation process of measuring the acquired net assets to fair value is being finalised by external experts. Therefore, the Group presented provisional values of identifiable assets and liabilities which correspond to their fair values as at the merger date estimated on the basis of previous works carried out by external experts, which are currently being verified by the Group, and therefore may still change. The Group plans to make the final settlement of the purchase transaction within 12 months from the merger date.

The provisional value of identifiable assets acquired and liabilities assumed recognised as at the acquisition date are as follows:

		01/01/2023
<b>Assets acquired</b>	<b>A</b>	<b>263</b>
<b>Non-current assets</b>		<b>127</b>
Property, plant and equipment		112
Right-of-use asset		3
Deferred tax assets		3
Deferred tax assets		9
<b>Current assets</b>		<b>136</b>
Inventories		62
Trade and other receivables		1
Cash		73
<b>Assumed liabilities</b>	<b>B</b>	<b>2</b>
<b>Non-current and current liabilities</b>		<b>2</b>
Trade and other liabilities		2
<b>Total temporary net assets</b>	<b>C = A - B</b>	<b>261</b>
Fair value of the consideration transferred (Cash paid)	<b>D</b>	287
The value of pre-existing connections	<b>E</b>	71
<b>Goodwill</b>	<b>F = D - C + E</b>	<b>97</b>

The net cash outflow related to the acquisition of the business related to the production and sale of LDPE, being the difference between the net cash acquired (recognised as cash flows from investing activities) and the paid cash transferred as consideration, amounted to PLN 214 million.

As part of the ongoing process of verifying the work of external experts by the Group, the provisional net asset values presented above have not changed significantly compared to the values presented in the Consolidated Financial Statements for 2022.

The temporary goodwill recognised as part of the merger settlement represents the value of assets that could not be recognised separately in accordance with the requirements of IAS 38 - Intangible Assets, including in particular:

- a) the possibility of increasing sales and profits for the Group,
- b) strengthening the market position on the market of petrochemicals and base plastics (the sole producer of low-density polyethylene in Poland),
- c) the existing potential for the production and sale of LDPE for future customers and access to an organized workforce.

As at 30 September 2023, the Group did not identify any indicators of impairment in relation to the recognised provisional goodwill.

#### 3.4.2. Transaction of acquisition of REMAQ s.r.o

On 2 January 2023 ORLEN Unipetrol RPA s.r.o. acquired 100% of shares in REMAQ s.r.o. (REMAQ) based in Otrokovice, the Czech Republic. REMAQ is a leading company in the region of Central and Eastern Europe, focusing its core activity on chemical and mechanical recycling activities. With the acquisition of the REMAQ the Group, will be able to effectively acquire and process waste plastic and bio-waste and produce new petrochemicals and biofuels from it. The acquisition of REMAQ will enable the expansion of the Group's competencies in the field of mechanical recycling and is the result of the strategy implemented in the Group, the aim of which is to achieve an appropriate level of recycling capacity for plastics and natural waste and to link all waste recycling methods and create a fully functional chain in which local governments, distributors waste and final processors will work together effectively.

##### Provisional settlement of the transaction

Acquisition of REMAQ shares is subject to settlement applying the acquisition method in accordance with IFRS 3 Business Combinations.

As at the date of preparation of these interim condensed consolidated financial statements, the accounting for the merger has not been completed, in particular, the process of valuation of the acquired net assets by external experts to the fair value is currently being finalized. Therefore, the Group presented provisional values of identifiable assets and liabilities which, apart from the exceptions described below, correspond to their book values as at the merger date. The Group plans to make the final settlement of the purchase transaction within 12 months from the merger date.



The provisional value of identifiable assets acquired and liabilities assumed recognised as at the acquisition date are as follows:

		02/01/2023
<b>Assets acquired</b>	<b>A</b>	<b>118</b>
<b>Non-current assets</b>		<b>31</b>
Property, plant and equipment		11
Right-of-use asset		18
Other assets		2
<b>Current assets</b>		<b>87</b>
Inventories		27
Trade and other receivables		22
Other financial assets		2
Cash		36
<b>Assumed liabilities</b>	<b>B</b>	<b>43</b>
<b>Non-current liabilities</b>		<b>24</b>
Loans		5
Deferred tax liabilities		2
Lease liabilities		17
<b>Current liabilities</b>		<b>19</b>
Trade and other liabilities		15
Loans		1
Other liabilities		3
<b>Temporary total net assets</b>	<b>C=A-B</b>	<b>75</b>
Acquired net assets attributable to the equity owners of the parent	<b>D</b>	75
% share in the share capital	<b>E</b>	100%
Value of shares measured as a proportionate share in the net assets	<b>F=D*E</b>	75
Fair value of the consideration transferred (Cash paid)	<b>G</b>	293
<b>Temporary goodwill</b>	<b>I=G-F</b>	<b>218</b>

The net cash outflow related to the acquisition of REMAQ, being the difference between the net cash acquired (recognised as cash flows from investing activities) and the paid cash transferred as payment, amounted to PLN 257 million.

The Group expects that as a result of the purchase price settlement process, the provisionally determined goodwill of PLN 218 million will decrease, as a part of it will be allocated to other assets as a result of the fair value measurement of property, plant and equipment carried out by independent appraisers. The remaining part of the goodwill relates to the expected benefits and synergies in the Group as part of the implemented strategy, the aim of which is to achieve an appropriate level of recycling capacity for plastics and natural waste.

Due to the acquisition of REMAQ shares on 2 January 2023, REMAQ's sales revenue and net profit are included in the Group's consolidated data for the entire published period.

REMAQ's share in the revenues and the result generated by the ORLEN Group for the first quarter of 2023 amounted to PLN 125 million and PLN 12 million, respectively.

As at 30 September 2023, the Group did not identify any indicators of impairment in relation to the recognised provisional goodwill.

### 3.4.3. Settlement of business combinations that took place in the previous financial year

#### Full settlement of merger with Grupa LOTOS S.A.

On 1 August 2022 the register of the merger of ORLEN with Grupa LOTOS S.A. ("Grupa LOTOS") took place. Details of this transaction are disclosed in Note 7.3.1 to the Consolidated Financial Statements for 2022.

The merger transaction with Grupa LOTOS is accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. The transaction was made through an exchange of equity interests, where ORLEN increased the share capital by issuing shares, which were then allocated to the shareholders of Grupa LOTOS. Based on its professional judgment, taking into account the facts and circumstances of the transaction, ORLEN assessed that it is the acquirer which obtained control over Grupa LOTOS S.A. through the merger transaction on 1 August 2022.

In the Consolidated half-year Report for the 1<sup>st</sup> half of 2023, the Group finally completed the process of identifying and measuring to fair value of the acquired assets and assumed liabilities carried out by independent experts, including potential contingent liabilities assumed in connection with the merger with LOTOS Group, resulting from regulatory, legal, environmental and other risks.

Therefore, in these interim condensed consolidated financial statements the Group presents the final fair values of the acquired assets and liabilities as a part of the final settlement of the merger with LOTOS Group.

The fair values of the main identifiable assets and liabilities acquired in connection with the merger with LOTOS Group are as follows:

01/08/2022		Provisional values presented in consolidated financial statements for 2022	Impact of finalizing the recognition and fair value measurement process	Final fair values
<b>Assets acquired</b>	<b>A</b>	<b>35 452</b>	<b>3 822</b>	<b>39 274</b>
<b>Non-current assets</b>		<b>6 380</b>	<b>1 747</b>	<b>8 127</b>
Property, plant and equipment		4 086	1 403	5 489
Intangible assets		57	308	365
Right-of-use asset		839	62	901
Deferred tax assets		118	(74)	44
Derivatives		158	-	158
Other assets		1 122	48	1 170
<b>Current assets</b>		<b>29 072</b>	<b>2 075</b>	<b>31 147</b>
Inventories		7 901	1 684	9 585
Trade and other receivables		5 662	84	5 746
Current tax assets		6	-	6
Cash		4 369	(47)	4 322
Assets classified as held for sale		7 170	175	7 345
Derivatives		90	-	90
Other assets		3 874	179	4 053
<b>Assumed liabilities</b>	<b>B</b>	<b>14 504</b>	<b>1 191</b>	<b>15 695</b>
<b>Non-current liabilities</b>		<b>3 801</b>	<b>835</b>	<b>4 636</b>
Loans, borrowings and bonds		525	-	525
Provisions		1 466	447	1 913
Deferred tax liabilities		1 081	452	1 533
Lease liabilities		637	-	637
Other liabilities		92	(64)	28
<b>Current liabilities</b>		<b>10 703</b>	<b>356</b>	<b>11 059</b>
Trade and other liabilities		5 815	(22)	5 793
Lease liabilities		203	-	203
Liabilities from contracts with customers		7	-	7
Loans, borrowings and bonds		474	-	474
Provisions		184	28	212
Current tax liabilities		1 833	-	1 833
Other liabilities		196	(1)	195
Derivatives		434	-	434
Security deposits		106	-	106
Liabilities directly associated with assets classified as held for sale		1 451	351	1 802
<b>Total net assets</b>	<b>C = A - B</b>	<b>20 948</b>	<b>2 631</b>	<b>23 579</b>
The fair value of the payment *	D	15 124	-	15 124
The value of pre-existing connections	E	91	-	91
<b>Gain on bargain purchase of Lotos Group</b>	<b>F = C - D + E</b>	<b>5 915</b>	<b>2 631</b>	<b>8 546</b>

\* The fair value of the payment made for the takeover in the amount of PLN 15,124 million is the sum of the nominal value of the issued Merger Shares in the amount of PLN 248 million, which increased the share capital and the surplus of the issue over nominal value in the amount of PLN 14,876 million, determined based on the market price of one share according to the closing price on the day of the merger in the amount of PLN 76.10.

In relation to data presented as part of the interim settlement of the merger with LOTOS Group in the consolidated financial statements for 2022, as a result of the final completion of the process of identification and fair value measurement of the acquired assets and liabilities as at the merger date, the following net asset items changed significantly:

- property, plant and equipment which fair value as part of the final settlement increased to PLN 5,489 million (the provisional value amounted to PLN 4,086 million), mainly as a result of the revaluation of assets for the development and extraction of mineral resources in LOTOS Petrobaltic Group and in LOTOS Upstream Group in relation to deposits located in Norway.
- intangible assets which fair value as part of the final settlement amounted to PLN 365 million (the provisional value amounted to PLN 57 million), mainly as a result of identification and recognition of the fair value of assets under relationships and contracts with customers and LOTOS trademark not previously recognised in LOTOS Group.
- inventories which fair value as part of the final settlement increased to PLN 9,585 million (the provisional value amounted to PLN 7,901 million) and resulted mainly from the revaluation to fair value of acquired finished and semi-finished products and work in progress of the former Grupa LOTOS S.A..
- assets held for sale and liabilities directly related to assets classified as held for sale, which fair value as part of the final settlement amounted to PLN 7,345 million and PLN 1,802 million, respectively (provisional values amounted to PLN 7,170 million and PLN 1,451 million, respectively). In these items, the Group presented all assets and liabilities of Rafineria Gdańska related to bitumen and refining activities. The final fair value of these groups of assets and related liabilities was determined based on: (i) the sale price of the bitumen business to Unimot Investments and the sale price of 30% of shares in Rafineria Gdańska to Aramco, agreed between the parties to individual agreements, and (ii) fair value measurement of 70% of individual assets and liabilities of the refining business, which, after the sale of 30% of shares in Rafineria Gdańska to Aramco, is recognised by the Group as a joint arrangement constituting a joint operation.

5. trade receivables and other receivables, which fair value as part of the final settlement amounted to PLN 5,746 million and increased by PLN 84 million compared to the provisional value, mainly as a result of the recognition of receivables from the sale of oil extracted on the Norwegian Continental Shelf made before the transaction date.
6. other assets in the part of current assets, within which the Group presented investments in companies covered by the Remedies, classified as financial assets at fair value through profit or loss, which value in the final settlement increased by PLN 179 million compared to the provisional settlement, to the value of PLN 3,822 million, mainly as a result of the process of determining the final sale prices between the parties of particular agreements, as well as a result of determining the final fair value of the separated part of the retail business of LOTOS Paliwa not covered by Remedial Measures.
7. long-term and short-term provisions, which fair value as part of the final settlement increased by PLN 475 million to PLN 2,125 million, mainly due to the recognition of a provision for onerous contracts as a result of the analysis of contracts concluded by the Company in order to implement the Remedies specified in decision of the European Commission, as well as revaluation of provisions for the costs of reclamation and removal of pollution with respect to LOTOS Upstream Group (fields located in Norway) and LOTOS Petrobaltic Group.

Other adjustments resulted mainly from the completed work of property appraisers related to the valuation of fixed assets (including perpetual usufruct rights of land), write-off of balances of accrued income related to subsidies recognised before the merger date, which did not meet the definition of liabilities assumed, as well as presentation adjustments adjusting the recognition of balance sheet items to the accounting principles used in the ORLEN Group.

As a result of the above changes related to the fair value measurement, there was also a significant change in the amount of the deferred tax asset and deferred tax liability, which value as part of the final settlement was set at PLN 44 million and PLN 1,533 million, respectively (temporary values amounted to PLN 118 million and PLN 1,081 million, respectively). There were no significant changes to other net assets.

After the merger date of ORLEN and Grupa LOTOS, the Energy Regulatory Office initiated two proceedings against ORLEN S.A., as the legal successor of Group LOTOS, to verify the implementation by LOTOS Group of the National Indicative Target for 2020 and 2021, respectively.

Both proceedings are related to standard, routine activities of the President of the Energy Regulatory Office, resulting from Art. 28j of the Act on biocomponents and liquid biofuels and consist in verifying the NIT reports submitted by LOTOS Group, which were similarly carried out for 2020 and previous years in relation to ORLEN S.A. itself. As a result of examining the reports on the implementation by the Grupa LOTOS S.A. of the NIT obligation for 2020, the Company was requested by the President of the Energy Regulatory Office to make up the substitution fee in the amount of PLN 1 million, which it paid in June 2023. As at the end of the valuation period and finalization of the settlement of the merger of ORLEN with LOTOS Group, as well as on the date of approval of these interim condensed consolidated financial statements, the proceedings of the Energy Regulatory Office regarding the implementation by LOTOS Group of the NIT obligation for 2021 have not been completed yet, and the Company has not received any information from the President of the Energy Regulatory Office regarding the pending of the proceedings. As a consequence, the Company is unable to determine whether, as a result of the proceedings of the Energy Regulatory Office regarding the implementation by LOTOS Group of the NIT obligation for 2021, the Company, as the legal successor, will be obliged to pay any additional fees or to reliably estimate the potential fair value of such additional obligation. In view of the above, and based on the specific guidelines contained in IFRS 3 regarding the recognition of contingent liabilities existing as at the acquisition date, the Group did not recognise any additional provision in this respect as part of the full settlement of the merger, as well as at the balance sheet date.

As part of the transaction, the previously existing links between the ORLEN Group and the former LOTOS Group were settled at the estimated fair value of PLN 91 million, which corresponded to the net value of mutual receivables and liabilities between the companies from both capital groups, resulting mainly from ongoing contracts as at 1 August 2022 as well as receivables and liabilities between ORLEN and Grupa LOTOS S.A., which expired by the power of law as a result of registration of the merger.

The final fair value of the purchased trade receivables and other receivables amounted to PLN 5,746 million as at the acquisition date, with the gross value of these receivables resulting from the concluded agreements amounting to PLN 5,825 million as at that date. According to the best estimate, the Group considers the repayment of the reported trade receivables and other receivables in the amount of PLN 5,746 million as probable.

As at the acquisition date, the fair value of identifiable assets and liabilities, taking into account the value of pre-existing relationships, exceeds the fair value of the consideration transferred by PLN 8,546 million, which was recognised in the consolidated statement of profit or loss and other comprehensive income for the period of 12 months of 2022 as a gain on a bargain purchase under other operating income. As a result of changes in the fair value of LOTOS Group net assets described above, the gain on a bargain purchase as part of the final settlement of the transaction increased by PLN 2,631 million compared to the provisional value of PLN 5,915 million presented in the consolidated financial statements for 2022.

Taking into account the specific requirements of IFRS 3 Business Combinations with regard to the possibility of recognising a possible gain on a bargain purchase, the Group reviewed the procedures for identifying and measuring all items affecting the calculation of the result on the transaction before recognising the final settlement of the transaction and considered the recognition of a bargain purchase gain justified.

The interchange parity under the merger plan has been established based on various generally accepted valuation methods. For the purposes of the valuation, it was assumed that both entities operate as independent companies, and the unit valuations do not take into account the expected remedies required by the European Commission or potential synergies. The valuation analysis included, among

others, valuation based on market multipliers and valuation based on the sum of the parts method, historical stocks of both merging companies, including volume-weighted average prices and target prices estimated by independent stock market analysts. The established share exchange parity was approved by the shareholders of both merging entities under the merger resolutions. In the Group's opinion, to the occurrence of a profit on a bargain purchase was mainly from the recently observed underestimation of the market value of the shares ORLEN and Grupa LOTOS (in the case of both companies, the book value of consolidated net assets as at the merger date significantly exceeded their capitalization). These valuations were mainly influenced by the macroeconomic situation and high market volatility caused by the Russian invasion in Ukraine. Moreover, the excess of the value of the acquired net assets over the estimated fair value of the consideration transferred was caused by the fact that in order to establish the exchange parity the effect of remedial measures was not taken into account as a one-off event, that will materialize after the merger of the two companies.

The impact of the merger with LOTOS Group on the Group's revenues and net results for the 2022 amounted to PLN 28,082 million and PLN 991 million, respectively. If the merger had taken place at the beginning of 2022, the Group's sales revenues would have amounted to PLN 301,954 million and net profit (decreased by the bargain purchase of the LOTOS Group) would have been PLN 32,232 million.

The costs related to the issue of the Merger Shares as part of the merger with LOTOS Group amounted to PLN 25 million and were recognised as a decrease in equity under Share premium.

#### Merger with PGNiG S.A.

On 2<sup>nd</sup> November 2022, the merger of ORLEN with Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG") was registered. Details of this transaction are disclosed in Note 7.3.2 to the Consolidated Financial Statements for 2022. As at the date of preparation of these interim condensed consolidated financial statements, settlement of the merger has not been completed. In particular, the process of fair value measurement of acquired assets and assumed liabilities carried out by external experts engaged by the Group is still ongoing. Thus, as at the date of preparation of these interim condensed consolidated financial statements, the provisional net asset values acquired by the Group as part of the merger with PGNiG did not change compared to the values presented in the Consolidated Financial Statements for 2022. The Group plans to make the final settlement of the purchase transaction within 12 months from the merger date.

#### Acquisition of Normbenz shares

On 1<sup>st</sup> December 2022, ORLEN Unipetrol RPA s.r.o. concluded agreements with MOL Hungarian Oil and Gas Public Limited Company, as a result of which ORLEN Unipetrol acquired 100% of shares in Normbenz Magyarország Kft with its registered office in Budapest ("Normbenz"). Details of this transaction are disclosed in Note 7.3.3 to the Consolidated Financial Statements for 2022. As at the date of preparation of these interim condensed consolidated financial statements, settlement of the merger has not been completed. In particular, the process of fair value measurement of acquired assets and assumed liabilities carried out by external experts engaged by the Group is still ongoing. Thus, as at the date of preparation of these interim condensed consolidated financial statements, the provisional net asset values acquired by the Group as part of this transaction have not changed compared to the values presented in the Consolidated Financial Statements for 2022.

In May 2023, as a result of the process of determining the final sale price between the parties to the agreement, the fair value of the consideration transferred increased by PLN 14 million and finally amounted to PLN 479 million. In connection with the above, the provisional goodwill was also changed, which currently amounts to PLN 353 million.

The provisional value of the identifiable main items of assets and liabilities acquired in connection with the merger with Normbenz as at the acquisition date is as follows:

		01/12/2022
<b>Assets acquired</b>	<b>A</b>	<b>216</b>
<b>Non-current assets</b>		<b>187</b>
Property, plant and equipment		165
Intangible assets		4
Right-of-use asset		16
Deferred tax assets		2
<b>Current assets</b>		<b>29</b>
Inventories		11
Trade and other receivables		12
Cash		6
<b>Assumed liabilities</b>	<b>B</b>	<b>90</b>
<b>Non-current liabilities</b>		<b>15</b>
Lease liabilities		15
<b>Current liabilities</b>		<b>75</b>
Trade and other liabilities		52
Liabilities from contracts with customers		3
Loans, borrowings and bonds		20
<b>Temporary total net assets</b>	<b>C = A - B</b>	<b>126</b>
Acquired net assets attributable to the equity owners of the parent	<b>D</b>	<b>126</b>
% share in the share capital	<b>E</b>	100%
Value of shares measured as a proportionate share in the net assets	<b>F = D*E</b>	126
Fair value of the consideration transferred (Cash paid)	<b>G</b>	479
<b>Temporary goodwill</b>	<b>I = G - F - H</b>	<b>353</b>

Temporary goodwill recognised as part of the settlement of the merger represents the value of assets that could not be recognised separately in accordance with the requirements of IAS 38 - Intangible assets, including in particular the expected

benefits and synergies in the Group as part of the implemented strategy assuming the expansion of the sales network and an increase in the share of foreign stations.

As at 30 September 2023, the Group did not identify any indicators of impairment with respect to the recognized provisional goodwill.

The Group plans to make the final settlement of the purchase transaction within 12 months from the merger date.

#### 4. Segment's data

As at 30 September 2023 the operations of the ORLEN Group were conducted in:

- the Refining segment, which includes refinery products processing and wholesale, oil production and sale as well as supporting production,
- the Petrochemical segment, which includes the production and wholesale of petrochemicals, production and sale of chemicals and supporting production,
- the Energy segment, which includes production, distribution and sale of electricity and heat and trading in electricity,
- the Retail segment, which includes mainly activity carried out at petrol stations and activity of RUCH Group,
- the Upstream segment, which includes activity related to exploration and extraction of mineral resources conducted through the ORLEN Upstream Group, LOTOS Upstream Group, LOTOS Petrobaltic Group, PGNiG Upstream Norway,
- the Gas segment, which is a new operating segment separated as a result of the merger in 4<sup>th</sup> quarter of 2022 with the PGNiG Group and includes the sale of imported natural gas, extracted from deposits and purchased on gas exchanges, distribution of natural gas through the distribution network to individual, industrial and wholesale customers as well as operation, repairs and expansion of the distribution network;
- and Corporate Functions, which include activities related to management, administration and remaining activities not allocated to separate operating segments i.e. reconciling items.

The allocation of the ORLEN Group's companies to operating segments and Corporate Functions was presented in note [3.3](#).

#### Revenues, costs, financial results, increases in non-current assets

##### for the 9-month period ended 30 September 2023

	NOTE	Refining Segment	Petrochemical Segment	Energy Segment	Retail Segment	Upstream Segment	Gas Segment	Corporate Functions	Adjustments	Total
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
External revenues	5.1	82 665	11 643	30 597	41 918	4 888	88 043	561	-	260 315
Inter-segment revenues		33 929	3 454	6 083	139	10 181	12 212	752	(66 750)	-
Sales revenues		116 594	15 097	36 680	42 057	15 069	100 255	1 313	(66 750)	260 315
Total operating expenses		(108 410)	(16 573)	(33 443)	(41 335)	(15 571)	(85 328)	(2 708)	66 736	(236 632)
Other operating income	5.6	1 097	536	469	88	256	3 559	47	(1)	6 051
Other operating expenses	5.6	(792)	(119)	(151)	(62)	(875)	(3 074)	(173)	1	(5 245)
(Loss)/reversal of loss due to impairment of trade receivables		2	(5)	(66)	-	(82)	73	(16)	-	(94)
Share in profit from investments accounted for using the equity method		21	6	(1)	-	2	(1 069)	3	-	(1 038)
<b>Profit/(Loss) from operations</b>		<b>8 512</b>	<b>(1 058)</b>	<b>3 488</b>	<b>748</b>	<b>(1 201)</b>	<b>14 416</b>	<b>(1 534)</b>	<b>(14)</b>	<b>23 357</b>
Net finance income and costs	5.7									1 213
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables										(46)
<b>Profit before tax</b>										<b>24 524</b>
Tax expense										(7 412)
<b>Net profit</b>										<b>17 112</b>
<b>Depreciation and amortisation</b>	5.2	<b>1 115</b>	<b>868</b>	<b>1 683</b>	<b>741</b>	<b>2 570</b>	<b>1 512</b>	<b>266</b>	<b>-</b>	<b>8 755</b>
<b>EBITDA</b>		<b>9 627</b>	<b>(190)</b>	<b>5 171</b>	<b>1 489</b>	<b>1 369</b>	<b>15 928</b>	<b>(1 268)</b>	<b>(14)</b>	<b>32 112</b>
<b>Increases in non-current assets</b>		<b>4 340</b>	<b>4 034</b>	<b>3 850</b>	<b>1 335</b>	<b>3 928</b>	<b>2 663</b>	<b>264</b>	<b>-</b>	<b>20 414</b>

**for the 3-month period ended 30 September 2023**

	NOTE	Refining Segment (unaudited)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Gas Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
External revenues	5.1	29 375	3 513	8 500	15 284	1 301	17 256	195	-	75 424
Inter-segment revenues		11 881	1 166	1 933	47	2 370	3 333	257	(20 987)	-
Sales revenues		41 256	4 679	10 433	15 331	3 671	20 589	452	(20 987)	75 424
Total operating expenses		(38 476)	(5 189)	(9 838)	(15 018)	(4 700)	(15 627)	(917)	20 970	(68 795)
Other operating income	5.6	344	151	205	62	65	2 151	16	(1)	2 993
Other operating expenses	5.6	(366)	(49)	(38)	(28)	(25)	(2 526)	(52)	1	(3 083)
(Loss)/reversal of loss due to impairment of trade receivables		-	(6)	(9)	1	(23)	26	(18)	-	(29)
Share in profit from investments accounted for using the equity method		7	7	31	-	1	(974)	1	-	(927)
<b>Profit/(Loss) from operations</b>		<b>2 765</b>	<b>(407)</b>	<b>784</b>	<b>348</b>	<b>(1 011)</b>	<b>3 639</b>	<b>(518)</b>	<b>(17)</b>	<b>5 583</b>
Net finance income and costs	5.7									(566)
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables										(19)
<b>Profit before tax</b>										<b>4 998</b>
Tax expense										(1 539)
<b>Net profit</b>										<b>3 459</b>
<b>Depreciation and amortisation</b>	5.2	<b>366</b>	<b>289</b>	<b>561</b>	<b>250</b>	<b>787</b>	<b>494</b>	<b>87</b>	<b>-</b>	<b>2 834</b>
<b>EBITDA</b>		<b>3 131</b>	<b>(118)</b>	<b>1 345</b>	<b>598</b>	<b>(224)</b>	<b>4 133</b>	<b>(431)</b>	<b>(17)</b>	<b>8 417</b>
<b>Increases in non-current assets</b>		<b>1 860</b>	<b>2 013</b>	<b>1 589</b>	<b>348</b>	<b>1 316</b>	<b>595</b>	<b>135</b>	<b>-</b>	<b>7 856</b>

**for the 9-month period ended 30 September 2022**

		Refining Segment (unaudited) (restated data)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited) (restated data)	Corporate Functions (unaudited) (restated data)	Adjustments (unaudited) (restated data)	Total (unaudited) (restated data)
External revenues		87 809	19 359	18 331	48 699	1 559	409	-	176 166
Inter-segment revenues		41 835	4 382	5 717	118	6	555	(52 613)	-
Sales revenues		129 644	23 741	24 048	48 817	1 565	964	(52 613)	176 166
Total operating expenses		(111 558)	(21 599)	(21 298)	(47 283)	(594)	(2 013)	52 608	(151 737)
Other operating income		743	455	1 024	34	25	8 592	-	10 873
gain on bargain purchase of the Lotos Group		-	-	-	-	-	8 546	-	8 546
Other operating expenses		(6 965)	(824)	(1 266)	(63)	(169)	(176)	-	(9 463)
(Loss)/reversal of loss due to impairment of trade receivables		-	-	(42)	(2)	-	6	-	(38)
Share in profit from investments accounted for using the equity method		6	214	59	-	1	-	-	280
<b>Profit/(Loss) from operations</b>		<b>11 870</b>	<b>1 987</b>	<b>2 525</b>	<b>1 503</b>	<b>828</b>	<b>7 373</b>	<b>(5)</b>	<b>26 081</b>
Net finance income and costs									(1 088)
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables									(5)
<b>Profit before tax</b>									<b>24 988</b>
Tax expense									(3 709)
<b>Net profit</b>									<b>21 279</b>
<b>Depreciation and amortisation</b>		<b>1 097</b>	<b>816</b>	<b>1 240</b>	<b>630</b>	<b>379</b>	<b>234</b>	<b>-</b>	<b>4 396</b>
<b>EBITDA</b>		<b>12 967</b>	<b>2 803</b>	<b>3 765</b>	<b>2 133</b>	<b>1 207</b>	<b>7 607</b>	<b>(5)</b>	<b>30 477</b>
<b>Increases in non-current asset</b>		<b>2 739</b>	<b>3 819</b>	<b>2 639</b>	<b>794</b>	<b>443</b>	<b>278</b>	<b>-</b>	<b>10 712</b>



**for the 3-month period ended 30 September 2022**

	Refining Segment (unaudited) (restated data)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited) (restated data)	Corporate Functions (unaudited) (restated data)	Adjustments (unaudited) (restated data)	Total (unaudited) (restated data)
External revenues	40 949	5 706	6 880	18 386	853	141	-	72 915
Inter-segment revenues	15 298	1 464	2 220	43	6	219	(19 250)	-
Sales revenues	56 247	7 170	9 100	18 429	859	360	(19 250)	72 915
Total operating expenses	(50 291)	(6 858)	(8 199)	(17 776)	(312)	(715)	19 245	(64 906)
Other operating income	654	91	620	9	39	8 554	-	9 967
gain on bargain purchase of the Lotos Group	-	-	-	-	-	8 546	-	8 546
Other operating expenses	(142)	(71)	(334)	(20)	(50)	(55)	-	(672)
(Loss)/reversal of loss due to impairment of trade receivables	1	(1)	(10)	(1)	-	1	-	(10)
Share in profit from investments accounted for using the equity method	4	19	11	-	1	1	-	36
<b>Profit/(Loss) from operations</b>	<b>6 473</b>	<b>350</b>	<b>1 188</b>	<b>641</b>	<b>537</b>	<b>8 146</b>	<b>(5)</b>	<b>17 330</b>
Net finance income and costs								(773)
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables								(1)
<b>Profit before tax</b>								<b>16 556</b>
Tax expense								(1 805)
<b>Net profit</b>								<b>14 751</b>
<b>Depreciation and amortisation</b>	<b>364</b>	<b>274</b>	<b>412</b>	<b>214</b>	<b>204</b>	<b>81</b>	<b>-</b>	<b>1 549</b>
<b>EBITDA</b>	<b>6 837</b>	<b>624</b>	<b>1 600</b>	<b>855</b>	<b>741</b>	<b>8 227</b>	<b>(5)</b>	<b>18 879</b>
<b>Increases in non-current assets</b>	<b>992</b>	<b>1 361</b>	<b>1 468</b>	<b>269</b>	<b>189</b>	<b>165</b>	<b>-</b>	<b>4 444</b>

**EBITDA** – profit/(loss) from operations increased by depreciation and amortisation

**Increase in non-current assets (CAPEX)** includes increase of property, plant and equipment, intangible assets, investment property and right-of-use asset together with the capitalisation of borrowing costs and a decrease in received/due penalties for the improper execution of a contract

**Assets by operating segments**

	30/09/2023 (unaudited)	31/12/2022 (restated data)
Refining Segment	107 449	73 197
Petrochemical Segment	25 892	23 809
Energy Segment	52 272	47 487
Retail Segment	15 021	14 737
Upstream Segment	31 043	33 291
Gas Segment	100 471	65 258
<b>Segment assets</b>	<b>332 148</b>	<b>257 779</b>
Corporate Functions	31 304	46 841
Adjustments	(107 615)	(30 656)
	<b>255 837</b>	<b>273 964</b>

Operating segments include all assets except for financial assets, tax assets and cash, which are presented as part of the Corporate Functions. Assets used jointly by the operating segments are allocated on the basis of a key based on revenues generated by individual operating segments.

**5. Other notes**
**5.1. Sales revenues**
**PROFESSIONAL JUDGMENT**

Sales revenues of goods and services are recognised at a point in time (or over time) when a performance obligations are satisfied by transferring a promised good or service (i.e. an asset) to a customer in the amount reflecting the consideration, to which - as the Group expects - it will be entitled in exchange for these goods or services.

This principle the Group also applies to consideration, which includes a variable amount and recognises revenue by the amount of expected consideration that is likely not to be reversed in the future.

The following circumstances indicate the transfer of control in accordance with IFRS 15: the current right of the seller to consideration for an asset, the legal ownership of the asset by the customer, physical possession of the asset, transfer of risks and rewards and acceptance of the asset by the customer.

Revenues include received and due payments for delivered finished goods, merchandise, raw materials and services, decreased by the amount of any trade discounts, penalties and value added tax (VAT), excise tax and fuel charges. Revenues from the sale of finished goods and services are adjusted for profits or losses from settlement of cash flows hedging instruments related to the above mentioned revenues.

For sales transferred over time, the revenues are recognised based on the extent to which the performance obligation is completely fulfilled i.e. the transfer of control of goods or services promised to the customer. The Group uses both the outcome method and the input-based method to measure the degree of fulfilment of the performance obligation. The Group excludes the impact of those expenditures that do not reflect the service

provided by the Group which involves the transfer of control of goods or services to the customer. Applying the outcome method the Group uses mostly the practical expedient whereby it recognises revenue that it is entitled to invoice in an amount that corresponds directly to the value to which the Group is entitled for the goods and services already provided to the customer.

There is no significant financing component in the Group's contracts with customers.

If the Group is subject to laws guaranteeing compensation to sales prices, and the fact of granting compensation does not modify the contract concluded with the customer, the received compensation is classified as revenue from contracts with customers, in accordance with IFRS 15. These compensations are treated as performance of the contract concluded with the customer, the remuneration for which will be obtained partly from the customer and partly from the state institution (where part of the sales revenue from contracts concluded with customers is covered under the compensation program, not by customers who are parties to the contract but by a government institution, e.g. the Settlement Manager). Thus, the revenue from the contract with the customer, in the part to which it will be covered under the compensation scheme, is recognised when, in the Group's opinion, obtaining compensation from the state institution is probable.

In the case of sales of crude oil extracted on the Norwegian Continental Shelf, where the Group has a joint interest in individual licenses with other shareholders, revenue from crude oil sales is recognized based on the volumes of the product extracted and sold to customers. The volume of crude oil sold to customers may differ from the volume of the product held by the Group as a license shareholder in a given period. If the production volume exceeds the sales volume, an asset (underlift) is recognized in the consolidated financial statement, and if the volume of crude oil sold exceeds the production volume attributable to the Group in a given reporting period, a liability is recognized (overlift).

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
Revenues from sales of finished goods and services	210 850	59 189	144 920	61 404
revenues from contracts with customers	210 537	59 077	144 653	61 302
excluded from scope of IFRS 15	313	112	267	102
Revenues from sales of merchandise and raw materials	49 465	16 235	31 246	11 511
revenues from contracts with customers	49 465	16 235	31 246	11 511
<b>Sales revenues, incl.:</b>	<b>260 315</b>	<b>75 424</b>	<b>176 166</b>	<b>72 915</b>
revenues from contracts with customers	260 002	75 312	175 899	72 813

Revenues excluded from the scope of IFRS 15 refer to operating lease contracts.

### The impact of the merger with LOTOS Group and PGNiG Group on the sales revenues

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)
Revenues from sales of finished goods and services	108 994	22 137
revenues from contracts with customers	108 952	22 109
excluded from scope of IFRS 15	42	28
Revenues from sales of merchandise and raw materials	8 979	2 468
revenues from contracts with customers	8 979	2 468
<b>Sales revenues, incl.:</b>	<b>117 973</b>	<b>24 605</b>
revenues from contracts with customers	117 931	24 577

### Performance obligations

As part of the contractual obligations, the Group commits to deliver to its customers mostly refining, petrochemical products and goods, electricity and heat, crude oil, natural gas, energy distribution and gas transmission services, geophysical and geological services, connection services and press supply and subscription, as well as courier distribution services. Under these agreements, the Group acts as a principal.

Transaction prices in existing contracts with customers are not subject to restrictions, except for prices for customers subject to the tariff approval by the President of the Energy Regulatory Office (Urząd Regulacji Energetyki, URE in Polish), for the sale of electricity and the electricity and heat distribution services in the Energy segment and the sale of gaseous fuel and the gaseous fuel distribution services in Gas segment. There are no contracts in force providing for significant obligations for returns and other similar obligations. Press revenues in the case of retail sales for most points/networks are recognised based on the difference accounting between delivered and returned press. The invoice is issued for the completed press sales to end customers.

The warranties provided under the contracts are warranties that provide a customer with assurance that the related product complies with agreed-upon specification. They are not a distinct service.

There are mainly sales with deferred payment in the Group. Additionally in the Retail segment cash sales take place. In contracts with customers, in most cases payment terms not exceeding 30 days are used, while in the Upstream segment payment terms not exceeding 60 days are used. Usually payment is due after transferring good or service.

Within the Refining, Petrochemical, Retail, Gas and Upstream segments, in case of deliveries of goods, where control is transferred to the customer in terms of services satisfied at a point in time, settlements with customers and recognition of revenues take place after each delivery.

In the Group the revenues from deliveries of goods and provision of services, when the customer simultaneously receives and benefits from them, are being accounted and recognised over time. In the Refining, Petrochemical and Gas segment, in continuous sale, when goods are transferring using pipelines, the ownership right over the transferred good passes to the customer at an



agreed point in the infrastructure of the plant. This moment is considered as the date of sale. Revenue is recognised based on the output method for the delivered units of goods. In the Group in case of construction services, when an asset is created as a result of the performance, and control over this component is exercised by the customer, revenue is recognised over time using input-based method based on the costs incurred irrespective of the signed acceptance protocols. Within the Retail segment, in Fleet Program settlements with customers take place mostly in two-week periods, the delivery of the press are accounted for on a weekly basis, and subscriptions on a monthly, quarterly, semi-annual and annual periods.

Within the Energy and Gas segment, revenue for energy and gaseous fuel delivered in the period and energy distribution, as well as energy distribution, transmission and distribution of heat and distribution and transmission of gaseous fuel are recognised on a decadal or monthly and are determined on the basis of billed price and volumes as well as additional estimations. The estimates of revenues for energy are made on the basis of reports from billing systems as well as forecasts of customers' energy needs and prices for the estimated days of energy consumption, as well as a result of reconciliations of the energy balance.

The value of uninvoiced gas delivered to individual customers is estimated on the basis of the current consumption characteristics in comparable reporting periods. The value of estimated gas sales is determined as the product of the quantities assigned to individual tariff groups and the rates specified in the applicable tariff.

Accounts with customers are settled on decade cycles and a one- and two-month basis. Revenues from services related to connection to the energy network are recognised at the point in time when the works are completed.

### **Revenues according to categories taking into account significant economic factors affecting their recognition**

Except of revenues according to product type and geographical region presented in notes [5.1.1](#) and [5.1.2](#), the Group analyses revenues based on the type of contract, date of transfer, contract duration and sales channels.

In the Group, most contracts with customers in exchange for the goods/services provided are based on a fixed price, and thus the revenues already recognised will not change.

The Group classifies as revenues from contracts based on a variable price, when the consideration is a variable fee on turnover, customers have the rights to trade discounts and bonuses, a part of revenues related to penalties and where the selling price of services is determined based on the costs incurred. Revenue from contracts with a variable amount is presented mainly in the Refining, Petrochemical, Energy and Corporate Functions segments.

As part of the Refining, Petrochemical, Upstream and Gas segments, with respect to sales of petrochemical refinery and gas products, the Group recognises revenue from the fulfilment of the performance obligation, depending on the terms of delivery applied (Incoterms CFR, CIF, CPT, DAP, DDP, EXW, FCA). In case of some deliveries, the Group as a seller is obliged to organize transport. When the control of good transferred to the customer before the transport service is completed, the delivery of goods and transport becomes separate performance obligations. The delivery of goods is an obligation satisfied at a point in time, while transport is a continuous obligation (satisfied over time), where the customer simultaneously receives and consumes benefits from the service.

In the Retail segment, the moment of fulfilment of the performance obligation is the moment of transfer of good, except for sales of fuels in the Fleet Program using Fleet Cards. Revenues recognised over the time in the Refining, Petrochemical and Energy segment relate mainly to sales of crude oil, petrochemical products, energy and heat.

In the Gas segment, revenues from gas sales on exchanges are realised at a point in time.

Revenues generated by the Group over time are recognised using the output method and the time and effort used.

Revenues recognised over time recognised using the output method for the delivered units of goods relate mainly to the sale and distribution of electricity and gas to business and institutional customers, as well as the sale, transmission and distribution of heat within the Energy and Gas segment, fuel sales in the Fleet Programme and subscription sale within Retail segment and the sale of gas and crude oil within the Upstream segment.

Contracts accounted for on the basis of time and effort consumed include long-term contracts, among them construction and IT contracts.

The duration of most contracts within the Group is short-term. Revenues on services for which start and end dates fall in different reporting periods are recognised according to the degree of complete fulfilment of the performance obligation using the input-based method. Contracts that remain unfulfilled in full as at the balance sheet date relate to i.a. construction and installation contracts.

As at 30 September 2023 the Group analysed the value of the transaction price allocated to unfulfilled performance obligations.

The unfulfilled or partially unfulfilled performance obligations as at 30 September 2023 mainly concerned contracts for the sale of electricity, gas and power media and for the supply of newspapers, subscriptions, advertising broadcast, parcel delivery and collection services that will end within 12 months or are concluded for an indefinite period with a notice period of up to 12 months.

Due to the fact that the described performance obligations are part of the contracts, that can be considered short-term, or the revenues from fulfilled performance obligation under these contracts are recognised in the amount that the Group has the right to invoice, the Group applied a practical solution, according to which it does not disclose information about the total amount of the transaction price allocated to the performance obligation.

The Group mostly realises revenue from direct sales to end customers based on its own, leased or based on the franchise agreement system sales channels in the Retail segment. The Group manages the network of 3,153 fuel stations: 2,599 own brand stations and 554 stations operated under franchise agreements and carries out sales through 664 retail outlets/ kiosks

managed by the RUCH Group. Additionally, the press is sold in third-party outlets, i.e. large organised networks, including franchised and private shops. As part of the publishing activity of the Polska Press Group, revenues are also generated through own websites.

The Group's direct sales to customers in the Refining, Petrochemical, Gas and Upstream segment are carried out using a network of complementary infrastructure components: fuel terminals, land transshipment bases, pipeline networks, as well as rail transport and tanker trucks. Sales and distribution of energy and gas to customers in the Energy and Gas segment are carried out mostly with the use of own distribution infrastructure.

### **Compensation for electricity and gas prices**

#### Regulations regulating energy prices

Due to the crisis situation on the electricity market in 2022, when a significant increase in electricity prices in SPOT and futures contracts was recorded, largely caused by increases in conventional fuel prices as a result of the war in Ukraine, the regulator decided to introduce a number of legal acts aimed at market regulation and consumer protection.

As at 30 September 2023, the following acts were in force:

- Act of 7 October 2022 on special solutions to protect electricity consumers in 2023 in connection with the situation on the electricity market (concerning the freezing of prices for tariff G up to consumption limits);
- Act of 27 October 2022 on emergency measures to reduce electricity prices and support for certain consumers in 2023;
- Regulation of 8 November 2022 on the method of calculating the price limit;
- Act of 15 December 2022 on special protection of certain consumers of gaseous fuels in 2023 in the light of the assessment on the gas market;
- decision of the President of the Energy Regulatory Office of 17 December 2022 on the approval of the Tariff for electricity for G tariff groups for 2023 (connected to the Energa-Operator S.A. grid), for which Energa Obrót S.A. provides a comprehensive service

Based on the applicable regulations, the Group in the of 9 and 3-months period ended 30 September 2023 presented PLN 3,228 million and PLN 988 million of revenues from compensations due to electricity trading companies as a result of the use of frozen electricity prices in settlements with eligible customers. Due to the fact that the fact of granting the above compensations did not modify the contracts concluded with customers, but only changes the method of obtaining remuneration by the Group (partially the remuneration will be received from the Settlement Manager), the Group classified the received compensations as revenue from contracts with customers, in accordance with IFRS 15.

#### Regulations regulating gas prices

In order to protect certain gas consumers against rising gas prices, the regulator introduced the Act of 15 December 2022 on special protection of certain gas fuel consumers in 2023. The act resulted in freezing the price of gaseous fuel at PLN 200.17/MWh (price excluding VAT and excise tax) and freezing the rates for the distribution service at the level of tariffs applicable in 2022. At the same time, the legislator introduced a compensation mechanism for energy companies selling gaseous fuels and providing distribution services, which are to cover the difference between the frozen price and the price specified in the tariff approved by the President of the Energy Regulatory Office. Within the Group, PGNiG Obrót Detaliczny Sp. z o. o. (seller of gaseous fuels) and Polska Spółka Gazownictwa Sp. z o. o. (providing distribution services) are entitled to receive compensation under the above act. Based on the applicable regulations, in the period of 9 and 3 months ended 30 September 2023, the Group presented PLN 11,996 million and PLN 1,507 million of revenues from compensation due to the freezing of gas fuel prices and the freezing of rates for the distribution service. Due to the fact that granting the above compensations does not modify the contracts concluded with customers, but only changes the method of obtaining remuneration by the Group (partially the remuneration will be received from the Settlement Manager), the Group classified the received compensations as revenue from contracts with customers, in accordance with IFRS 15.

**5.1.1. Sales revenues of operating segments according to product type**

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
<b>Refining Segment</b>				
Revenue from contracts with customers IFRS 15	82 651	29 371	87 795	40 944
Light distillates	17 166	6 147	16 709	7 068
Medium distillates	49 782	18 545	60 966	28 540
Heavy fractions	8 005	3 027	7 966	3 440
Other*	8 105	2 296	3 477	1 886
Effect of the settlement of cash flow hedge accounting	(407)	(644)	(1 323)	10
Excluded from scope of IFRS 15	14	4	14	5
	<b>82 665</b>	<b>29 375</b>	<b>87 809</b>	<b>40 949</b>
<b>Petrochemical Segment</b>				
Revenue from contracts with customers IFRS 15	11 637	3 511	19 353	5 704
Monomers	2 430	731	4 145	1 168
Polymers	2 607	812	3 559	1 027
Aromas	1 031	365	1 558	484
Fertilizers	1 070	301	2 051	577
Plastics	1 047	286	2 431	640
PTA	1 165	417	2 094	673
Other**	2 287	599	3 515	1 135
Excluded from scope of IFRS 15	6	2	6	2
	<b>11 643</b>	<b>3 513</b>	<b>19 359</b>	<b>5 706</b>
<b>Energy Segment</b>				
Revenue from contracts with customers IFRS 15	30 558	8 487	18 302	6 871
Excluded from scope of IFRS 15	39	13	29	9
	<b>30 597</b>	<b>8 500</b>	<b>18 331</b>	<b>6 880</b>
<b>Retail Segment</b>				
Revenue from contracts with customers IFRS 15	41 715	15 209	48 513	18 319
Light distillates	16 279	6 057	18 638	7 012
Medium distillates	20 968	7 531	26 014	9 871
Other***	4 468	1 621	3 861	1 436
Excluded from scope of IFRS 15	203	75	186	67
	<b>41 918</b>	<b>15 284</b>	<b>48 699</b>	<b>18 386</b>
<b>Upstream Segment</b>				
Revenue from contracts with customers IFRS 15	4 887	1 300	1 548	842
NGL ****	675	227	402	130
Crude oil	2 369	579	224	82
Natural Gas	1 149	282	913	625
LNG *****	46	10	-	-
Helium	243	79	-	-
Mining services	394	121	-	-
Other	11	2	9	5
Excluded from scope of IFRS 15	1	1	11	11
	<b>4 888</b>	<b>1 301</b>	<b>1 559</b>	<b>853</b>
<b>Gas Segment</b>				
Revenue from contracts with customers IFRS 15	88 019	17 248	-	-
Natural Gas	82 817	15 859	-	-
LNG *****	389	101	-	-
CNG *****	116	38	-	-
Electricity	67	59	-	-
Other *****	4 630	1 191	-	-
Excluded from scope of IFRS 15	24	8	-	-
	<b>88 043</b>	<b>17 256</b>	<b>-</b>	<b>-</b>
<b>Corporate Functions</b>				
Revenue from contracts with customers IFRS 15	535	186	388	133
Excluded from scope of IFRS 15	26	9	21	8
	<b>561</b>	<b>195</b>	<b>409</b>	<b>141</b>
	<b>260 315</b>	<b>75 424</b>	<b>176 166</b>	<b>72 915</b>

\* Other includes mainly: brine, industrial salt, vacuum distillates, acetone, phenol, technical gases and sulphur. In addition, it includes revenues from sale of services and materials.

\*\* Other includes mainly: ammonia, butadiene, soda lye, caprolactam

\*\*\* Other mainly includes the sale of non-fuel merchandise

\*\*\*\* NGL (Natural Gas Liquids) a gas composed of heavier molecules than methane: ethane, propane, butane, isobutane

\*\*\*\*\* LNG Liquefied Natural Gas

\*\*\*\*\* CNG Compressed Natural Gas

\*\*\*\*\* Other includes mainly gas distribution services

During the 9 and 3-month period ended 30 September 2023 and 30 September 2022 revenues from none of Group leading customers individually exceeded 10% of the total sales revenues of the ORLEN Group.

### 5.1.2. Sales revenues according to geographical region – as per location of customer's headquarters

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
Revenue from contracts customers				
<i>Poland</i>	182 271	47 957	95 399	39 732
<i>Germany</i>	18 802	6 393	19 294	7 254
<i>Czech Republic</i>	15 848	5 614	22 482	8 985
<i>Lithuania, Latvia, Estonia</i>	10 141	3 952	12 499	5 302
<i>Other countries, incl.:</i>	32 940	11 396	26 225	11 540
<i>Switzerland</i>	5 823	1 483	5 371	2 071
<i>Ireland</i>	1 557	239	4 525	2 434
<i>Ukraine</i>	3 615	1 323	3 048	1 632
<i>United Kingdom</i>	4 808	1 346	2 589	961
<i>Netherlands</i>	5 412	2 866	1 448	966
<i>Slovakia</i>	1 485	517	2 085	760
<i>Hungary</i>	1 653	688	1 119	409
	<b>260 002</b>	<b>75 312</b>	<b>175 899</b>	<b>72 813</b>
excluded from scope of IFRS 15				
<i>Poland</i>	110	36	76	32
<i>Germany</i>	66	27	68	24
<i>Czech Republic</i>	136	49	121	45
<i>Lithuania, Latvia, Estonia</i>	1	-	1	-
<i>Other countries</i>	-	-	1	1
	<b>313</b>	<b>112</b>	<b>267</b>	<b>102</b>
	<b>260 315</b>	<b>75 424</b>	<b>176 166</b>	<b>72 915</b>

## 5.2. Operating expenses

### Cost by nature

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
Materials and energy	(111 897)	(34 347)	(104 098)	(45 602)
Gas costs	(34 074)	(5 871)	-	-
Cost of merchandise and raw materials sold	(43 772)	(14 259)	(27 259)	(9 143)
External services	(8 003)	(3 087)	(5 768)	(2 209)
Employee benefits	(8 619)	(2 844)	(4 353)	(1 649)
Depreciation and amortisation	(8 755)	(2 834)	(4 396)	(1 549)
Taxes and charges, incl.:	(20 209)	(6 078)	(5 860)	(1 992)
write-off for the Fund for the Payment of Price Differences	(11 430)	(3 794)	-	-
Other	(1 398)	(393)	(672)	(295)
	<b>(236 727)</b>	<b>(69 713)</b>	<b>(152 406)</b>	<b>(62 439)</b>
Change in inventories	(1 412)	145	3 500	659
Cost of products and services for own use and other	1 507	773	(2 831)	(3 126)
<b>Operating expenses</b>	<b>(236 632)</b>	<b>(68 795)</b>	<b>(151 737)</b>	<b>(64 906)</b>
Distribution expenses	11 429	3 918	7 830	2 999
Administrative expenses	4 044	1 290	2 284	850
<b>Cost of sales</b>	<b>(221 159)</b>	<b>(63 587)</b>	<b>(141 623)</b>	<b>(61 057)</b>

The increase in the line taxes and charges in the of 9 and 3-months period ended 30 September 2023 by PLN (14,349) million and PLN (4,086) million, resulted mainly from write-off for the Fund for the Payment of Price Differences in the amount of PLN (11,430) million and PLN (3,794) million, which energy producers and sellers as well as gas extraction companies were obliged to transfer in connection with a package of laws that protect consumers against excessive increases in energy and gas prices in 2023. In addition, the increase was also influenced by the revaluation of the provision for the estimated costs of CO<sub>2</sub> emissions for 2022 and the recognition of a provision for the estimated costs of CO<sub>2</sub> emissions for 9 and 3-months of 2023 taking into account the settlement of the grant for entitlements received free of charge for the year in the total amount of PLN (3,997) million and PLN (782) million, respectively.

**The impact of the merger with LOTOS Group and PGNiG Group on the cost by nature**

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)
Materials and energy	(49 431)	(9 717)
Gas costs	(34 074)	(5 871)
Cost of merchandise and raw materials sold	(8 243)	(2 295)
External services	(1 197)	(513)
Employee benefits	(3 694)	(1 211)
Depreciation and amortisation	(4 612)	(1 474)
Taxes and charges, incl.:	(13 095)	(3 933)
write-off for the Fund for the Payment of Price Differences	(10 069)	(3 210)
Other	(497)	(46)
	<b>(114 843)</b>	<b>(25 060)</b>
Change in inventories	(1 177)	22
Cost of products and services for own use and other	12 252	4 069
<b>Operating expenses</b>	<b>(103 768)</b>	<b>(20 969)</b>
Distribution expenses	1 283	293
Administrative expenses	1 040	331
<b>Cost of sales</b>	<b>(101 445)</b>	<b>(20 345)</b>

**5.3. Impairment allowances of inventories to net realizable value**

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)
Increase	(584)	(211)	(193)	(114)
Decrease	747	138	119	40

Decrease in impairment losses of inventories to net realizable value in the 9 and 3 months ended 30 September 2023 was higher than in the corresponding period of the previous year, mainly due to the partial usage of impairment allowances from 2022 and reversal of the impairment allowances due to a decrease in the average purchase price of gas by the Group as a result of a drop in gas prices on the European market.

**5.4. Impairment allowances of property, plant and equipment and intangible assets, goodwill and right-of-use assets**

In the 3<sup>rd</sup> quarter of 2023 the ORLEN Group did not identify any indications of impairment according to IAS 36 "Impairment of assets".

As at 30 September 2023, the estimates and assumptions used for valuations disclosed in the Consolidated Financial Statements of the ORLEN Group for 2022 (note 14.4) and the Half-year Condensed Consolidated Financial Statements of the ORLEN Group for the 1<sup>st</sup> half of 2023 (note 5.4.) remain valid.

In the period of 9 and 3 months ended 30 September 2023 the total net effect of impairment loss on non-current assets of the ORLEN Group amounts to PLN (631) million and PLN (25) million respectively.

Net impairment loss of property, plant and equipment, intangible assets, goodwill and rights-of-use assets of the ORLEN Group in the period of 9 and 3 months ended 30 September 2023 and for 2022, broken down by individual Group companies:

Company/Group (PLN million)	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	31/12/2022 (restated data)
ORLEN	(555)	(12)	(3 799)*
ORLEN Lietuva	-	-	(1 840)
ORLEN Upstream Group	-	-	122
ENERGA Group	(6)	(3)	(20)
ORLEN Deutschland	(6)	(2)	(9)
ORLEN Unipetrol	(4)	-	(705)
LOTOS Upstream Group	-	-	0*
LOTOS Petrobaltic	(45)	-	-
PGNiG Upstream Norway AS	(3)	(3)	-
Exalo Drilling Group	-	-	(344)
PSG Group	(13)	(5)	(42)
Other	1	-	(38)
<b>Total</b>	<b>(631)</b>	<b>(25)</b>	<b>(6 675)</b>

Net impairment losses on property, plant and equipment, intangible assets, goodwill and rights-of-use assets of the ORLEN Group in the period of 9 and 3 months ended 30 September 2023, by segment:

Segment (PLN million)	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	31/12/2022 (restated data)
Refining	(17)	-	(5 657)*
Petrochemical	(3)	-	(91)
Energy	(8)	(4)	(48)
Retail	(7)	(3)	(14)
Upstream	(578)	(12)	(811)*
Gas	(18)	(6)	(45)
Corporate Functions	-	-	(9)
<b>Total</b>	<b>(631)</b>	<b>(25)</b>	<b>(6 675)</b>

\* In connection with the determination of the final fair values of the acquired assets as at the acquisition date as part of the final settlement of the merger between ORLEN and LOTOS Group, the ORLEN Group verified comparative information for previous periods, including comparing the changed book values of assets as at 31 December 2022 with the determined recoverable amount as part of the impairment tests carried out at the end of last year. As a result of this process, the Group made changes to the impairment losses recognized as at 31 December 2022. Net impairment losses on property, plant and equipment, intangible assets, goodwill and right-of-use assets increased by PLN (345) million, mainly due to the recognition of the additional net impairment loss in ORLEN in the Refinery segment in the amount of PLN (590) million and the reversal of impairment loss recognized in LOTOS Upstream Group in the Upstream segment (concerning the YME field at LOTOS E&P Norge) in the amount of PLN 245 million.

### Production assets of the Refining segment

In the period of 9 and 3 months ended 30 September 2023 the total net effect of impairment on fixed assets of the ORLEN Group of Refining segment amounts to PLN (17) million and PLN (0) million respectively.

Net impairment loss of PLN (17) million relates mainly to impairment of property, plant and equipment under construction on HOG installation.

In the 3<sup>rd</sup> quarter of 2023 the ORLEN Group did not identify any indications of impairment and did not carry out any impairment tests for the remaining assets of the Refining segment.

In the 2<sup>nd</sup> quarter of 2023 there were identified indications of impairment and impairment test was carried out for Refining segment in ORLEN Unipetrol including estimation of impact changes crude oil price as a result of decrease of differential BRENT-REBCO (difference between the price of Brent and the price of REBCO). The tests carried out did not identify impairment of assets of Refining segment in ORLEN Unipetrol. Assumptions for the valuation were presented in the Half-year Condensed Consolidated Financial Statements of the ORLEN Group for the 1<sup>st</sup> half of 2023 (note 5.4).

### Production assets of the Petrochemical segment

In the period of 9 and 3 months ended 30 September 2023 the total effect of net impairment on non-current assets of the ORLEN Group in the Petrochemical segment amounts to PLN (3) million and PLN (0) million.

In the 3<sup>rd</sup> quarter of 2023 the ORLEN Group did not identify any other indications of impairment.

In the 2<sup>nd</sup> quarter of 2023 there were identified indications of impairment and impairment tests were carried out for assets of the Petrochemical segment including update of construction timetable and increase in capital expenditure for Olefyny III in ORLEN as well as changes in macroeconomic assumptions including quotations of main petrochemical products, sales volumes in ORLEN, ORLEN Unipetrol and Anwil. The tests carried out did not identify impairment of assets of Petrochemical segment in the companies that were analysed. Assumptions for the valuation were presented in the Half-year Condensed Consolidated Financial Statements of the ORLEN Group for the 1<sup>st</sup> half of 2023 (note 5.4).

### Assets of the Upstream segment

In the period of 9 and 3 months ended 30 September 2023 the total net effect of impairment loss on non-current assets of the ORLEN Group of Upstream segment amounts to PLN (578) million and PLN (12) million respectively.

In the 3<sup>rd</sup> quarter of 2023 the impairment of PLN (12) million related mainly to equipment under construction.

In the 3<sup>rd</sup> quarter of 2023 the ORLEN Group did not identify any indications of impairment and did not carry out any impairment tests for the remaining assets of the Upstream segment.

In the 2<sup>nd</sup> quarter of 2023 the impairment related mainly to capital expenditures on exploratory well in LOTOS Petrobaltic.

In the 1<sup>st</sup> quarter of 2023, the analyses carried out identified a significant impact of updated gas price forecasts on the assets of the Upstream segment and an impairment of the net asset value of ORLEN in the amount of PLN (525) million was recognized. The impairment loss relates mainly to upstream assets used for the production of natural gas and crude oil in Poland and in Pakistan, as well as assets under construction (wells under construction). Assumptions for valuations are presented in the Half-year Condensed Consolidated Financial Statements of the ORLEN Group for the 1<sup>st</sup> half of 2023 (note 5.4).

### Assets of the Gas segment

In the period of 9 and 3 months ended 30 September 2023 the total net effect of impairment of fixed assets of the ORLEN Group of Gas segment amounts to PLN (18) million and PLN (6) million respectively.

In the 3<sup>rd</sup> quarter of 2023 the impairment related mainly to PSG and was related primarily to abandonment or suspension of investment projects.



In the 3<sup>rd</sup> quarter of 2023 the ORLEN Group did not identify any indications of impairment and did not carry out any impairment tests for the remaining assets of the Gas segment.

Other net impairment of assets in the ORLEN Group in the period of 9 and 3 months ended 30 September 2023 in the amount of PLN (15) million and PLN (7) million respectively, concerned mainly the assets of the Retail segment PLN (7) million and PLN (3) million and assets of the Energy segment PLN (8) million and PLN (4) million.

Reversal and recognition of impairment losses on property, plant and equipment, intangible assets, goodwill and rights-of-use assets were recognised in other income and other expenses (note 5.6), respectively.

### 5.5. Impairment of investments valued using the equity method

As at 30 September 2023 ORLEN Group was in possession of 51.18% of shares in System Gazociągów Tranzytowych EuRoPol Gaz S.A. (EuRoPol Gaz) - (directly 48% by ORLEN S.A. and indirectly 3.18% through Gaz Trading) and classified the investment in EuRoPol Gaz as a joint venture valued using the equity method.

As described in more detail in the note 5.20 Events after the end of the reporting period, as at 10 October 2023 Minister of Economic Development and Technology (MRiT in polish) issued a decision on taking over ownership of 100% of the shares of PAO Gazprom in EuRoPol Gaz to the company, determining the compensation in the amount of PLN 787 million. The amount of compensation was determined based on the market value of the shares of EuRoPol Gaz determined on the basis of a valuation prepared by an independent external entity.

Due to the above, as at 30 September 2023, the Group made an impairment loss on the investment in EuRoPol Gaz to the determined fair value corresponding to the shares held by the Group in this company. The value of the impairment loss is included in the line Share in profit from investments accounted for using the equity method and amounted to PLN (1,061) million which was allocated to Gas segment.

### 5.6. Other operating income and expenses

#### Other operating income

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
Profit on sale of non-current non-financial assets	39	20	16	6
Gain on bargain purchase of the LOTOS Group	-	-	8 546	8 546
Reversal of provisions	224	136	96	30
Reversal of impairment allowances of property, plant and equipment and intangible assets and other assets	101	7	6	-
Penalties and compensations	300	157	184	48
Grants	69	18	55	33
Derivatives, incl.:	4 697	2 349	1 865	1 282
<i>not designated for hedge accounting purposes - settlement and valuation</i>	3 943	2 107	1 520	1 157
<i>hedging cash flows - ineffective part concerning measurement and settlement</i>	332	91	65	21
<i>fair value hedges - valuation of hedging instruments and items</i>	4	3	-	-
<i>hedging cash flows - settlement of hedging costs</i>	418	148	280	104
Other, incl.:	621	306	105	22
<i>profit on dilution of shares in Baltic Power Sp. z o.o.</i>	225	171	28	8
	<b>6 051</b>	<b>2 993</b>	<b>10 873</b>	<b>9 967</b>

**Other operating expenses**

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
Loss on sale of non-current non-financial assets	(78)	(26)	(32)	(14)
Recognition of provisions	(90)	(30)	(75)	(37)
Recognition of impairment allowances of property, plant and equipment and intangible assets, goodwill and other assets	(732)	(32)	(2 946)	(53)
Penalties, damages and compensations	(83)	(31)	(171)	(37)
Derivatives, incl.:	(3 767)	(2 846)	(6 024)	(466)
<i>not designated for hedge accounting purposes - settlement and valuation</i>	(3 434)	(2 065)	(5 618)	(452)
<i>hedging cash flows - ineffective part concerning measurement and settlement</i>	(265)	(752)	(405)	(13)
<i>fair value hedges - valuation of hedging instruments and items</i>	(2)	-	-	-
<i>hedging cash flows - settlement of hedging costs</i>	(66)	(29)	(1)	(1)
Other, incl.:	(495)	(118)	(215)	(65)
<i>donations</i>	(118)	(33)	(134)	(35)
	<b>(5 245)</b>	<b>(3 083)</b>	<b>(9 463)</b>	<b>(672)</b>

**Net settlement and valuation of derivative financial instruments not designated as hedge accounting purposes**

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)
Valuation of derivative financial instruments	(305)	62	(1 047)	687
<i>commodity futures, incl.:</i>	(344)	101	(984)	(383)
<i>CO2 emission allowances</i>	(152)	(3)	(984)	(336)
<i>electricity</i>	2	(1)	-	-
<i>natural gas</i>	(194)	105	-	-
<i>diesel oil</i>	-	-	-	(47)
<i>commodity forwards, incl.:</i>	53	(185)	103	103
<i>CO2 emission allowances</i>	-	-	-	-
<i>electricity</i>	(136)	(74)	103	103
<i>natural gas</i>	189	(111)	-	-
<i>commodity swaps</i>	(10)	151	(164)	969
<i>foreign currency swap</i>	-	-	-	-
<i>other</i>	(4)	(5)	(2)	(2)
Settlement of derivative financial instruments	814	(20)	(3 051)	18
<i>commodity futures, incl.:</i>	327	1	(870)	260
<i>CO2 emission allowances</i>	304	1	(807)	205
<i>diesel oil</i>	23	-	(63)	55
<i>commodity forwards, incl.:</i>	19	-	18	32
<i>electricity</i>	19	-	18	32
<i>commodity swaps</i>	465	(22)	(2 197)	(272)
<i>other</i>	3	1	(2)	(2)
	<b>509</b>	<b>42</b>	<b>(4 098)</b>	<b>705</b>

For the 9 and 3-month period ended 30 September 2023 and 30 September 2022 the change of net positions of valuation and settlement of derivative financial instruments related to operating exposure (non-designated instruments for hedge accounting purposes) mainly related to the valuation and settlement of commodity swaps hedging the refining margin, purchase and sale of natural gas, valuation and settlement of CO<sub>2</sub> forward contracts as a part of "transaction" portfolio and electricity. Moreover this line recognised the ineffective part in terms of hedge accounting of valuation and settlement of commodity swaps for hedging of timing mismatches on crude oil purchases, natural gas purchases and sales, oversized stocks and bitumen hedging and securing the physical sale of finished products purchased by sea. The result on a physical item, hedged by the Group with forward transactions is reflected in the profit/(loss) on sales under manufacturing costs (cost of crude oil used to manufacture refining products based on weighted average acquisition prices) and inventories (cost of natural gas in warehouses calculated on the basis of weighted average purchase prices) and revenue from sales of refining products as well as revenue from the sale of natural gas. Therefore, the result on the settlement of derivative financial instruments relating to the operational exposure should always be considered together with the profit/(loss) generated by the Group on the sale of a physical position.

The Group applies hedge accounting in relation to the hedging of time mismatches resulting from the purchase of crude oil by sea and the sale of refining products, the purchase and sale of natural gas, oversized inventories and hedging bitumens, and hedging the physical sale of finished products purchased by sea, as well as to hedge currency risk on operational. In connection with the above, the measurement and settlement of commodity swaps in the effective part are recognized as part of the hedge



accounting reserve, and when the hedged item is realised, they are charged to sales revenue, manufacturing cost or inventories, respectively.

The Group also applies hedge accounting for purchases to hedge risk of change of market prices of CO<sub>2</sub> allowances. In connection with the above, the effective part of change in fair value of hedging instrument is related to statement of financial situation in position revaluation reserve due to the application of hedge accounting, whereas the non-effective part of change in fair value of hedging instrument is related to profit and loss statement into other operating income or other operating expenses. Accumulated gains or losses related to the hedging instrument recognized in the revaluation reserve, accumulated until the date of termination of the hedging relationship, are reclassified in the period of recognition of the hedged item to intangible assets or assets held for sale, respectively. As at 30 September 2023 the value from the valuation of CO<sub>2</sub> hedging instruments presented in the item Hedging reserve amounted to PLN (43) million.

## 5.7. Finance income and costs

### Finance income

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)
Interest calculated using the effective interest rate method	1 479	471	184	146
Other interest	1	-	-	-
Net foreign exchange gain	625	-	-	-
Dividends	-	-	61	61
Derivatives not designated as hedge accounting - settlement and valuation	248	58	1 450	721
Other	240	68	121	34
	<b>2 593</b>	<b>597</b>	<b>1 816</b>	<b>962</b>

### Finance costs

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
Interest calculated using the effective interest rate method	(218)	(35)	(387)	(147)
Interest on lease	(343)	(117)	(140)	(55)
Interest on tax liabilities	(44)	(1)	(3)	(2)
Net foreign exchange loss	-	(838)	(1 180)	(870)
Derivatives not designated as hedge accounting - settlement and valuation	(540)	(100)	(1 049)	(623)
Other	(235)	(72)	(145)	(38)
	<b>(1 380)</b>	<b>(1 163)</b>	<b>(2 904)</b>	<b>(1 735)</b>

Borrowing costs capitalized in the 9 and 3-month period ended 30 September 2023 and 30 September 2022 amounted to PLN (394) million and PLN (154) million and PLN (72) million and PLN (38) million, respectively.

### Settlement and valuation of derivative financial instruments not designated as hedge accounting purposes related to operating exposure

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)
Valuation of derivative financial instruments	(210)	12	219	69
<i>currency forwards</i>	(39)	(31)	79	42
<i>other, incl.:</i>	(171)	43	140	27
<i>currency interest rate swaps</i>	(162)	41	192	79
<i>interest rate swaps</i>	(4)	-	1	(3)
<i>currency swap</i>	-	-	(50)	(50)
<i>Polimex-Mostostal option</i>	(5)	2	(7)	(3)
Settlement of derivative financial instruments	(82)	(54)	182	29
<i>currency forwards</i>	(47)	(28)	256	74
<i>other, incl.:</i>	(35)	(26)	(74)	(45)
<i>currency interest rate swaps</i>	(38)	(26)	(74)	(43)
<i>interest rate swaps</i>	3	-	4	2
	<b>(292)</b>	<b>(42)</b>	<b>401</b>	<b>98</b>

During the 9 and 3-month period ended 30 September 2023 and 30 September 2022 the net positions of valuation and settlement of derivative financial instruments (non-designated instruments for hedge accounting purposes) related mainly to hedging the risk of

changes in exchange rates with regard to payments of invoices for crude oil in foreign currency, the currency hedge for liquidity transactions, and to hedging interest rates and payment of bonds interests. The main impact on the valuation and settlement of derivative financial instruments was the development of PLN against EUR and USD currency.

### 5.8. Loans, borrowings and bonds

	Non-current		Current		Total	
	30/09/2023 (unaudited)	31/12/2022	30/09/2023 (unaudited)	31/12/2022	30/09/2023 (unaudited)	31/12/2022
Loans *	2 170	5 443	1 303	2 806	3 473	8 249
Borrowings	130	161	42	120	172	281
Bonds	8 497	6 369	229	4 326	8 726	10 695
	<b>10 797</b>	<b>11 973</b>	<b>1 574</b>	<b>7 252</b>	<b>12 371</b>	<b>19 225</b>

\* at 31 December 2022, the line Loans includes loans in the Project Finance formula (financing obtained by special purpose companies for the implementation of investments): PLN 223 million in the non-current part and PLN 18 million in the current part, respectively.

During the 9-month period of 2023, as a part of cash flows from financing activities the Group has made drawings and repayments of borrowings and loans from available credit lines in the total amount of PLN 2,220 million and PLN (7,037) million.

As at 30 September 2023 the decrease in debt level of the Group results mainly from net repayments of ORLEN loans in the amount of PLN (4,087) million and changes in the Group's bond balance in the total net cash flow of PLN (1,816) million.

Details of the Group's bond changes:

- redemption of Eurobonds issued by ORLEN Capital AB with the nominal value of EUR (750) million, partial redemption of senior bonds issued by B8 Sp.z o.o. Baltic SKA with the nominal value of USD (17) million and redemption of subordinated bonds issued by ENERGA with the nominal value of EUR (125) million, which corresponds to the total amount of PLN (3,999) million,
- issue of Eurobonds B series by ORLEN with the nominal value of EUR 500 million, which corresponds to cash flow of PLN 2,183 million less the discount.

Eurobonds of B series dated 13 July 2023 were issued under the euro medium term note programme up to the amount of EUR 5 billion and were admitted to trading on the regulated market operated by Euronext Dublin.

Additional information on active bond issues is presented in note [5.13](#).

As at 30 September 2023 and as at 31 December 2022 the maximum possible indebtedness due to loans and borrowings amounted to PLN 31,505 million and PLN 51,860 million, respectively. As at 30 September 2023 and as at 31 December 2022 PLN 27,346 million and PLN 43,314 million, respectively, remained unused. Decrease in the value of the Group maximum possible indebtedness and open credit lines are mainly due to changes in ORLEN credit agreements, which as at 30 September 2023 include in particular the termination of funding:

- at Bank Pekao S.A. in the total amount of PLN 9,400 million,
- at BGK in the amount of PLN 4,800 million,
- syndicated loans in the amount of EUR 335 million and USD 220 million, which as at 30 September 2023 corresponds to the total amount of PLN 2,514 million,
- SMBC loans in the total amount of EUR 470 million which as at 30 September 2023 corresponds to the amount of PLN 2,179 million,
- ICBC loan in the amount of EUR 120 million which as at 30 September 2023 corresponds to the amount of PLN 556 million.

In the period covered by these interim condensed consolidated financial statements as well as after the reporting date, there were no defaults on repayment of principal or interest of loans nor defaults on other terms of the loans agreements.

## 5.9. Derivatives and other assets and liabilities

### Derivatives and other assets

	Non-current		Current		Total	
	30/09/2023 (unaudited)	31/12/2022	30/09/2023 (unaudited)	31/12/2022	30/09/2023 (unaudited)	31/12/2022
Cash flow hedging instruments	1 381	1 124	862	1 452	2 243	2 576
<i>currency forwards</i>	1 337	787	421	568	1 758	1 355
<i>commodity swaps</i>	44	291	308	856	352	1 147
<i>commodity futures</i>	-	3	3	17	3	20
<i>foreign currency swaps</i>	-	43	130	11	130	54
Derivatives not designated as hedge accounting	185	381	818	1 879	1 003	2 260
<i>currency forwards</i>	2	2	17	12	19	14
<i>commodity swaps</i>	-	-	2	85	2	85
<i>currency interest rate swaps</i>	80	156	11	97	91	253
<i>interest rate swaps</i>	-	-	-	4	-	4
<i>currency swaps</i>	-	-	-	78	-	78
<i>commodity futures, incl.:</i>	45	191	274	714	319	905
<i>CO2 emission allowances</i>	-	94	-	59	-	153
<i>electricity</i>	17	-	117	146	134	146
<i>natural gas</i>	28	97	157	509	185	606
<i>commodity forwards, incl.:</i>	35	-	506	885	541	885
<i>electricity</i>	21	-	252	366	273	366
<i>natural gas</i>	14	-	254	519	268	519
<i>other</i>	23	32	8	4	31	36
Fair value hedging instruments	31	-	22	28	53	28
<i>commodity swaps</i>	31	-	22	28	53	28
<b>Derivatives</b>	<b>1 597</b>	<b>1 505</b>	<b>1 702</b>	<b>3 359</b>	<b>3 299</b>	<b>4 864</b>
Other financial assets	3 388	2 584	3 490	10 310	6 878	12 894
<i>receivables on settled derivatives</i>	-	-	136	1 024	136	1 024
<i>financial assets measured at fair value through other comprehensive income</i>	316	324	-	-	316	324
<i>financial assets measured at fair value through profit or loss</i>	122	94	-	267	122	361
<i>hedged item adjustment</i>	-	-	-	8	-	8
<i>security deposits</i>	-	-	1 928	8 774	1 928	8 774
<i>short-term deposits</i>	-	-	28	27	28	27
<i>loans granted</i>	1 185	524	110	129	1 295	653
<i>purchased securities</i>	485	471	939	8	1 424	479
<i>including restricted cash</i>	866	898	313	41	1 179	939
<i>other</i>	414	273	36	32	450	305
Other non-financial assets	1 153	1 465	-	-	1 153	1 465
<i>investment property</i>	604	619	-	-	604	619
<i>shares and stocks of consolidated subsidiaries</i>	129	128	-	-	129	128
<i>other*</i>	420	718	-	-	420	718
<b>Other assets</b>	<b>4 541</b>	<b>4 049</b>	<b>3 490</b>	<b>10 310</b>	<b>8 031</b>	<b>14 359</b>

\* The line Other include mainly advances for non-current assets. The increase results from the projects related to the construction of gas and steam power plants in ENERGA Group

As at 30 September 2023 and as at 31 December 2022, the Group has security deposits that do not meet the definition of cash equivalents concerning mainly securing the settlement of transactions hedging commodity risk traded with financial institutions and on commodity exchanges, in the total amount of PLN 1,928 million and PLN 8,741 million respectively. The amount of security deposits depends on the valuation of the portfolio of outstanding transactions and is subject to ongoing revisions. The change of PLN (6,813) million results mainly from the settlement of instruments concluded by ORLEN to hedge the sale and purchase of natural gas on the European and American index and from the decrease in the market price of gas for the current portfolio of transactions.

As at 30 September 2023, the position loans granted constitutes mainly the borrowings for Baltic Power, consolidated using the equity method, in the amount of PLN 632 million, borrowings for Grupa Azoty Polyolefins S,A, in the amount of PLN 267 million and for non-consolidated companies in the amount of PLN 394 million.

The restricted cash represents cash of the Extraction Facilities Decommissioning Fund, accumulated in a separate bank account due to securing future costs of decommissioning mines and fields. The Extraction Facilities Decommissioning Fund is created on the basis of the Mining and Geological Law, which requires the Group to decommission extraction facilities once their operation is discontinued. The Fund's resources comprise restricted cash in accordance with IAS 7 and due to its multi-year nature are presented under group of long-term assets. The Fund's cash is increased by the amount of interest accruing on the Fund's assets. Due to formal and legal restrictions related to the possibility of using these Funds only for a specific purpose carried out over a multi-year period, the assets accumulated in the Extraction Facilities Decommissioning Fund are recognised in the Group's statement of financial position under non-current assets section as Other assets.

**Derivatives and other liabilities**

	Non-current		Current		Total	
	30/09/2023 (unaudited)	31/12/2022 (restated data)	30/09/2023 (unaudited)	31/12/2022 (restated data)	30/09/2023 (unaudited)	31/12/2022 (restated data)
Cash flow hedging instruments	513	4 491	1 610	8 394	2 123	12 885
<i>currency forwards</i>	5	298	12	80	17	378
<i>commodity swaps</i>	508	4 190	1 553	8 274	2 061	12 464
<i>commodity futures</i>	-	3	45	39	45	42
<i>foreign currency swaps</i>	-	-	-	1	-	1
Derivatives not designated as hedge accounting	77	122	1 434	4 437	1 511	4 559
<i>currency forwards</i>	4	2	82	71	86	73
<i>commodity swaps</i>	-	-	741	3 090	741	3 090
<i>foreign currency swaps</i>	-	-	-	74	-	74
<i>commodity futures, incl.:</i>	39	30	355	616	394	646
<i>CO2 emission allowances</i>	-	1	3	3	3	4
<i>electricity</i>	9	-	20	40	29	40
<i>natural gas</i>	30	29	332	573	362	602
<i>commodity forwards, incl.:</i>	34	90	256	586	290	676
<i>electricity</i>	23	27	187	144	210	171
<i>natural gas</i>	11	63	69	442	80	505
Fair value hedging instruments	-	-	-	8	-	8
<i>commodity swaps</i>	-	-	-	8	-	8
<b>Derivatives</b>	<b>590</b>	<b>4 613</b>	<b>3 044</b>	<b>12 839</b>	<b>3 634</b>	<b>17 452</b>
Other financial liabilities	336	259	784	1 517	1 120	1 776
<i>liabilities on settled derivatives</i>	-	-	692	1 419	692	1 419
<i>investment liabilities</i>	76	84	-	-	76	84
<i>hedged item adjustment</i>	31	-	23	28	54	28
<i>refund liabilities</i>	-	-	34	32	34	32
<i>security deposits</i>	-	-	10	28	10	28
<i>other *</i>	229	175	25	10	254	185
Other non-financial liabilities	484	423	1 468	484	1 952	907
<i>liabilities from contracts with customers</i>	52	30	-	-	52	30
<i>deferred income</i>	432	393	1 468	484	1 900	877
<b>Other liabilities</b>	<b>820</b>	<b>682</b>	<b>2 252</b>	<b>2 001</b>	<b>3 072</b>	<b>2 683</b>

\* As at 30 September 2023 and as at 31 December 2022, the line other in other financial liabilities in the non-current part mainly concerns received security deposits, liabilities under concessions and mining usufruct, as well as unpaid benefits.

Description of changes of derivatives not designated as hedge accounting is presented in note [5.6](#) and [5.7](#).

The line receivables/liabilities due to settled derivatives and liabilities due to settled derivatives refer to derivatives with a maturity date at the end of the reporting period or earlier, however the payment date falls after the balance sheet date. As at 30 September 2023, these line include the value of matured commodity swaps hedging mainly the refining margin, time mismatch on crude oil purchases, excess inventories and natural gas.

Additionally, as at 30 September 2023, the line deferred income also includes the unsettled value of CO<sub>2</sub> property rights received free of charge for 2023 in the amount of PLN 1,173 million as at the reporting date.

**5.10. Provisions**

	Non-current		Current		Total	
	30/09/2023 (unaudited)	31/12/2022 (restated data)	30/09/2023 (unaudited)	31/12/2022 (restated data)	30/09/2023 (unaudited)	31/12/2022 (restated data)
For decommissioning and environmental costs	5 727	5 951	181	209	5 908	6 160
Jubilee bonuses and post-employment benefits	1 590	1 566	251	262	1 841	1 828
CO <sub>2</sub> emissions, energy certificates	-	-	7 436	9 846	7 436	9 846
Other	561	712	1 654	2 550	2 215	3 262
	<b>7 878</b>	<b>8 229</b>	<b>9 522</b>	<b>12 867</b>	<b>17 400</b>	<b>21 096</b>

A detailed description of changes in provision is presented in note [3.2](#).

**5.11. Methods applied in determining fair value (fair value hierarchy)**

As compared to the previous reporting period the Group did not change the valuation methods concerning financial instruments. Methods applied in determining the fair value were described in the Consolidated Financial Statements for 2022 in note 16.3.1.

In the position financial assets measured at fair value through other comprehensive income, quoted/unquoted shares not held for trading are presented. With respect to shares unquoted on active market for which there are no observable inputs, fair value is determined on the basis of expected discounted cash flows.

### Fair value hierarchy

	30/09/2023		Fair value hierarchy		
	Carrying amount (unaudited)	Fair value (unaudited)	Level 1	Level 2	Level 3
<b>Financial assets</b>					
Financial assets measured at fair value through other comprehensive income	316	316	46	-	270
Financial assets measured at fair value through profit or loss	122	122	-	-	122
Loans granted	1 295	1 324	-	1 324	-
Derivatives	3 299	3 299	-	3 299	-
Purchased securities	1 424	1 396	69	1 327	-
	<b>6 456</b>	<b>6 457</b>	<b>115</b>	<b>5 950</b>	<b>392</b>
<b>Financial liabilities</b>					
Loans	3 473	3 484	-	3 484	-
Borrowings	172	172	-	172	-
Bonds	8 726	8 276	6 544	1 732	-
Derivatives	3 634	3 634	-	3 634	-
	<b>16 005</b>	<b>15 566</b>	<b>6 544</b>	<b>9 022</b>	<b>-</b>

The fair value for other classes of financial assets and liabilities corresponds to their book value.

The fair value of financial assets and liabilities quoted on active markets is determined based on market quotations (i.e. Level 1). In other cases, the fair value is determined based on other input data which are directly or indirectly observable (i.e. Level 2) or unobservable inputs (i.e. Level 3).

There were no reclassifications in the Group between levels of the fair value hierarchy during the reporting and comparative period.

### 5.12. Future commitments resulting from signed investment contracts

As at 30 September 2023 and as at 31 December 2022 the value of future commitments resulting from investment contracts signed until that day amounted to PLN 25,915 million and PLN 27,193 million, respectively.

### 5.13. Issue and redemption of debt securities

The balance of debt securities liabilities as at 30 September 2023:

- a) in ORLEN under:
  - the non-public bond issue on the domestic market C Series and D series with a total nominal value of PLN 2,000 million, remains open;
  - the medium-term Eurobonds issue program on the international market, series A and B with a nominal value of EUR 1,000 million remains open;
- b) in ENERGA Group under:
  - the Eurobond issue program, a series with a nominal value of EUR 300 million, remains open;
  - the subscription agreement and the project agreement concluded with the European Investment Bank, one series of subordinated bonds remain open with a total nominal value of EUR 125 million,
- c) LOTOS Petrobaltic Group as part of:
  - the senior bond issue program of B8 Sp. z o.o. Baltic S.K.A. six series of issues with a total nominal value of USD 32 million (the value of outstanding bonds) remain open.

C Series and D series of ORLEN corporate bonds with a total nominal value of PLN 2,000 million was issued as a part of the sustainable and balanced grow bonds, with an ESG rating as an element. The ESG rating is assigned by independent agencies and assesses a company's or industry's ability to sustainable and balanced grow by taking into account three main, non-financial factors, such as: environmental issues, social issues and corporate governance. In terms of environmental issues, product emissions and carbon footprint, environmental pollution, as well as the use of natural resources and usage of green technologies are crucial.

A Series of ORLEN Eurobonds with a nominal value of EUR 500 million was issued with a green bonds certificate, which provide financing for projects supporting environmental and climate protection. ORLEN has established and published on its website the principles of green and sustainable financing, the "Green Finance Framework" which define the planned investment processes for energy transformation covered by this financing and key performance indicators were defined for these projects in terms of their advance of implementation and their impact on the environment.

#### 5.14. Distribution of the Parent Company's profit for 2022 and the dividend payment in 2023

The Ordinary General Meeting of Shareholders of ORLEN on 21 June 2023 decided to distribute the net profit of ORLEN for the year 2022 in the amount of PLN 27,261,937,353.96 PLN as follows: the amount of PLN 6,385,181,269.50 allocate as a dividend payment (PLN 5.50 per 1 share) and the remaining amount of PLN 20,876,756,084.46 as reserve capital. The Management Board of ORLEN proposes 10 August of 2023 as the dividend date and 31 August of 2023 as the dividend payment date.

#### 5.15. Contingent assets

In accordance with the information published in the Financial Statements of ORLEN and ORLEN Group for previous reporting periods, at the beginning of 2020 PERN S.A. (PERN) informed ORLEN for the first time about differences in the quantity of the operating stock of crude oil REBCO-type (Russian Export Blend Crude Oil) in connection with the inventory of crude oil stocks supplied by the tank farm in Adamów, carried out by PERN as a pipeline system operator. Additionally, as at 31 December 2021, PERN indicated shortage in the amount of ORLEN's crude oil supply delivered by sea through the PERN Manipulation Base in Gdańsk, made an unilateral adjustment of the REBCO crude oil inventory balance.

PERN maintained that the reason for the change in operating stocks was the difference in methodology of calculating the quantity of crude oil REBCO-type delivered by the tank storage in Adamów and crude oil delivered by sea.

ORLEN did not agree with PERN position, because in its opinion it remained unfounded, unproven and inconsistent with the agreements binding ORLEN and PERN, and the methodology used for calculating the quantity of crude oil REBCO-type and crude oil delivered by sea through the PERN Manipulation Base in Gdańsk and submitted by PERN to ORLEN was correct and has never been questioned before.

In connection with the disclosure by PERN of loss of crude oil belonging to ORLEN and stored by PERN, ORLEN issued a debit note and called for compensation on 24 July 2020 from PERN for the loss of 90,356 net metric tons of crude oil REBCO-type and related unlawful reduction of crude oil inventories of ORLEN, which PERN should keep in its storage and transmission system in the amount of PLN 156 million. PERN did not pay this amount within the deadline specified in the debit note. Consequently, in the period from 30 July 2020 to 19 May 2021 ORLEN has been satisfying PERN's claims for issued invoices by way of statutory deductions with the claim for compensation.

On 1 October 2021 PERN initiated court proceedings in which it demanded ORLEN to be ordered to pay PLN 156 million with interest and a lump-sum compensation for recovery costs, which ORLEN previously deducted from PERN's remuneration, thus questioning the effectiveness of the deductions made by ORLEN.

Due to the loss by PERN of further (in relation to the loss covered by the debit note of 24 July 2020) 1,334 net metric tons of REBCO crude oil owned by ORLEN, which PERN was obliged to store and not confirmed in the balance according to the records as at 31 December 2021, on 21 January 2022 ORLEN issued the debit note and requested PERN for compensation in the amount of PLN 2.6 million. PERN has not made the payment within deadline indicated in request. Therefore, on 8 February 2022 ORLEN set off a claim for compensation for another loss in the amount of PLN 2.6 million against PERN's claims for invoices issued for the transport of the raw material.

By letter of 24 December 2022, PERN pointed out the need for another one-sided adjustment in minus the inventory records of crude oil belonging to ORLEN by 1,921 tons net.

On 1 August 2022, ORLEN merged with Grupa LOTOS S.A. (GRUPA LOTOS), and therefore assumed all rights and obligations of GRUPA LOTOS, including rights and claims related to the agreements concluded between PERN and GRUPA LOTOS.

Previously, in March 2020 PERN informed GRUPA LOTOS that as a result of alleged measurement differences arising from the methodology of crude oil volume settlements using GOST and ASTM standards, the level of operating stocks of REBCO crude oil belonging to GRUPA LOTOS (currently ORLEN) decreased, causing a decrease in REBCO's operating stocks. The loss indicated by PERN as of 20 November 2019 was to amount to 18,270 net metric tons of REBCO.

On 29 December 2022, ORLEN as the legal successor of GRUPA LOTOS issued a debit note and called PERN for PLN 31.5 million for compensation for the loss by PERN of 18,270 net metric tons of REBCO belonging to previous GRUPA LOTOS, which PERN was obliged to store. PERN has not made the payment within deadline indicated in request. Therefore the amount PLN 31.5 million was set-off from PERN's receivables for remuneration for services provided by PERN to ORLEN on the basis of statements on set-off submitted on 7 February 2023, 16 February 2023, 27 February 2023 and 3 March 2023.

ORLEN and PERN made an attempt to amicably end the dispute, stating the above circumstances, through mediation before mediators of the Arbitration Court at the General Prosecutor's Office of the Republic of Poland ("Mediators").

On 11 September 2023 ORLEN entered with PERN into settlement before the Mediators ("Settlement") in order to finally and fully end and resolve the dispute arising between them.

The settlement entered into force on the date it was approved in its entirety by the District Court in Łódź, X Commercial Division, in a decision of 22 September 2023, which became final on 13 October 2023.

Consequently, in the 3<sup>rd</sup> quarter of 2023, the Group realised income resulting from the contingent asset described above and recognised in other operating income of PLN 139 million due to the concluded Settlement.



## 5.16. Contingent liabilities

Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of administration bodies in which the companies of the ORLEN Group act as the defendant:

### **Claim of Warter Fuels S.A. (formerly: OBR S.A.) against ORLEN for compensation**

On 5 September 2014, OBR S.A. (currently: Warter Fuels S.A.) filed an action against ORLEN with the District Court in Łódź for a claim for payment in respect of an alleged breach by ORLEN of patent rights. The amount of the claim in the lawsuit was estimated by Warter Fuels S.A. in the amount of PLN 84 million. The claim covers the adjudged sum of money from ORLEN for Warter Fuels S.A. in the amount corresponding to the value of the license fee for the use of the solution under the above patent and adjudge the obligation to repay the benefits derived from the use of this solution. On 16 October 2014 ORLEN responded to the lawsuit. By the procedural document from 11 December 2014 the value of the dispute was referred to by the plaintiff in the amount of PLN 247 million. So far, several hearings have been held, during which witnesses submitted by the parties were heard by the court. The court appointed an expert to prepare an opinion in the case of the University of Technology and Economics in Budapest, Experts from the Budapest University of Technology and Economics are in the process of preparing an opinion.

### **POLWAX S.A. - ORLEN Projekt S.A. dispute**

#### I. Case filed by ORLEN Projekt against POLWAX for the payment of PLN 6.7 million, pending before the District Court in Rzeszów, case file no. VI GC 225/19

On 23 May 2019 the Court issued a warrant for payment to ORLEN Projekt in a writ of payment proceedings covering the entire amount claimed. On 27 November 2020, the District Court issued a judgment in the case, according to which (i) upheld the payment order in full with respect to the claimed principal amount of PLN 6.7 million as well as with respect to the overdue interest for delay in commercial transactions from 2 October 2019 to the date of payment; (ii) revoked the payment order issued dated on 23 May 2019 for the payment of a part of the overdue interest, i.e. in the amount of PLN 3 million from 11 January 2019 to 1 October 2019 and in the amount of PLN 3.7 million from 25 January 2019 to 1 October 2019.

Both parties appealed against the judgement, POLWAX appealed against it in its entirety, whereas ORLEN Projekt appealed against the part in which the Court revoked the payment order concerning payment of statutory overdue interest for delay in commercial transactions. On 10 November 2022, the Court of Appeal announced its verdict, according to which it upheld the payment order issued by the District Court in its entirety and awarded POLWAX to ORLEN Projekt with the costs of the lawsuit. The judgment of the court of second instance is final, POLWAX filed a cassation appeal against the judgment of the Court of Second Instance to the Supreme Court. On 9 February 2023, POLWAX filed a cassation complaint against the judgment of the Court of Appeal in Rzeszów of 10 November 2022. On 10 March 2023, POLWAX also filed a cassation complaint against the supplementary judgment of the Court of Appeal regarding a formal issue in the petitum of the decision, i.e. lack of the expression "dismissing the appeal of POLWAX". ORLEN Projekt responded to both complaints. Complaints are pending consideration by the Supreme Court.

#### II. Case filed by ORLEN Projekt against POLWAX for the payment of PLN 67.8 million, pending before the District Court in Rzeszów, case file no. VI GC 201/19

In the case, ORLEN Projekt claims from POLWAX the payment of a total amount of PLN 67.8 million together with overdue interest for delay consists of: (i) remuneration for completed construction works and deliveries, (ii) unjustifiably executed performance guarantee, and (iii) costs related to ORLEN Projekt's withdrawal from the contract. The court has already heard all the witnesses and parties in the case. The proceedings have been suspended until the case heard by the Court of Appeal in Rzeszów under file no. act I AGa 20/21. In connection with the issuance by the Court of Appeal in Rzeszów on 10 November 2022 of the judgment in the case under reference number I AGa 20/21, on 22 November 2022, the ORLEN Projekt filed a motion for the District Court to resume the suspended proceedings. The Regional Court in Rzeszów issued a decision to resume the proceedings. At the hearing on 18 October 2023 the court ignored POLWAX's requests to take evidence from the opinions of four court experts and gave the floor to the parties. The publication of the judgment is scheduled on 17 November 2023.

#### III. Case filed by POLWAX against ORLEN Projekt for the payment of PLN 132 million, pending before the District Court in Rzeszów, case file no. VI GC 84/20

The claim submitted by POLWAX against ORLEN Projekt includes PLN 84 million for material damage and PLN 48 million for lost profits that were supposed to arise in connection with improper performance and non-performance of the contract by ORLEN Projekt. The proceedings have been suspended at the joint request of the parties. On 21 October 2021 the court, on the application of POLWAX, made an order to resume the suspended proceedings. On 20 April 2022, the proceedings were suspended until the case: (i) considered by the Court of Appeal in Rzeszów under file no. act I AGa 20/21; (ii) heard by the Regional Court in Rzeszów, file no. VI GC 201/19. On 22 November 2022, the Court of Appeal in Rzeszów allowed ORLEN Projekt complaint against the decision of the District Court to suspend the proceedings and issued a decision by which it overturned the challenged decision of the District Court. On June 19, 2023, a preparatory meeting was held in this case. On 11 October 2023 the District Court in Rzeszów issued a judgment dismissing the claim of POLWAX against ORLEN Projekt for the payment of PLN 132 million with interest in full and ordered POLWAX to pay ORLEN Projekt the amount of PLN 37,500 as reimbursement of the costs of legal representation together with interest for delay from the date the judgment became final.

IV. Case filed by POLWAX against ORLEN Projekt for the payment of PLN 9.9 million, pending before the District Court in Rzeszów, case file no. VI GC 104/20

POLWAX claims from ORLEN Projekt the payment of PLN 9.9 million together with overdue interest for delay consists of: (i) reimbursement of costs of removal and disposal of waste in the form of contaminated land from the Project area, and (ii) non-contractual storage of land from the Project area on plot no. 3762/70 belonging to POLWAX. So far, nine hearings have been held in the case. The next meeting was held on 6 February 2023, at which ORLEN submitted a copy of POLWAX S.A.'s notification of the possibility of committing a crime, requesting the suspension of civil proceedings until the criminal case is resolved. The court dismissed POLWAX's motion to suspend the proceedings. On 30 June 2023 evidence from an expert opinion in the field of environmental protection was admitted with a set deadline of 4 months for the preparation of the opinion.

V. Case filed by POLWAX against ORLEN Projekt for the removal of movable property, pending before the District Court in Tychy, case file no. VI GC 120/20

POLWAX demanded that the Court obliges ORLEN Projekt to restore the legal status by emptying warehouses submitted to ORLEN Projekt in order to store equipment and materials for the purposes of the conducted investment. So far, six hearings have been held in the case. At the hearing on 23 June 2022, the Court heard the defendant, admitted evidence from an expert witness and adjourned the hearing without a time limit. A court expert prepared an opinion which was delivered to both parties. On 13 February 2023 ORLEN Projekt raised objections to the expert's opinion, POLWAX did not raise any objections to the expert's opinion, indicating that the opinion only confirms the claimant's position in this proceeding. The expert prepared a supplementary opinion to which ORLEN Projekt will raise objections. On 18 September 2023 a hearing was held in the case during which the Court issued decisions regarding the parties' evidentiary requests. The court also obliged the parties to submit pleadings containing their final position in the case. The court set the date of the next hearing on 14 December 2023.

In the opinion of ORLEN Projekt, the claim is without merit, therefore the company did not recognise the provision.

**Contingent liabilities related to the ENERGA Group**

As at 30 September 2023, the contingent liabilities of the ENERGA Group recognised in these interim condensed consolidated financial statement of the ORLEN Group amounted to PLN 238 million.

The largest item of contingent liabilities of the ENERGA Group consists of legal claims relating to the power infrastructure of Energa-Operator S.A. located on private land. The Group recognises provisions for filed legal claims. If there is uncertainty as to the validity of the amount of the claim or legal title to land, the Group recognises contingent liabilities. As at 30 September 2023, the estimated value of those claims recognised as contingent liabilities amounts to PLN 219 million, while as at 31 December 2022 its value amounted to PLN 218 million. Considering the legal opinions, the estimated amounts represent a risk of liability of less than 50%.

**Arbitration procedure brought by Elektrobudowa S.A. against ORLEN**

Elektrobudowa S.A. filed an action against ORLEN with the Arbitration Tribunal of the Polish Consulting Engineers and Experts Association (SIDIR) of Warsaw (case No. P/SA/5/2019), seeking payment of a total of PLN 104 million and EUR 11.5 million. The case concerns performance of the EPC contract between ORLEN and Elektrobudowa for the construction of a metathesis unit. The amount in dispute includes:

- 1) PLN 20.6 million and EUR 7.6 million plus statutory default interest, alleged to be payable under the EPC Contract to Elektrobudowa S.A. or, alternatively, to Citibank if the consideration is found to be payable to Citibank following assignment;
- 2) PLN 7.8 million and EUR 1.26 million plus statutory default interest accrued since 23 October 2018 for additional and substitute works, alleged to be payable to Elektrobudowa or Citibank (see above);
- 3) PLN 62.4 million plus statutory default interest since 27 December 2019 as remuneration by reference to which the lump-sum should be increased in favour of Elektrobudowa, or Citibank as above;
- 4) PLN 13.2 million and EUR 2.6 million plus statutory default interest accrued since 25 October 2019, alleged to be payable to Elektrobudowa S.A. for the harm it suffered as a result of wrongful drawdown of funds by ORLEN under bank guarantees.

On 13 September 2021 the Bankruptcy Trustee extended the claim by PLN 13.2 million and EUR 2.6 million constituting a claim for return of the amounts retained as a Guarantee Deposit with statutory overdue interest from 24 March 2021 to the date of payment.

According to information published in Consolidated Financial Statements for the year 2021, as a result of the Arbitration Tribunal's rulings, against which ORLEN was not entitled to appeal, the Company has paid the Bankruptcy Trustee a total of PLN 10.01 million and EUR 5.52 million so far, plus statutory interest for delay in payment. These amounts related mainly to partial payments of the contractual remuneration, as well as remuneration for additional works. The amounts from the partial judgments no. 13 - no. 15 indicated below were paid in full together with statutory interest for delay.

Within last nine months of 2022 and in the 1<sup>st</sup> quarter of 2023, the Arbitration Tribunal issued the following rulings:

(I) Partial judgment (no. 13) of 5 December 2022, ordering to pay the plaintiff a total amount of PLN 0.15 million with interest for delay as remuneration for the execution of the Instructions for preparing the installation for operation after renovation and dismissing the claim for the amount of PLN 0.10 million as the remaining part of this claims.

(II) Partial judgment (no. 14) of 30 December 2022, ordering to pay the plaintiff the amount of PLN 0.3 million net as additional remuneration for the execution of a different K-1 chamber than provided for in the construction design, together with statutory interest for delay and the amount of PLN 5.3 million net as additional remuneration for the construction of another building of the Zimna Station than

provided for in the construction design, together with statutory interest. The amounts awarded are the amounts referred to earlier in the preliminary judgments (4) and (5).

(III) Partial judgment (No. 15) of 30 March 2023, awarding the plaintiff a total of PLN 1.5 million and EUR 0.1 million as additional remuneration for the execution of: a septic tank in Chamber K-1, delivery of frequency converters for K-2301A/B compressors, power supply for inverters of K-2301A/compressors B, changing the parameters of the K-2301A/B compressors, changing the design of the E-2304 apparatus. together with statutory interest for delay until the date of payment and dismissing further claims of the plaintiff for the performance of the above-mentioned additional works.

The total value of provisions recognised as at 30 September 2023 in connection with the pending proceedings with Elektrobudowa amounted to PLN 69 million.

#### **AGR Subsea Ltd. and LOTOS Petrobaltic S.A. dispute**

In March 2013, LOTOS Petrobaltic S.A. received a call for payment from AGR Subsea Ltd. ("AGR") for approximately GBP 6.5 million as the contract sum payable to AGR for dredging the Baltic Beta rig's legs. In response, LOTOS Petrobaltic S.A. challenged the amount claimed by AGR and proposed the payment to AGR in the amount of PLN 16 million (corresponding to GBP 3.2 million translated using the average exchange rate of the National Bank of Poland as at 31 December 2012). The dispute between the parties concerns the nature of the contract, reasons for its execution after the due date and incomplete, as well as validity of its termination by LOTOS Petrobaltic S.A., and the demand for reimbursement of costs incurred to employ the alternative contractor engaged by LOTOS Petrobaltic S.A. to complete the work (counterclaim against AGR for payment in the amount of GBP 5.6 million) AGR Subsea Ltd. took its claim to court. On 11 December 2020, the Court issued a judgement awarding the full claimed amount to AGR, i.e. GBP 6.5 million together with overdue interest, reimbursement of court expenses and legal representation costs, and dismissed LOTOS Petrobaltic S.A.'s claim.

In view of the fact that the notice, stating the date of the Court's closing hearing and announcement of the judgement, was not effectively delivered to LOTOS Petrobaltic S.A.'s attorney, the attorney, without his fault, did not participate in the closing hearing held on 27 November 2020. The attorney did not know the date of publication of the judgement issued on 11 December 2020, did not attend the date of publication, nor learn its contents.

In a view of the information obtained by LOTOS Petrobaltic S.A. during the Court hearing held in March 2021, the objections were presented to the Court regarding AGR's judicial and procedural capacity, its legal standing and proper authorisation of its attorneys. These doubts arose, following the knowledge in March 2021, about the announcement on 25 May 2015 of a Winding-up procedure with respect to AGR and appointment of a Liquidator to administer the affairs and represent AGR.

On 2 April 2021, LOTOS Petrobaltic S.A. lodged a complaint for the resumption of proceedings in the case. On 18 May 2021, LOTOS Petrobaltic S.A. applied to the Regional Prosecutor's Office in Gdańsk with a request to bring an action for the resumption of proceedings in the cases No IX GC 811/13 and No IX GC 12/15. The complaint of the Regional Prosecutor's Office in Gdańsk for the resumption of proceedings in the combined cases was filed with the Court on 12 August 2021.

On 9 December 2021, AGR applied for enforcement of the judgement. By a decision of 13 December 2021 issued in case IX GC 696/21 (request for resumption of proceedings – complaint of the Regional Prosecutor's Office), the Regional Court in Gdańsk suspended the enforceability of the judgement of 11 December 2020 covered by the enforcement motion, AGR's enforcement motion was dismissed by the Court ordered on 15 December 2021.

Proceedings are currently underway in the context of:

- LOTOS Petrobaltic S.A. complaint for the resumption of proceedings (IX GC 1031/21), and
- the Regional Prosecutor's Office in Gdańsk complaint for the resumption of proceedings (IX GC 696/21).

The above dispute ended with the conclusion of a settlement on 23 August 2023 between the Parties. Lotos Petrobaltic S.A. will pay GBP 2.7 million to AGR, which will exhaust all claims of the Parties. On 28 August 2023 payment of the settlement amount was ordered from LPB; in accordance with the settlement, debiting the bank account of Lotos Petrobaltic S.A. is tantamount to payment of the amount due to AGR. On 4 September 2023 all obligations of Lotos Petrobaltic S.A. have been fulfilled resulting from the settlement. From this date, Lotos Petrobaltic S.A. AGR may be charged with fulfillment of the benefit/extinguishment of the payment obligation.

#### **The former Grupa LOTOS S.A. tax settlements**

Following the merger ORLEN with Grupa LOTOS S.A. on 1 August 2022, ORLEN as a legal successor of Grupa LOTOS S.A. became a party to the following tax proceedings.

The subject of the audit are VAT settlements for the relevant periods from January 2014 to June 2016. The correctness of tax settlements was questioned by the tax authorities. ORLEN appealed against the unfavorable decisions to the authorities of the second instance. The company will also have the option of lodging complaints with the Provincial Administrative Court, and in the event of an unfavorable court decision, it will be possible to file a cassation complaint with the Supreme Administrative Court.

As at 30 September 2023, the Group disclosed a provision for tax risk in the amount of PLN 34 million.

#### **LOTOS Exploration and Production Norge AS tax settlements**

Due to the crisis caused by the COVID-19 pandemic and the sharp decline in commodity prices, the Norwegian government introduced a provisional tax regime for 2020-2021 that allowed companies investing on the Norwegian continental shelf to directly expense capital expenditure and to receive an immediate refund of the tax loss incurred in each of the years. With these solutions, the effective tax rate was lower than the standard of 78%.

At the same time, the government has introduced an additional rule, namely for investment projects that have been submitted to the Ministry by the end of 2022 and that will be approved in 2023, it will be possible to account for all capital expenditure under the system of the temporary tax regime of 2020-2021, with minor changes, which significantly improves the economics of the projects. Two key development projects LOTOS E&P Norge – NOAKA and Trelle&Trine will be covered by this reduction.

In December 2019, the LOTOS E&P Norge received a draft decision on thin capitalization in 2015-2016. In September 2020, the company submitted a letter to the tax authorities, in which it commented its position to the preliminary decision of the Oil Taxation Office (“OTO”) concerning thin capitalisation in 2015-2016, along with its response to the ‘deviation notice’ for the following years 2017 and 2018. In its preliminary decision, the OTO challenges the inclusion of loans and borrowings service costs and exchange rate differences on debt financing in the company's tax-deductible costs due to the company's equity being too low at that time. In May 2022, the OTO issued its final decision for 2015-2016, in which the tax surcharge was set at NOK 170 million plus interest.

With regard to the second thin capitalisation case, covering a period of 2017-2019, the Company received a draft decision in August 2022, previously announcing the extension of the investigation period by one year. Under the draft decision the estimated amount to be paid is NOK 103 million, while the vast majority of this amount relates to financial income from foreign exchange differences that the Company had previously removed from the settlement. The company was creditworthy during that period, confirmed in RBL models, and, therefore, real effect of thin capitalisation is much less than in 2015-2016. Furthermore, in its tax declaration for 2017 and 2019 the company did not include in its taxable base, the finance income arising from foreign exchange rates realised on loans in the case of which the OTO had previously questioned the financial costs as deductible. Tax deductions made on this amounted to NOK 88 million (2017: NOK 52 million; and 2019: NOK 36 million). The Company has recognised a provision for these amounts.

In February 2023, the Company received two invoices for payment relating to thin capitalisation of 2015-2016. Due to the tax loss the Company had in these years, the tax surcharge was only accounted for in the 2017 and 2018 returns. The total amount paid was NOK 158.1 million, which is PLN 65 million.

At the same time, on 31 March 2023, the Company appealed against Tax Office decision for 2015-2016. If the appeal is unsuccessful the Company is considering judicial arbitration. On the same day the Company submitted a written response and reaction to the draft decision on thin capitalisation for 2017-2019.

On 1 May 2023, based on the Business Purchase Agreement - the purchase of an organized part of the enterprise - the Norwegian company of the ORLEN Group, PGNiG Upstream Norway AS (PUN) purchased from LOTOS Exploration and Production Norge AS all assets and related liabilities with the employees of the Company. The effective transaction date for tax settlements is 1 January 2023. Therefore, the tax settlement for 2022 remained in hands of LOTOS Norge, in turn all revenues and expenses of LOTOS Norge for 2023 passed to the tax settlement of PUN. Liabilities towards the Tax Office due to thin capitalization in cases still open with the transaction were also transferred from LEPN to PUN.

As at 30 September 2023 the value of the created provision in the books of PUN due to pending proceedings of LOTOS Norge with interest amounts to NOK 112.9 million, that is approximately PLN 45.2 million. And for the tax settlement for 2022 liability remains in LOTOS Norge for the amount of NOK 4.5 million (PLN 1.8 million), to be settled in the 4<sup>th</sup> quarter of 2023.

#### **Contingent liabilities acquired as a result of merger transactions with PGNiG Group**

The following is a description of the material contingent liabilities relating to the former PGNiG Group companies acquired by the Group as part of the ORLEN merger transaction with PGNiG on 2 November 2022. In accordance with the requirements of IFRS 3, as part of the accounting for merger transactions, the Group should recognise contingent liabilities assumed in a business combination at the acquisition date, even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the liability. At the date of these interim condensed consolidated financial statements, the accounting for the merger with PGNiG has not been completed. Thus, in subsequent reporting periods, the contingent liabilities described below will be measured at fair value, as well as potential additional contingent liabilities resulting from regulatory, legal, environmental and other risks, and they will be included in the purchase price allocation process at the fair value of the acquired net assets.

#### **Settlements for natural gas supplied under the Yamal Contract and suspension of natural gas supplies by Gazprom**

On 31 March 2021 Decree of the President of the Russian Federation No. 172 “On a special procedure for the performance of obligations of foreign buyers towards Russian natural gas suppliers” (the “Decree”) was published, following which Gazprom requested PGNiG to amend the terms and conditions of the Yamal Contract, among others by introducing settlements in Russian rubles.

On 12 April 2022, the Management Board of PGNiG S.A. decided to continue settling PGNiG's liabilities for gas supplied by Gazprom under the Yamal Contract, in accordance with its applicable terms, and not to consent to PGNiG's performance of its settlement obligations for natural gas supplied by Gazprom under the Yamal Contract, in accordance with the provisions of the Decree.

From 27 April 2022, from 8:00 am CET Gazprom completely suspended natural gas deliveries under the Yamal Contract, citing the Decree's prohibition on delivering natural gas to foreign buyers from countries “unfriendly to the Russian Federation” (including Poland). If payments for natural gas supplied to such countries starting from 1 April 2022, will be made contrary to the terms of the Decree.

In response, PGNiG took steps to protect the Company's interests under its contractual rights, including: call for deliveries and compliance with settlement conditions, etc. terms of the agreement binding the parties until the end of 2022.

By 31 December 2022, natural gas supplies had not been resumed by Gazprom, the supplier refused to make settlements based on the applicable contractual conditions. Pursuant to PGNiG's declaration of intent of 15 November 2019, the Yamal Contract expired at the end of 2022. As at 30 September 2023 disputes arising during the term of the Yamal Contract are pending.



**Claim by B. J. Noskiewicz against Exalo Drilling S.A. (hereinafter: Exalo) for payment of rent and damages**

On 9 February 2015, B.J. Noskiewicz filed an action against Exalo seeking payment of a total of PLN 130 million. The demand of the claim includes an adjudication for a fee for the use of a property owned by the plaintiffs (occupied by the Company for the purpose of drilling a geothermal water well) and compensation for lost income. The plaintiffs claim that the property was not properly returned to them upon completion of the works. Exalo has filed a response to the claim. Exalo argues (based on expert opinions) that it completed the use of the property within the contractual deadline, removed all equipment and movable property, the site was cleaned up and rehabilitated, and therefore properly offered and released the property to the owners in 2012, so that the claim for both any fees for the period after that date and damages is completely unjustified. The proceedings are currently suspended. The procedural initiative will be resumed after the proceedings are resumed and will depend on the outcome of the related criminal case. A full assessment of the risk of an unsuccessful outcome can be made at a later stage of the proceedings taking into account Exalo's arguments. In Exalo's opinion, the claim is without merit.

As at 30 September 2023 the total value of provisions recognised in connection with the pending proceeding amounted to PLN 35.12 million.

**Veolia Energia Warsaw's claim against PGNiG TERMIKA S.A.**

On 21 February 2018, PGNiG TERMIKA received a claim for payment in respect of the execution of the agreement for services for the development of the heat market in Warsaw, brought by Veolia Energia Warszawa S.A. to the District Court in Warsaw. On 29 June 2018, PGNiG TERMIKA filed a response to the lawsuit, where it addressed the plaintiff's claims. Veolia Energia Warszawa S.A. originally claimed PLN 5.7 million as payment under the agreement, and later extended the claim by PLN 66.6 million, i.e. to PLN 72.3 million and then to the amount of PLN 93.6 million, representing further tranches of remuneration under the agreement. Further pleadings are being exchanged in the case. In the opinion of PGNiG TERMIKA, the agreement for the provision of services for the development of the heat market in Warsaw is invalid, as it violated mandatory provisions of law. Due to the precedent-setting and particularly complicated nature of the case in question, it is not possible to assess the risk of an unfavourable outcome.

As at 30 September 2023 the total value of provisions recognised in connection with the pending proceedings amounted to PLN 129.8 million.

**PBG SA (currently under restructuring in liquidation) claim against PGNiG S.A. (currently ORLEN S.A.)**

Counterclaim dated 1 April 2019 was filed by PBG SA against PGNiG S.A. for payment of the amount of PLN 118 million, in the case pending before the Regional Court of Warsaw from a PGNiG S.A. claim against PBG SA. in Wysogotowo. TCM in Paris and Technimont in Milan (value of the object of that dispute is PLN 147 million). The cases relate to mutual settlements in the performance of contracts for the upgrade of PMG (the underground gas storage) Wierzchowice. The basis of the claims in the counterclaim is a challenge by PBG SA to the statements of set-off of mutual receivables and liabilities made by PGNiG SA in the course of settling the contracts for the execution of upgrading PMG Wierzchowice. The stage of the proceedings for the counterclaim is identical to that of the main claim, i.e. the evidentiary proceedings are ongoing, the court has heard all witnesses and admitted expert evidence. The court excluded the selected expert from the case. The court obliged ORLEN to name another entity that could prepare an appropriate opinion on the matter. The Company submitted an application for the Warsaw University of Technology to prepare an opinion.

Except of described above proceedings, the Group has not identified any other significant contingent liabilities.

**5.17. Related parties transactions****5.17.1. Transactions of the key executive personnel and their relatives with related parties of the ORLEN Group**

As at 30 September 2023 and as at 31 December 2022 and in the 9 and 3-month period ended 30 September 2023 and 30 September 2022, on the basis of submitted declarations there were no transactions of related parties of the ORLEN Group with the Members of the Management Board and the Supervisory Board of the Parent Company and their relatives.

In the 9 and 3-month period ended 30 September 2023 and 30 September 2022, on the basis of submitted declarations, there were mainly sales transactions of the relatives of key executive personnel of the ORLEN Group companies with related parties of the ORLEN Group in the amount of PLN 1.4 million, PLN 0.5 million and PLN 1.2 million, PLN 0.4 million, respectively. The largest amounts in the above periods were related to the sale of legal services.

As at 30 September 2023 the balance of the trade and other liabilities due to the above transactions amounted to PLN 0.1 million, and as at 30 September 2022 the balance of the trade and other liabilities due to the above transactions was not significant.

**5.17.2. Remuneration of key executive personnel of the Parent Company and the ORLEN Group companies**

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)
<b>Parent Company</b>				
Short-term employee benefits	69.1	24.2	40.2	12.5
Post-employment benefits	0.1	-	-	-
Termination benefits	1.3	0.8	0.6	-
<b>Subsidiaries</b>				
Short-term employee benefits	339.3	108.9	257.3	90.6
Post-employment benefits	0.2	0.2	0.4	0.3
Other long term employee benefits	1.2	0.1	1.3	1.2
Termination benefits	4.3	1.2	5.0	2.0
	<b>415.5</b>	<b>135.4</b>	<b>304.8</b>	<b>106.6</b>

**The impact of the merger with LOTOS Group and PGNiG Group on the level of remuneration of key personnel in the ORLEN Group**

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)
<b>Subsidiaries</b>		
Short-term employee benefits	56.1	20.4
Other long term employee benefits	0.3	0.1
Termination benefits	0.8	0.1
	<b>57.2</b>	<b>20.8</b>

The above table presents remuneration paid and due or potentially due to the key management personnel of the Parent Company and subsidiaries in the reporting period.

**5.17.3. ORLEN Group companies' transactions and balances of settlements with related parties**

	Sales				Purchases			
	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)
Jointly-controlled entities	3 443	1 147	3 745	1 085	(1 269)	(551)	(538)	(298)
<i>joint ventures</i>	2 861	946	3 547	1 026	(566)	(306)	(426)	(260)
<i>joint operations</i>	582	201	198	59	(703)	(245)	(112)	(38)
Other related parties	134	43	-	-	(1 436)	(1 196)	-	-
	<b>3 577</b>	<b>1 190</b>	<b>3 745</b>	<b>1 085</b>	<b>(2 705)</b>	<b>(1 747)</b>	<b>(538)</b>	<b>(298)</b>

	Trade receivables, other receivables and loans granted		Trade, lease and other liabilities	
	30/09/2023 (unaudited)	31/12/2022	30/09/2023 (unaudited)	31/12/2022
Jointly-controlled entities	1 802	1 398	262	389
<i>joint ventures</i>	1 710	1 291	150	167
<i>joint operations</i>	92	107	112	222
Other related parties	123	138	413	21
	<b>1 925</b>	<b>1 536</b>	<b>675</b>	<b>410</b>

The above transactions with related parties include mainly sales and purchases of refining and petrochemicals products and services.

Additionally, during the 9 and 3-month period ended 30 September 2023, based on submitted declarations, there were transactions between entities, in which key positions were held by close relatives of the other key management personnel of the Parent Company and entities of the ORLEN Group.

In the 9 and 3-month period ended 30 September 2023 and as at 30 September 2023, the Group identified the following transactions:

- sales amounted to PLN 7 million and PLN 1 million, respectively;
- purchase amounted to PLN (8) million and PLN (3) million, respectively;
- balance of receivables amounted to PLN 2 million;
- balance of liabilities amounted to PLN 0.5 million.

The above transactions concerned mainly the purchase and sale of fuels, fuel additives, diesel oil, film and LDPE raw material.

Additionally, in the 9-month period ended 30 September 2023, on the basis of a declaration submitted by the managing person, a link was indicated in terms of shares held in a related party, demonstrated by a relative of a key personnel member of the



ORLEN Group. The number of shares shown as at 30 September 2023 and as at 31 December 2022 amounted to 8,000 shares with a nominal value of PLN 0.8 million, respectively.

During the 9 and 3-month period ended 30 September 2023 and 30 September 2022 there were no related parties transactions within the Group which would not be arm's length.

#### 5.17.4. Transactions with entities related to the State Treasury

The Ultimate Parent Company preparing the consolidated financial statements is ORLEN S.A., in which as at 30 September 2023 and 31 December 2022 the largest shareholder is the State Treasury with 49.49% of shares.

The Group identified transactions with related parties, which are also parties related to the State Treasury, based on the "List of companies with State Treasury share" provided by the Prime Minister's Office.

During the 9 and 3-month period ended 30 September 2023 and 30 September 2022 and as at 30 September 2023 and as at 31 December 2022 the Group identified the following transactions:

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited) (restated data)	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
Sales	6 733	2 008	6 672	2 425
Purchases	(7 198)	(3 672)	(18 328)	(9 051)

	30/09/2023 (unaudited)	31/12/2022 (restated data)
Trade receivables, other receivables	1 431	1 421
Trade, lease and other liabilities	808	1 474

Above transactions were concluded on an arm's length basis, were related to the ORLEN Group current operating activities and concerned mainly fuel sales, purchase and sales of natural gas, energy, transport and storage services.

Additionally, there were also financial transactions (loans, bank fees, commission) with Bank Gospodarstwa Krajowego and transaction fees on the Polish Power Exchange.

#### 5.18. Excise tax guarantees

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure are part of off-balance sheet liabilities and as at 30 September 2023 and as at 31 December 2022 amounted to PLN 3,317 million and PLN 4,040 million, respectively. As at 30 September the Group assesses the materialisation of this type of liability as very low.

#### 5.19. Information on loan sureties or guarantees granted by the Parent Company or its subsidiaries to one entity or its subsidiary where the total value of existing sureties or guarantees is significant

The guarantees and sureties granted within the Group to third parties as at 30 September 2023 and as at 31 December 2022 amounted to PLN 22,382 million and PLN 31,632 million, respectively. As at 30 September 2023 they related mainly to security of:

- future liabilities arising from bonds issuances of Group's subsidiaries in total amount of PLN 6,195 million,
  - liabilities of PGNiG Supply&Trading GmbH, PGNiG Upstream Norway AS, ORLEN Trading Switzerland GmbH, PST LNG SHIPPING LIMITED arising from operational activities in the total amount of PLN 10,370 million,
  - financial liabilities arising from credit agreements of Group's subsidiaries in total amount of PLN 1,435 million
  - realisation of investment projects of subsidiaries: CCGT Ostrołęka and CCGT Grudziądz in total amount of PLN 578 million,
  - realisation of wind projects and other liabilities of jointly-controlled entity Baltic Power in amount of PLN 572 million,
- as well as the timely payment of liabilities by subsidiaries.

As at 30 September 2023 an unconditional and irrevocable guarantee issued by ORLEN for the benefit of the government of Norway, covering the exploration and production activities of PGNiG Upstream Norway AS on the Norwegian Continental Shelf, was effective. The guarantee is open-ended and does not have a defined value. In the guarantee, ORLEN undertook to assume any financial liabilities which may arise in connection with the operations of PGNiG Upstream Norway AS on the Norwegian Continental Shelf, consisting in exploration for and extraction of the natural resources from the sea bottom, including their storage and transport using means of transport other than ships.

Future liabilities arising from bonds issuances are secured by the irrevocable and unconditional guarantees issued in favour of the bondholders by:

- ORLEN - guarantee until 31 March 2025 for issuer of senior bonds, B8 Sp.z o.o. Baltic SKA.
- ENERGA - guarantee until 31 December 2033 for issuer of Eurobonds, Energa Finance.

	Nominal value		Subscription date	Expiration date	Rating	Value of guarantee issued	
		PLN					PLN
Eurobonds	300 EUR	1 391	7.03.2017	7.03.2027	BBB+, Baa2	1 250 EUR	5 795
Senior bonds	32 USD	140	from 01.03.2017 till 31.01.2022	till 31.12.2024	n/a	91.5 USD	400
		<b>1 531</b>					<b>6 195</b>

The value of guarantees granted was translated using the exchange rate as at 30 September 2023

In addition, the value of guarantees regarding liabilities to third parties granted during ongoing operations as at 30 September 2023 and as at 31 December 2022 amounted to PLN 5,530 million and PLN 780 million, respectively. Guarantees concerned mainly: civil-law guarantees of contract performance and public-law guarantees resulting from generally applicable regulations secured regularity of business licensed in the liquid fuels sector and resulting from this activity tax and customs receivables.

## 5.20. Events after the end of the reporting period

### 1. Decision of the Minister of Economic Development and Technology regarding the takeover of ownership of shares PAO Gazprom in company EuRoPol Gaz

On 10 October 2023 the Minister of Economic Development and Technology ("Minister") issued a decision on taking over ownership of 100% of the shares entitled to PAO Gazprom in Transit Gas Pipeline System EuRoPol Gaz S.A. ("EuRoPol Gaz"; "Decision"). This decision was made on the basis of the provisions of the Act of 13 April 2022 on special solutions for counteracting support for aggression against Ukraine and for the protection of national security (the so-called Sanctions Act). By Resolution on 13 October 2023, the Minister made the decision immediately enforceable ("Resolution"). As part of the decision the Minister determined the amount of compensation for the takeover of shares of PAO Gazprom in the amount of PLN 787 million, corresponding to the market value of these shares determined based on a valuation prepared by an independent external entity.

Due to the rigor of immediate enforceability of the Decision, delivery of the Decision and the Resolution to all parties to the administrative proceedings conducted by the Minister will result in taking over by EuRoPol Gaz the shares in its share capital previously owned by PAO Gazprom. As a consequence ORLEN S.A. („ORLEN”) will become the sole shareholder of EuRoPol Gaz and thus he will take control over it.

According to applicable regulations ORLEN earlier notified the President of the Office of Competition and Consumer Protection of the intention to concentrate in the form of taking over exclusive control over EuRoPol Gaz. On 9 October 2023, the President of the Office of Competition and Consumer Protection, after conducting antitrust proceedings, issued a decision consenting to the above-mentioned concentration.

Regardless of the rigor of immediate enforceability, the Decision is not final, i.e. it may be subject to a request for reconsideration of the case by the Minister or a complaint to the Province Administrative Court in Warsaw without exercising the right to request reconsideration of the case by the Minister.

EuRoPol GAZ is an owner of Polish part of gas pipeline Jamal-Europa, which is about 684 km long – strategic from point of view country's energy security, gas infrastructure element.

### 2. The acquisition of the Ujazd, Dobrzyca oraz Dominowo wind farms

On 12 October 2023 ORLEN Group completed a transaction to acquire the Ujazd, Dobrzyca, and Dominowo wind farms from EDP Renewable Polska. The transaction included the purchase of three wind farms located in the Wielkopolska region, near Dobrzyca (49.9 MW), Ujazd (30 MW), and Dominowo (62.4 MW). The purchased wind farms, whose total capacity is 142 MW, can be additionally expanded with photovoltaic installations with a total capacity of approximately 160 MW, using the existing network connection (cable pooling). ORLEN Wind 3 became the direct owner of the farms.

The fair value of the consideration transferred was PLN 2,231 million.

As a result of the acquisition of the wind farms, the Group enhanced generation capacity of the concern, allowing it to achieve 500 MW of installed capacity in onshore wind farms. The transaction is the result of the implementation of the Group's strategy aimed at providing low-emission and attractively priced energy and strengthens the Group's position as one of the leading contributor to Poland's energy transition.

#### Provisional settlement of the transaction

The acquisition of the wind farms is subject to settlement applying the acquisition method in accordance with IFRS 3 Business Combinations.

As at the date of preparation of these interim condensed consolidated financial statement, the accounting settlement of the acquisition has not been completed, and the process of measuring the acquired net assets to fair value, in which the Group engaged external experts, is at a very early stage. Therefore, the Group presented provisional values of identifiable assets and

liabilities which correspond to their book values as at 30 September 2023. The Group plans to make the final settlement of the purchase transaction within 12 months from the merger date.

The provisional value of identifiable major items of acquired assets and liabilities as at the acquisition date is as follows:

in PLN million		12/10/2023
<b>Assets acquired</b>	<b>A</b>	<b>949</b>
<b>Non-current assets</b>		<b>899</b>
Property, plant and equipment		807
Right-of-use asset		30
Deferred tax assets		62
<b>Current assets</b>		<b>50</b>
Trade and other receivables		27
Current tax assets		1
Cash		16
Prepayments		6
<b>Assumed liabilities</b>	<b>B</b>	<b>50</b>
<b>Non-current and current liabilities</b>		<b>50</b>
Lease liabilities		30
Trade and other liabilities		2
Current tax liabilities		12
Provisions		5
Other liabilities		1
<b>Total temporary net assets</b>	<b>C = A - B</b>	<b>899</b>
Fair value of the consideration transferred (Cash paid)	<b>D</b>	<b>2 231</b>
<b>Temporary goodwill</b>	<b>E = D - C</b>	<b>1 332</b>

The net cash outflow related to the acquisition of the wind farms, being the difference between the net cash acquired (recognized as cash flows from investing activities) and the paid cash transferred as payment, amounted to PLN 2,215 million.

The Group expects that as a result of the purchase price settlement process, the provisionally determined goodwill in the amount of PLN 1,332 million will decrease, as a significant part of it will be allocated to other assets as a result of the fair value valuation process of property, plant and equipment conducted by independent appraisers.

If the acquisition of the wind farms took place at the beginning of the period, the sales revenue and net profit of the Group for the 9-month period ended 30 September 2023 would amount to PLN 260,512 million and PLN 17,150 million, respectively.

### 3. The acquisition of ENERGOP Sp. z o.o.

On 13 October 2023, as a result of a transaction with the Industrial Development Agency, ORLEN Project acquired 74,11% of the shares of ENERGOP Sp. z o.o. located in Sochaczew. The remaining shares are owned by the State Treasury. The fair value of the consideration transferred was PLN 27 million. ENERGOP is an experienced manufacturer of industrial pipelines, specializing in installations for the refining, petrochemical and chemical sectors. ENERGOP also produces steel structures, tanks and elements accompanying pipeline installations. The company has competences not only in the field of production, but also in the prefabrication and complete assembly of such installations.

By taking control of the ENERGOP, ORLEN Group increased its potential in the implementation of industrial investments, in which technologically advanced pipelines are an important element. The purchase of shares in ENERGOP will allow the ORLEN Group to secure the realisation of investment projects in the field of, among others, critical infrastructure.

#### Provisional settlement of the transaction

The acquisition of shares in ENERGOP is subject to settlement applying the acquisition method in accordance with IFRS 3 Business Combinations.

As at the date of preparation of these interim condensed consolidated financial statement, the accounting settlement of the acquisition has not been completed, and the process of measuring the acquired net assets to fair value is at a very early stage. Therefore, the Group presented provisional values of identifiable assets and liabilities which correspond to their book values as at 30 September 2023. The Group plans to make the final settlement of the purchase transaction within 12 months from the merger date.

The provisional value of identifiable major items of acquired assets and liabilities as at the acquisition date is as follows:

	13/10/2023
<b>Non-current assets</b>	<b>52</b>
Property, plant and equipment	45
Deferred tax assets	7
<b>Current assets</b>	<b>54</b>
Inventories	1
Trade and other receivables	21
Other assets	30
Cash	2
<b>Total assets</b>	<b>106</b>
<b>Non-current liabilities</b>	<b>14</b>
Deferred tax liabilities	7
Other assets	7
<b>Current liabilities</b>	<b>45</b>
Provisions	2
Loans and borrowings	5
Trade and other liabilities	38
<b>Total liabilities</b>	<b>59</b>
<b>Net assets</b>	<b>47</b>
Fair value of the consideration transferred (Cash paid)	26
<b>Gain on bargain purchase</b>	<b>21</b>

The net cash outflow related to the acquisition of ENERGOP shares, being the difference between the net cash acquired (recognized as cash flows from investing activities) and the paid cash transferred as payment, amounted to PLN 24 million.

If the acquisition of ENERGOP shares took place at the beginning of the period, the sales revenue and net profit of the Group for the 9-month period ended 30 September 2023 would amount to PLN 260,379 million and PLN 17,108 million, respectively.

#### 4. Investment in new RES

On 13 October 2023, Energa Wytwarzanie SA signed a preliminary agreement with Lewandpol Holding for the acquisition of a special purpose vehicle for the Kleczew Solar & Wind project to build new hybrid renewables. The investment project is located in the municipality of Kleczew in the Wielkopolskie region and will have a total capacity of up to 334 MW. The signing of the final agreement between the companies and the actual completion of the transaction for the acquisition of the SPV will be possible after the fulfilment of the conditions precedent laid down in the preliminary agreement. It is now assumed that the transaction can be finalized in Q1 2025 at the latest.

The Kleczew Solar & Wind project of Lewandpol Holding is divided into three stages, the first of which includes the construction of a 193.1 MW photovoltaic installation and a wind farm with a capacity of up to 19.2 MW. The installed capacity of the photovoltaic farm is expected to grow by up to 122 MW in the next two stages. As a result, the entire hybrid installation can reach approximately 334 MW in installed capacity.

Currently, as part of the first stage, the construction of the photovoltaic farm is nearing completion. The sale of electricity is scheduled to start at the beginning of 2024. According to the current schedule, the entire project should be completed in 2025.

After the end of the reporting period there were no other events required to be included in these interim condensed consolidated financial statements.

**OTHER INFORMATION TO CONSOLIDATED QUARTERLY  
REPORT**

**FOR THE 9 AND 3-MONTH PERIOD ENDED 30 SEPTEMBER**

**2023**



**B. OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT****1. Major factors having impact on EBITDA and EBITDA LIFO****Statement of profit or loss for the 9 months of 2023**

Result from operations increased by depreciation and amortisation (so-called EBITDA) for the 9 months of 2023 amounted to PLN 32,112 million, compared to PLN 30,477 million in the same period of 2022.

Net impairment allowances on property, plant and equipment, intangible assets and other assets in the 9 months of 2023 amounted to PLN (631) million and were mainly related to production assets used in natural gas and oil production in Poland and Pakistan, as well as fixed assets under construction at ORLEN and expenditures incurred for an exploration well at LOTOS Petrobaltic.

Additionally, based on the information obtained about the market value of EuRoPol Gaz shares determined on the basis of a valuation prepared by an independent external entity, ORLEN Group recognized a write-down on its investment in EuRoPol Gaz to the fair value corresponding to the shares in this company held by ORLEN Group in the amount of PLN (1,061) million.

The total value of the impairment allowances made for the 9 months of 2023 amounted to PLN (1,692) million.

In comparison, in 9 months of 2022, net impairment allowances amounted to PLN (2,940) million and were mainly related to refinery assets of the ORLEN S.A. and ORLEN Lietuva.

The ORLEN Group in the financial statements measures the main groups of inventories using weighted average method or by purchase price. For valuation of the coal inventories the "first in first out" (FIFO) method for measurement of consumption is used. In the case of the weighted average cost, an increase in crude oil prices in comparison to the valuation of crude oil according to LIFO method has a positive impact and the decrease has a negative impact on the reported results of EBITDA.

The impact of changes in crude oil prices on the valuation of inventories in the 9 months of 2023 recognized in the EBITDA result amounted to PLN (272) million, with a positive impact of PLN 2,942 million in the same period last year.

As a result, profit from operations increased by depreciation and amortisation after elimination of the impact of changes in crude oil prices on inventory valuation (so-called EBITDA LIFO), impairment allowances of assets amounted to PLN 34,076 million and was higher by PLN 3,601 million (y/y).

Due to incomparability of the consolidation periods of the former LOTOS and PGNIG Group's during the 9 months of 2022, the following business effects have been calculated on the comparable (y/y) organizational structure of the ORLEN Group. LOTOS Group has been participating in the consolidation of ORLEN Group results since August 2022 and PGNIG Group since November 2022. The results of the exLOTOS and exPGNIG Groups and their impact on the ORLEN Group's EBITDA LIFO growth for 9 months are presented in other business factors.

Positive impact of macroeconomic factors amounted to PLN 4,279 million (y/y) and included mainly lack of the negative impact of the valuation and settlement of the CO2 futures contract from the 9 months of 2022 in the amount of PLN 1,776 million and hedging transactions in the amount of PLN 3,473 million and higher margins on light distillates and heavy fuel oil. The above positive effects were limited by the adverse impact of differentials of processed oil grades, weakening of margins on medium distillates, olefins, polyolefins, fertilizers, PVC and PTA areas and negative impact of strengthening of PLN against USD.

The so-called volume effect in ORLEN Group amounted to PLN (7,645) million (y/y). Higher sales volume by 14% (y/y), i.e. to 36,615 thousand tonnes, were achieved mainly due to the recognition of exLOTOS Group volumes of 6,671 thousand tonnes in the refining segment and exLOTOS and exPGNIG Group's volumes of 1,111 thousand tonnes in the upstream and gas segments. After the elimination of volumes of the acquired groups, total volume sales were down by (4)%, i.e. by (1,305) thousand tonnes.

In the refining segment, sales volume amounted to 24,239 thousand tonnes and was higher by 17% (y/y) however after the elimination of volumes of the former exLOTOS Group, sales decreased by (6)% (y/y) to 17,568 thousand tonnes. The decrease in comparable segment sales (y/y) is due to high fuel purchases realized after the outbreak of war in Ukraine in February 2022 as well as ongoing maintenance shutdowns of production facilities at ORLEN S.A. including i.a: DRW III, Hydrocracking, FKK II and HOG. Additionally, negative volume effect in the refining segment of PLN (5,445) million (y/y) was affected by the change in the structure of crude processed due to the reduction of Rebco crude processing by 27 pp. (y/y) and its replacement with more expensive crude grades. Production facility shutdowns in 9 months of 2023 described above, increased the share of heavy fractions in the sales structure and thus had a negative volume impact on the segment.

In the petrochemical segment, total sales volume amounted to 3,402 thousand tonnes and decreased by (12)% in all operating markets, i.e. Poland by (11)%, the Czech market by (14)% (y/y) and Lithuania by (43)% (y/y).

Total fuel volumes in the retail segment amounted to 7,424 thousand tonnes and increased by 5% (y/y) thanks to higher sales on the Czech market by 58% (y/y), on the Lithuanian market by 6% (y/y), on the Polish market by 1% (y/y), with lower fuel sales on the the German market by (3)% (y/y).

The volume of the upstream segment increased by 157% (y/y) due to the recognition in the consolidation of the volumes of LOTOS Upstream Group, LOTOS Petrobaltic Group and exPGNiG Group (Upstream Norway and the former PGNiG S.A.).

Volume sales of the gas segment reached 98 thousand tonnes and included sales volumes of the ex-PGNIG Group.



The impact of other factors amounted to PLN 6,967 million (y/y) and included mainly the effect of consolidating the operating results of the exLOTOS Group in the amount of PLN 862 million and the exPGNiG Group in the amount of PLN 18,957 million, with lack of positive impact of recognizing a gain on the bargain purchase of LOTOS Group of PLN (8,546) million in August 2022. The above effects were partially limited by the negative impact of the use of historical inventory layers (y/y) resulting from changing oil and product quotations and ongoing maintenance shutdowns, lower retail margins, increased overheads and labour costs.

### **Statement of profit or loss for the 3<sup>rd</sup> quarter of 2023**

Result from operations increased by depreciation and amortisation (so-called EBITDA) for the 3<sup>rd</sup> quarter of 2023 amounted to PLN 8,417million, compared to PLN 18,879 million in the same period of 2022.

Additionally, based on the information obtained about the market value of EuRoPol Gaz shares determined on the basis of a valuation prepared by an independent external entity, ORLEN Group recognized a write-down on its investment in EuRoPol Gaz to the fair value corresponding to the shares in this company held by ORLEN Group in the amount of PLN (1,061) million. Other net impairment allowances on property, plant and equipment, intangible assets and other assets amounted to PLN (25) million. The total value of the impairment allowances made for the 3<sup>rd</sup> quarter of 2023 amounted to PLN (1,086) million.

In the 3<sup>rd</sup> quarter of 2022 the net value of the impairment allowances were non material and amounted to PLN (53) million.

The ORLEN Group in the financial statements measures the main groups of inventories using weighted average method or by purchase price. For valuation of the coal inventories the "first in first out" (FIFO) method for measurement of consumption is used. In the case of the weighted average cost, an increase in crude oil prices in comparison to the valuation of crude oil according to LIFO method has a positive impact and the decrease has a negative impact on the reported results of EBITDA.

The impact of changes in crude oil prices on the valuation of inventories in the 3<sup>rd</sup> quarter of 2023 recognized in the EBITDA result amounted to PLN (1,283) million.

As a result, profit from operations increased by depreciation and amortisation after elimination of the impact of changes in crude oil prices on inventory valuation (so-called EBITDA LIFO), impairment allowances of assets amounted to PLN 8,220 million and was lower by PLN (11,265) million (y/y).

Due to incomparability of the consolidation periods of the exLOTOS and exPGNiG Group's during both quarter of 2022 and 2023, the following business effects have been calculated on the comparable (y/y) organizational structure of the ORLEN Group. LOTOS Group has been participating in the consolidation of ORLEN Group results since August 2022 and PGNiG Group since November 2022. The results of the exLOTOS and exPGNiG Group's and their impact on the ORLEN Group's EBITDA LIFO results are presented in other business factors.

Negative impact of macroeconomic factors amounted to PLN (2,093) million (y/y) and included mainly the unfavorable impact of differentials on the structure of crude processed in the ORLEN Unipetrol Group due to a significant increase in the price of Urals crude oil. In addition, results were adversely affected by hedging transactions in the amount of PLN (1,669) million, weakening of margins on medium distillates, olefins, polyolefins, PVC and PTA areas and negative impact of strengthening of PLN against USD. The above negative effects were partially offset by higher margins on light distillates and heavy fuel oil and lower CO<sub>2</sub> costs.

Total sales volume of ORLEN Group's increased by 3% (y/y) to 13,164 thousand tons mainly due to the inclusion of exLOTOS Group volumes of 2,289 thousand tons in the refining segment and exLOTOS Group and exPGNiG Group volumes of 306 thousand tons in the upstream and gas segments. In the 3<sup>rd</sup> quarter of 2022, the exLOTOS Group's volume sales in the refining segment amounted to 2,061 thousand tons and 65 thousand tons in the upstream segment.

After eliminating the volumes of acquired groups, total volume sales were lower by (1%)%, i.e. by (128) thousand tons. In the refining segment, volume sales amounted to 8,771 thousand tons, and was lower by (2)% (y/y), while after eliminating the volumes of the former exLOTOS Group, sales decreased by (6)% (y/y) to 6,482 thousand tons. The decrease in comparable segment sales (y/y) was due to ongoing maintenance shutdowns of ORLEN's production facilities (DRW III, Hydrocracking, FKK II and HOG). In addition, the volume effect in the refining segment in the amount of PLN (2,230) million (y/y) was adversely affected by the change in the structure of crude processed due to the reduction of Rebco crude processing by 21 pp. (y/y) and its replacement with more expensive crude grades. The above described shutdowns of production facilities, especially at ORLEN in the 3<sup>rd</sup> quarter of 2023, affected the increase in the share of heavy fractions in the sales structure and thus the negative volume impact of the segment.

In the petrochemical segment, total sales amounted to 1,142 thousand tons and increased by 2%, mainly due to higher sales in Poland by 7%, with lower sales in the Czech market by (4)% (y/y) and Lithuania by (50)% (y/y).

Total fuel volumes in the retail segment amounted to 2,804 thousand tonnes and increased by 10% (y/y), mainly due to higher sales on the Czech market by 61% (y/y), on the Lithuanian market by 6% (y/y), on the Polish market by 9% (y/y), with lower fuel sales on the German market by (4)% (y/y).

The volume of the upstream segment increased by 83% (y/y) due to the recognition in the consolidation of the volumes of LOTOS Upstream Group, LOTOS Petrobaltic Group and exPGNiG Group (Upstream Norway and the former PGNiG S.A.).

Volume sales of the gas segment reached 36 thousand tonnes and included sales volumes of the ex-PGNiG Group. The above changes in sales trends resulted in a negative volume effect of PLN (2,705) million (y/y).

The impact of other factors amounted to PLN (6,467) million (y/y) and included mainly the effect of consolidating the operating results of the former LOTOS Group in the amount of PLN (1,195) million and the PGNiG Group in the amount of PLN 4,844 million, as well as a decrease in retail margins and an increase in overhead and labour costs, with no positive impact from the recognition of the gain on the bargain purchase of LOTOS Group in the amount of PLN (8,546) million in August 2022.

## **2. The most significant events in the period from 1 January 2023 up to the date of preparation of this report**

### **JANUARY 2023**

#### **Change in the Supervisory Board**

PKN ORLEN announced that on 11 January 2023 the Minister of the State Assets, acting on behalf of the shareholder the State Treasury, according to § 8 item 2 point 1 of the Company's Articles of Association appointed Ms Janina Goss to the PKN ORLEN S.A. Supervisory Board.

### **FEBRUARY 2023**

#### **The first notification of shareholders of the intention to merge PKN ORLEN with LOTOS SPV5 sp. z o.o. headquartered in Gdańsk**

The Management Board of PKN ORLEN acting pursuant to Art. 504.1. of the Polish Code of Commercial Companies ("CCC") on 16 February 2023 notified the shareholders of the intention to merge PKN ORLEN with LOTOS SPV5 sp. z o.o. headquartered in Gdańsk, KRS No. 0000896706 ("SPV5"), that will be conducted on the base of Art. 492.1.1 in connection with Art. 516.6 of the CCC, i.e. through transfer of all assets and liabilities of SPV5 (target company), PKN ORLEN sole shareholder company, to PKN ORLEN (acquiring company), without the necessity to increase the Company's share capital or amend PKN ORLEN's Articles of Association in connection with the merger ("Merger").

The transfer of all assets and liabilities of SPV5 to PKN ORLEN will take place on the Merger Date, i.e. when the Merger is recorded in the Entrepreneurs Register of the National Court Register by the registry court of proper venue for the registered office of PKN ORLEN. As from the Merger Day, PKN ORLEN will assume any and all rights and obligations of SPV5 in compliance with Art. 494.1 of the CCC (universal succession) and the effect specified in Art. 494.4 of the CCC, will not occur because apart from the Company there are no other shareholders in SPV5.

On 7 February 2023, the Company and SPV5 agreed in writing on the merger plan, which was published by the Company on its website: [www.orklen.pl/en/investor-relations/Merger-with-LOTOS-SPV5](http://www.orklen.pl/en/investor-relations/Merger-with-LOTOS-SPV5) ("Merger Plan").

The Merger requires resolutions of general meetings of the merging companies. Pursuant to the Merger Plan, draft resolutions on the Merger, including Merger Plan approval ("Merger resolution") will be submitted for adoption to the general meeting of the Company and the shareholders meeting of SPV5. To adopt the Merger resolution, the Company will convene the general meeting, pursuant to the provisions of the CCC and to the Company's Articles of Association, for a date not earlier than 20 March 2023, of which the Company will notify in a separate regulatory announcement.

Pursuant to Art. 505.3.1 in connection with par.1 of the CCC following documents are publicly available for shareholders review:

1. Merger Plan with attachments 1-5;
2. Financial statements of the Company and the Company's Management Board reports for 2019, 2020 and 2021, together with the auditor's report;
3. Financial statement of SPV5 and SPV5 Management Board report for the entire period of operation until the end of 2021.
  - and will be continuously available (in electronic version, printable) on the PKN ORLEN's website under the following address: [www.orklen.pl/en/investor-relations/Merger-with-LOTOS-SPV5](http://www.orklen.pl/en/investor-relations/Merger-with-LOTOS-SPV5) by the day of closing of the Company's general meeting and the shareholders meeting of SPV5 concluding the Merger resolutions.

### **MARCH 2023**

#### **Summary of costs related to the issue of shares issued under the public offering in connection with merger of PKN ORLEN and Grupa LOTOS, and merger of PKN ORLEN and PGNiG**

PKN ORLEN announced about the costs related to the issue of series E shares issued under the public offering in connection with merger of PKN ORLEN and Grupa LOTOS S.A., as well as to the issue of series F shares issued under the public offering in connection with merger of PKN ORLEN and PGNiG S.A.

In connection with the merger of PKN ORLEN and Grupa LOTOS S.A. the Company issued under the public offering 198,738,864 ordinary bearer series E shares "Series E shares". The total costs of the issue of Series E shares amounted to PLN 24.54 million, including:

- costs of preparing and conducting of the public offer of Series E shares: approximately PLN 22.57 million;
- costs of preparing of the document for a prospectus exemption, including consulting costs: approximately PLN 1.97 million;
- costs of promoting of the public offer of Series E shares: PLN 0.00.

The average cost of the public offer per one Series E share amounted to PLN 0.12.

In connection with the merger of PKN ORLEN and PGNiG S.A. the Company issued under the public offering 534,494,124 ordinary bearer series F shares "Series F shares". The total costs of the issue of Series F shares amounted to PLN 27.15 million, including:

- costs of preparing and conducting of the public offer of Series F shares: PLN 25.22 million;
- costs of preparing of the document for a prospectus exemption, including consulting costs: PLN 1.93 million;
- costs of promoting of the public offer of Series F shares: PLN 0.00.

The average cost of the public offer per one Series F share amounted to PLN 0.05.

PKN ORLEN did not incur the costs of underwriters fees, due to the fact that no underwriting agreement was signed by PKN ORLEN either in connection with the public offer of Series E shares nor the public offer of the Series F shares.

The costs related to the Series E shares and Series F shares issues were included as a decrease of equity within the position of "Share premium".

**APRIL 2023****Completion of the implementation of the remedies required in connection with the conditional approval of the European Commission to the acquisition of control over Grupa LOTOS by PKN ORLEN**

PKN ORLEN announced that it has finalised the implementation of the remedies specified in the conditional approval of the European Commission of 14 July 2020 to the concentration involving the acquisition of control over Grupa LOTOS S.A., with its registered office in Gdańsk ("Grupa LOTOS") by PKN ORLEN (the "Remedies").

In order to implement the Remedies related to the fuel logistics and bitumen markets, on 7 April 2023, a transfer agreement was concluded between PKN ORLEN and Unimot Investments Sp. z o.o. ("Unimot Investments") pursuant to which PKN ORLEN sold and transferred to Unimot Investments 100% of the shares in LOTOS Terminale S.A., with its registered office in Czechowice Dziedzice ("LOTOS Terminale"), to which PKN ORLEN had previously transferred 100% of the shares in Uni-Bitumen Sp. z o.o. (to which its bitumen business unit had previously been transferred after being spun off from Rafineria Gdańska Sp. z o.o.) and four fuel terminals located in Gdańsk, Szczecin, Gutków and Bolesławiec. Thus, the following agreements signed on 12 January 2022 will enter into force:

- the conditional fuel storage agreement enabling PKN ORLEN to use the storage capacity at LOTOS Terminale fuel terminals in Gdańsk, Szczecin, Gutków and Bolesławiec for a period of 10 years from the date of entry into force of the agreement,
- the agreement for the sale of bitumen to Uni-Bitumen Sp. z o.o. concluded for a period of 10 years from the date of its entry into force, with the option to extend this period for two further five-year periods on the terms previously agreed between the parties.

**JUNE 2023****Dismissal of the statement of claim for annulment of the resolution of Extraordinary General Meeting of Grupa LOTOS S.A.**

PKN ORLEN announced that the District Court in Łódź, X Commercial Division, has dismissed in whole the statement of claim filed by the Shareholders of the former Grupa LOTOS for annulment of Resolution No. 3 of the Extraordinary General Meeting of Grupa LOTOS as of July 20, 2022 on the merger of the Company with Grupa LOTOS, an increase in the share capital of PKN ORLEN and consent to the proposed amendments to the Articles of Association of PKN ORLEN, together with a claim for potential repealing this resolution.

The verdict is not final.

**Development of the petrochemical segment within ORLEN Group**

PKN ORLEN announced that on 29 June 2023 the Company's Supervisory Board and Management Board have taken the necessary decisions to facilitate the conclusion of the Settlement ("Settlement") modifying the Engineering, Procurement, Construction and Commissioning (EPCC) Contract for the Olefin III Complex with Hyundai Engineering Poland Spółka z o. o. Técnicas Reunidas S.A. Spółka jawna, based in Plock, the contractor for the Olefin III Complex ("Investment") in the ISBL scope, as well as the conclusion of contracts for the implementation of the basic infrastructure (OSBL) required for the launch of the Investment and the preparation of infrastructure for subsequent stages of petrochemical development.

The need to enter into a Settlement with the Investment's contractors arises from the revision of the investment assumptions, primarily influenced by the war in Ukraine and the resulting sanctions and thus the increasing cost of materials, disrupted supply chains and limited availability of execution resources. In addition, within the Olefins III Project the core infrastructure at the Production Plant in Plock is being modernized, while also being prepared for future development projects, including decarbonisation projects. The potential for these projects is increasing due to recent market changes and tightening of regulations. PKN ORLEN, through the increased scale of production of petrochemicals and chemicals, aims to leverage its market potential not only in Poland, but also across the entire region, taking advantage of its reliability, convenient location and the scale and availability of its assets. Based on current estimates, the total cost of construction of the Olefins III Complex will amount to approximately PLN 25 billion, and its completion is scheduled for the first half of 2027. The realisation of the Investment is expected to contribute over PLN 1 billion annually to the EBITDA of the ORLEN Group.

The construction of the Olefins III Complex is of utmost importance and is a necessary step towards transforming the Company's existing refining and petrochemical assets in Plock and Gdansk it will enable the integration of petrochemical processes within the ORLEN Group and unlock operational synergies, including those with Rafineria Gdańska Sp. z o.o. The investment will support the continued development of the ORLEN Group through organic and inorganic activities. The implementation of these activities would strengthen the Company's position as one of the leading players in the transformation of refining and petrochemical assets in Europe.

**Investment in new renewable energy sources**

On 30 June 2023, Energa Wytwarzanie SA signed a preliminary agreement for the purchase of shares in SPVs developing a portfolio of renewable energy projects with a target total capacity of 59 MW from Greenvolt Group companies. The executed preliminary share purchase agreements provide for several conditions precedent; once these are met, the Group will proceed with the closing and settlement of the transaction. The execution of the final agreement and the purchase of the shares in the SPVs is scheduled for 2024.

The transaction involves two portfolios of RES projects carried out in the Wielkopolska province. One is the Opalenica portfolio, involving photovoltaic farm projects with a total capacity of 22 MW. The other one is the Sompolno hybrid project, combining 26 MW of wind turbines and a 10 MW photovoltaic installation. The Opalenica project is expected to become fully operational in December 2023, and the Sompolno project in June 2024.

**JULY 2023****Company's name changed to ORLEN S.A. - registration of changes of the Company's Articles of Association**

ORLEN announced that on the basis of the Central Information Office of the National Court Register data it has been informed that on 3 July 2023 changes to the Articles of Association of ORLEN, approved by the Company Ordinary General Meeting on 21 June 2023 ("OGM"), were registered by the District Court in Łódź, XX Commercial Department of the National Court Register. Thereby on 3 July 2023 the Company's name has been changed from Polski Koncern Naftowy ORLEN S.A. to

ORLEN S.A.

Registered changes were approved by the resolution no 58 dated 21 June 2023 of the OGM.

#### **Setting the key terms and conditions of Eurobonds issue**

ORLEN announced that on 7 July 2023 the Company's Management Board decided to issue and set the key terms and conditions of the issue of series B of Eurobonds („Eurobonds”) with the total nominal value of EUR 500,000,000, which will be issued under the medium-term Eurobonds programme established on 13 May 2021.

The Bonds will be issued on the following terms and conditions:

- The total nominal value of Eurobonds: EUR 500,000,000,
- Issue of 5,000 series B Eurobonds in registered form;
- Nominal value of one Eurobond: EUR 100,000;
- Issue price of one Eurobond: EUR 98,353;
- Maturity date: 7 years after the Eurobonds issue date;
- The Eurobonds will bear fixed rate interest of 4.750% per annum;
- The Eurobonds are not secured;
- The Eurobonds will be registered in the international system of securities registration maintained by Euroclear Bank SA/NV and/or Clearstream Banking SA;
- The Company will apply for the admission of the Eurobonds to trading on the regulated market of Euronext Dublin and the Warsaw Stock Exchange.

The detailed terms and conditions of the Eurobonds will be specified in the Final Terms of the Eurobonds.

Funds from the issuance of the Eurobonds will be used for financing of the day-to-day business of the Company.

#### **Eurobonds B series issuance**

On 13 July 2023 ORLEN issued 5,000 series B Eurobonds with the total nominal value of EUR 500 million, under the existing euro medium term note programme up to the amount of EUR 5 billion. The Eurobonds were issued with a maturity of 7 years counting from the date of issuance and were admitted to trading on the regulated market operated by Euronext Dublin.

#### **The statement of claim for repealing the resolution of Extraordinary General Meeting of PGNiG**

ORLEN announced that on 11 July 2023 the Company received information about next statement of claim for repealing of the resolution No. 3/2022 adopted at the Extraordinary General Meeting of PGNiG on 10 October 2022 on the merger of the Company with PGNiG and consent to the proposed amendments to the Articles of Association of ORLEN.

In the Company's opinion the statement of claim is groundless.

### **AUGUST 2023**

#### **Conditional investment decision on launch of construction stage of Offshore Wind Farm**

ORLEN announced that on 10 August 2023 the Company's Supervisory Board adopted resolution on the conditional investment decision regarding the launch of a project for construction of an Offshore Wind Farm located in the Polish Exclusive Economic Zone on the Baltic Sea with a maximum capacity up to 1200 MW („Project”). The Project will be carried out by Baltic Power sp. z o.o. (Baltic Power) based on a joint venture agreement implemented by ORLEN, Baltic Power and NP BALTIC WIND B.V., a company from the Northland Power Inc. capital group, based in Amsterdam, Netherlands. ORLEN holds over 51% of the shares in Baltic Power.

The total finance plan for the Project is estimated at ca. EUR 4.73 billion and covers capital expenditures and contingency (in the amount of EUR 4.05 billion), as well as financing costs and additional reserve. Start of construction of the offshore wind farm is planned for 2023 and commercial operations are planned for 2026.

Stakeholders of the Project assume that financing of the Project will be realised in the Project Finance formula, i.e. a model where the repayment of the loans and letters of credit granted to Baltic Power by banks and other Polish and foreign financial institutions will be based on future cash flows generated by the Project. Project Finance formula is particularly beneficial for investments that require significant CAPEX and time to reach its full capacity, like construction and operation of offshore wind farms.

The decision will finally come into force after certain conditions are fulfilled, i.e. among others the process of financing is finalized and required construction permits are completed.

### **SEPTEMBER 2023**

#### **Summary of the cost of issuing series B Eurobonds**

ORLEN announced about the costs of issuance of 5 000 series B Eurobonds („Eurobonds”) with the total nominal value of EUR 500 000 000, issued within the medium term Eurobonds programme up to the amount of EUR 5 000 000 000 („EMTN Programme”).

The costs of series B Eurobonds issue is estimated at the level of ca. PLN 8 463 th.

The above mentioned amount includes the following:

- costs of preparing and conducting of the series B Eurobonds offer – PLN 6 699 th.,
- costs of preparing/updating of prospectus including consulting costs – PLN 1 764 th.,
- costs of promoting of the series B Eurobonds offer – PLN 0.

The average cost of the offers per one offered Eurobond will be calculated and published after completion of the EMTN Programme.

The Company did not incur the costs of underwriters fees, due to the fact that no underwriting agreement was signed by ORLEN in connection with the offer of the Eurobonds.

The costs of series B issue were included as prepayments and will be systematically charged the financial result. As far as taxes are concerned the transaction costs constitute tax deductible costs and are charged as of the dates of their enter into books.



**Signing of credit agreements for Offshore Wind Farm Project financing**

ORLEN announced that Baltic Power sp. z o.o. ("Baltic Power") signed a credit agreements for the financing of the Offshore Wind Farm project located in the Polish Exclusive Economic Zone on the Baltic Sea with a maximum capacity up to 1200 MW ("Agreements"), ("Project"). The Agreements were signed with a consortium consisting of 25 Polish and foreign financial institutions ("Consortium").

Pursuant to the Agreements, the Consortium will grant Baltic Power an investment loans in the total amount of EUR 3,6 billion for a period of 23 years. Moreover according to the Agreements Baltic Power will have a possibility to use additional and a standby loans in the amount of PLN 1 billion and EUR 0,6 billion respectively.

According to the Agreements, the repayment of the loan granted to Baltic Power will be based on future financial surpluses generated by the Project. The loan will be disbursed after fulfilment of the conditions precedent specified in the Agreements.

The Project is carried out by Baltic Power based on a joint venture agreement implemented by ORLEN, Baltic Power and NP BALTIC WIND B.V., a subsidiary of Northland Power Inc., based in Amsterdam, the Netherlands. ORLEN holds over 51% of the shares in Baltic Power.

The total Project budget is estimated at ca. EUR 4.73 billion and covers capital expenditures and contingency (in the amount of EUR 4.05 billion), as well as financing costs and additional reserve. Start of the Offshore Wind Farm construction is planned for 2023 and commercial operations are planned for 2026.

It is estimated that upon completion of the Project, in the first 5 years of Project operation, Baltic Power may generate additional free cash flow of approximately EUR 140 million annual average (with ORLEN share in the amount of 51%), and Baltic Power's EBITDA may reach approximately EUR 400 million annual average (with ORLEN share in the amount of 51%).

**Signing of a mutual consent to terminate the agreement with auditor**

ORLEN announced that the Company and Deloitte Audyt sp. z o.o. sp.k. headquartered in Warsaw ("Auditor") signed on 25 September 2023 a mutual consent to terminate the agreement for auditing and reviewing financial statements ("Agreement") concluded on 17 April 2019.

The Agreement was entered into for the duration of the Auditor's performance of work covered by the subject matter of the Agreement, initially for the years 2019, 2020 and 2021, and after the selection of the Auditor by the Supervisory Board as the entity authorized to audit financial statements for subsequent periods, for the years 2022-2023 and conditionally for 2024.

On the base of the Agreement, the Auditor, among others, audited and reviewed following financial statements prepared in accordance with the International Financial Reporting Standards approved by the European Union and other applicable laws:

- the annual separate financial statements of the Company and the annual consolidated financial statements of ORLEN Capital Group ("ORLEN Group") for the years: 2019, 2020, 2021, 2022, 2023 and 2024;
- interim separate financial statements of the Company and interim consolidated financial statements of ORLEN Group for the first and the third quarter and first half of 2019, 2020, 2021, 2022, 2023 and 2024.

The decision to terminate the Agreement was made by both parties of the Agreement. The Agreement has been terminated due to the Auditor's inability to perform the Agreement for reasons attributable to the Auditor, which resulted from the decision of the Polish Agency for Audit Oversight, imposing on the Auditor a temporary prohibition of the provision of services covered by national professional standards.

In addition, the Company informs that there were no instances of expressing in the reports on the audit of financial statements or consolidated financial statements, either opinions with disclaimer, nor negative opinions, nor refusal to express opinions. There were also no cases of expressing in the reports on the review of condensed financial statements or condensed consolidated financial statements, either conclusions with disclaimer, nor subject to negative conclusions, nor refusal to express conclusions.

In the case of the Company, the Supervisory Board decided to terminate the Agreement by mutual consent of the parties, entrusting the execution of the resolution on this subject to the Company's Management Board.

During the term of the Agreement, there were no discrepancies regarding the interpretation and application of the law or the provisions of the Company's Articles of Association regarding the subject matter and scope of the audit, review or other services between the Company's Management Board and the Auditor who performed the audit, review or other services regarding the Company's financial statements or ORLEN Group's consolidated financial statements.

**OCTOBER 2023****Changes in Supervisory Board of ORLEN**

ORLEN announced that on 20 October 2023 Mr Michał Klimaszewski submitted a resignation with the effect from the end of 31 October 2023 from the position of ORLEN Supervisory Board Member.

**3. Other information****3.1. Composition of the Management Board and the Supervisory Board**

As at the date of approval of these interim condensed consolidated financial statements, the composition of the management and supervisory bodies of the Company is as follows:

**Management Board**

- |                      |   |
|----------------------|---|
| Daniel Obajtek       | – President of the Management Board, Chief Executive Officer  |
| Armen Konrad Artwich | – Member of the Management Board for Corporate Affairs        |
| Adam Burak           | – Member of the Management Board, Communication and Marketing |
| Patrycja Klarecka    | – Member of the Management Board for Digital Transformation   |

Krzysztof Nowicki	– Member of the Management Board for Production and Optimization
Robert Perkowski	– Member of the Management Board for Upstream
Michał Róg	– Member of the Management Board for Trade and Logistics
Piotr Sabat	– Member of the Management Board responsible for Development
Jan Szewczak	– Member of the Management Board, Chief Financial Officer
Iwona Waksmundzka-Olejniczak	– Member of the Management Board for Strategy and Sustainable Development
Józef Węgrecki	– Member of the Management Board responsible for Operations

### Supervisory Board

Wojciech Jasiński	– Chairman of the Supervisory Board
Andrzej Szumański	– Vice-Chairman of the Supervisory Board, Independent Member of the Supervisory Board
Anna Wójcik	– Secretary of the Supervisory Board
Janina Goss	– Independent Member of the Supervisory Board
Barbara Jarzembowska	– Independent Member of the Supervisory Board
Andrzej Kapala	– Independent Member of the Supervisory Board
Michał Klimaszewski	– Independent Member of the Supervisory Board
Roman Kusz	– Independent Member of the Supervisory Board
Jadwiga Lesisz	– Member of the Supervisory Board
Anna Sakowicz-Kacz	– Independent Member of the Supervisory Board

### 3.2. Shareholders holding directly or indirectly via related parties at least 5% of total votes at the Parent's General Shareholders' Meeting as at the submission date of this report

Shareholder	Percentage share in total voting rights at Shareholder's Meeting as at submission date	Number of shares as at submission date
State Treasury *	49.90%	579 310 079
Nationale-Nederlanden OFE	5.40%	62 655 000
Other	44.70%	518 976 970
	<b>100.00%</b>	<b>1 160 942 049</b>

\* according to information from the Extraordinary General Meeting of ORLEN from 21 June 2023

### 3.3. Changes in the number of the Parent Company's shares held by the Management Board and the Supervisory Board Members

As at the date of preparation of these interim condensed consolidated financial statements, the Members of the Management Board did not hold any shares in ORLEN.

#### Changes in the number of the Company's Shares held by the Supervisory Board Members

	Number of shares, options as at the date of the quarterly report filling *	Acquisition	Disposal	Number of shares, options as at the date of the quarterly report filling **
<b>Supervisory Board</b>	<b>925</b>	-	-	<b>925</b>
Roman Kusz	925	-	-	925

\* According to the confirmations received as at 17 August 2023

\*\* According to the confirmations received as at 24 October 2023

In the period covered by these interim condensed consolidated financial statements, there were no changes in the ownership of ORLEN shares held by Members of the Management Board and the Supervisory Board.

### 3.4. Statement of the Management Board regarding the possibility to realise previously published forecasts of current year results

The ORLEN Group did not publish forecasts of its results for a particular year.



QUARTERLY FINANCIAL INFORMATION  
ORLEN S.A.

**FOR THE 3<sup>rd</sup> QUARTER**

**2023**

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



## C. QUARTERLY FINANCIAL INFORMATION OF ORLEN

## Separate statement of profit or loss and other comprehensive income

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
Sales revenues	175 681	54 279	128 269	54 518
<i>revenues from sales of finished goods and services</i>	131 242	38 203	82 411	36 822
<i>revenues from sales of merchandise and raw materials</i>	44 439	16 076	45 858	17 696
Cost of sales	(154 982)	(48 831)	(108 202)	(47 089)
<i>cost of finished goods and services sold</i>	(112 678)	(33 527)	(63 992)	(30 014)
<i>cost of merchandise and raw materials sold</i>	(42 304)	(15 304)	(44 210)	(17 075)
<b>Gross profit on sales</b>	<b>20 699</b>	<b>5 448</b>	<b>20 067</b>	<b>7 429</b>
Distribution expenses	(6 462)	(2 343)	(4 590)	(1 903)
Administrative expenses	(1 661)	(526)	(1 013)	(351)
Other operating income, incl.:	7 487	2 935	11 926	10 756
<i>gain on bargain purchase of the Grupa LOTOS S.A.</i>	-	-	10 122	10 122
Other operating expenses	(7 378)	(3 458)	(7 406)	(762)
(Loss)/reversal of loss due to impairment of trade receivables	(90)	(32)	5	-
<b>Profit from operations</b>	<b>12 595</b>	<b>2 024</b>	<b>18 989</b>	<b>15 169</b>
Finance income	4 087	184	3 281	1 346
Finance costs	(2 137)	(1 432)	(3 091)	(1 462)
<b>Net finance income and costs</b>	<b>1 950</b>	<b>(1 248)</b>	<b>190</b>	<b>(116)</b>
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables	49	(50)	(43)	7
<b>Profit before tax</b>	<b>14 594</b>	<b>726</b>	<b>19 136</b>	<b>15 060</b>
Tax expense	(2 517)	(219)	(1 662)	(815)
<b>Net profit</b>	<b>12 077</b>	<b>507</b>	<b>17 474</b>	<b>14 245</b>
<b>Other comprehensive income:</b>				
<b>which will not be reclassified subsequently into profit or loss</b>	<b>(1)</b>	<b>(3)</b>	<b>6</b>	<b>-</b>
<i>actuarial gains and losses</i>	-	-	13	3
<i>gains/(losses) on investments in equity instruments at fair value through other comprehensive income</i>	(1)	(4)	(6)	(4)
<i>deferred tax</i>	-	1	(1)	1
<b>which will be reclassified into profit or loss</b>	<b>4 172</b>	<b>(723)</b>	<b>(282)</b>	<b>(80)</b>
<i>hedging instruments</i>	4 470	(996)	(593)	(325)
<i>hedging costs</i>	680	103	245	227
<i>deferred tax</i>	(978)	170	66	18
<b>Total net comprehensive income</b>	<b>16 248</b>	<b>(219)</b>	<b>17 198</b>	<b>14 165</b>
Net profit and diluted net profit per share (in PLN per share)	10.40	0.44	27.89	22.74



## Separate statement of financial position

	30/09/2023 (unaudited)	31/12/2022 (restated data)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	41 342	35 451
Intangible assets	4 835	3 403
Right-of-use asset	3 477	2 832
Shares in subsidiaries and jointly controlled entities	54 238	53 117
Deferred tax assets	-	2 384
Derivatives	1 415	1 252
Long-term lease receivables	19	20
Other assets, incl.: <i>loans granted</i>	11 712 10 391	12 845 11 767
	<b>117 038</b>	<b>111 304</b>
<b>Current assets</b>		
Inventories	25 431	34 255
Trade and other receivables	23 974	22 588
Current tax assets	1 129	455
Cash	5 181	7 939
Derivatives	1 090	2 094
Other assets	14 391	17 725
Non-current assets classified as held for sale	4 886	1 218
	<b>76 082</b>	<b>86 274</b>
<b>Total assets</b>	<b>193 120</b>	<b>197 578</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1 974	1 974
Share premium	46 405	46 405
Own shares	(2)	(2)
Hedging reserve	8 711	4 539
Revaluation reserve	9	10
Retained earnings	71 683	65 993
<b>Total equity</b>	<b>128 780</b>	<b>118 919</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans, borrowings and bonds	10 465	10 088
Provisions	2 834	2 857
Deferred tax liabilities	1 178	-
Liabilities from contracts with customers	20	-
Derivatives	1 141	5 091
Lease liabilities	2 971	2 465
Other liabilities	219	218
	<b>18 828</b>	<b>20 719</b>
<b>Current liabilities</b>		
Trade and other liabilities	29 095	25 500
Lease liabilities	461	353
Liabilities from contracts with customers	389	277
Loans, borrowings and bonds	305	5 513
Provisions	3 476	4 374
Current tax liabilities	-	4 165
Derivatives	2 683	11 969
Other liabilities	9 103	5 789
	<b>45 512</b>	<b>57 940</b>
<b>Total liabilities</b>	<b>64 340</b>	<b>78 659</b>
<b>Total equity and liabilities</b>	<b>193 120</b>	<b>197 578</b>



## Separate statement of changes in equity

	Share capital	Share premium	Own shares	Hedging reserve	Revaluation reserve	Retained earnings	Total equity
01/01/2023 (restated data)	1 974	46 405	(2)	4 539	10	65 993	118 919
Net profit	-	-	-	-	-	12 077	12 077
Items of other comprehensive income	-	-	-	4 172	(1)	-	4 171
<b>Total net comprehensive income</b>	-	-	-	<b>4 172</b>	<b>(1)</b>	<b>12 077</b>	<b>16 248</b>
Equity resulting from merger under common control	-	-	-	-	-	(2)	(2)
Dividends	-	-	-	-	-	(6 385)	(6 385)
<b>30/09/2023</b>	<b>1 974</b>	<b>46 405</b>	<b>(2)</b>	<b>8 711</b>	<b>9</b>	<b>71 683</b>	<b>128 780</b>
(unaudited)							
01/01/2022	1 058	1 227	-	(423)	11	36 582	38 455
Net profit	-	-	-	-	-	17 474	17 474
Items of other comprehensive income	-	-	-	(282)	(5)	11	(276)
<b>Total net comprehensive income</b>	-	-	-	<b>(282)</b>	<b>(5)</b>	<b>17 485</b>	<b>17 198</b>
Dividends	-	-	-	-	-	(1 497)	(1 497)
Issue of merger shares	248	14 852	-	-	-	-	15 100
<b>30/09/2022</b>	<b>1 306</b>	<b>16 079</b>	<b>-</b>	<b>(705)</b>	<b>6</b>	<b>52 570</b>	<b>69 256</b>
(unaudited)							
(restated data)							



## Separate statement of cash flows

	9 MONTHS ENDED 30/09/2023 (unaudited)	3 MONTHS ENDED 30/09/2023 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2022 (unaudited) (restated data)
<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>	<b>14 594</b>	<b>726</b>	<b>19 136</b>	<b>15 060</b>
Adjustments for:				
Depreciation and amortisation	2 391	797	1 577	497
Foreign exchange (profit)/loss	(92)	293	153	214
Net interest	(1 147)	(333)	53	4
Dividends	(1 223)	(2)	(1 000)	(512)
(Profit)/Loss on investing activities, incl.: <i>recognition/(reversal) of impairment allowances of property,     plant and equipment, intangible assets, other     assets and shares</i>	1 664	1 050	(7 661)	(9 911)
<i>(gain) on bargain purchase of the Grupa LOTOS S.A.</i>	-	-	(10 122)	(10 122)
Change in provisions	2 892	865	2 444	754
Change in working capital	11 681	(1 369)	(4 815)	(902)
<i>inventories</i>	8 886	(3 313)	(2 573)	1 482
<i>receivables</i>	1 355	(1 542)	(5 894)	(2 811)
<i>liabilities</i>	1 440	3 486	3 652	427
Other adjustments, incl.:	(1 920)	(2 273)	(1 445)	(190)
<i>settlement of grants for property rights</i>	(1 612)	(550)	(1 038)	(326)
<i>security deposits</i>	6 760	(130)	(1 824)	322
<i>derivatives</i>	(7 134)	(1 584)	1 150	(144)
Income tax (paid)	(4 804)	(1)	(789)	(54)
<b>Net cash from/(used in) operating activities</b>	<b>24 036</b>	<b>(247)</b>	<b>7 653</b>	<b>4 960</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment, intangible assets and right-of-use asset	(15 855)	(5 056)	(6 062)	(1 960)
Acquisition of shares	(2)	(2)	(97)	(96)
Acquisition of bonds	(3 978)	-	-	-
Recapitalisation of subsidiaries	(1 162)	(555)	(273)	(23)
Recapitalisation in investments in joint ventures	(1 523)	(753)	(795)	(348)
Disposal of property, plant and equipment, intangible assets and right-of-use asset	1 264	10	1 666	785
Proceeds from the sale of shares in connection with the implementation of REMEDIES	340	-	-	-
Cash in the Grupa LOTOS S.A. as at the merger date	-	-	3 235	3 235
Interest received	1 428	406	163	73
Dividends received	649	317	1 129	648
Sale of bonds	3 055	55	-	-
Acquisition of petrochemical assets less cash	(212)	-	-	-
Expenses from loans granted	(12 916)	(997)	(2 071)	(815)
Proceeds from loans granted	13 440	224	1 992	647
Net flows within cash-pool system	(2 474)	(53)	(1 789)	(1 789)
Other	(251)	(84)	1	(2)
<b>Net cash from/(used in) investing activities</b>	<b>(18 197)</b>	<b>(6 488)</b>	<b>(2 901)</b>	<b>355</b>
<b>Cash flows from financing activities</b>				
Proceeds from loans and borrowings received	23	-	7 837	1
Bonds issued	2 183	2 183	-	-
Repayments of loans and borrowings	(6 892)	(40)	(8 262)	(212)
Redemption of bonds	-	-	(600)	(200)
Interest paid from loans, borrowings, bonds and cash pool	(610)	(159)	(269)	(65)
Interest paid on lease	(116)	(29)	(64)	(12)
Dividends paid to equity owners of the parent	(6 385)	(6 385)	-	-
Net flows within cash-pool system	3 577	1 457	1 395	331
Payments of liabilities under lease agreements	(280)	(78)	(258)	(82)
Other	(124)	(33)	(41)	(23)
<b>Net cash (used) in financing activities</b>	<b>(8 624)</b>	<b>(3 084)</b>	<b>(262)</b>	<b>(262)</b>
<b>Net increase/(decrease) in cash</b>	<b>(2 785)</b>	<b>(9 819)</b>	<b>4 490</b>	<b>5 053</b>
Effect of changes in exchange rates	27	24	(6)	(9)
Cash, beginning of the period	7 939	14 976	1 521	961
<b>Cash, end of the period</b>	<b>5 181</b>	<b>5 181</b>	<b>6 005</b>	<b>6 005</b>
<i>including restricted cash</i>	<i>208</i>	<i>208</i>	<i>291</i>	<i>291</i>

This consolidated quarterly report was approved by the Management Board of the Parent Company on 30 October 2023.

signed digitally on the Polish original

.....  
Daniel Obajtek  
President of the Board

signed digitally on the Polish original

.....  
Armen Artwich  
Member of the Board

signed digitally on the Polish original

.....  
Adam Burak  
Member of the Board

signed digitally on the Polish original

.....  
Patrycja Klarecka  
Member of the Board

signed digitally on the Polish original

.....  
Krzysztof Nowicki  
Member of the Board

signed digitally on the Polish original

.....  
Robert Perkowski  
Member of the Board

signed digitally on the Polish original

.....  
Michał Róg  
Member of the Board

signed digitally on the Polish original

.....  
Piotr Sabat  
Member of the Board

signed digitally on the Polish original

.....  
Jan Szewczak  
Member of the Board

signed digitally on the Polish original

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

signed digitally on the Polish original

.....  
Józef Węgrecki  
Member of the Board