ORLEN Group consolidated financial results 2Q21

29 July 2021

#ORLEN2Q21@PKN_ORLEN

Agenda

- Quarterly summary
- Macro environment
- Financial and operating results
- Financial strength
- Market outlook

Summary 2Q21

Financial and operating results

- EBITDA LIFO: PLN 3,2 bn; increase by PLN 1,2 bn (y/y)
- Downstream margin: 9,8 USD/bbl; increase by 34% (y/y)
- Crude oil throughput: 6,8 mt; increase by 10% (y/y) / 78% utilization ratio
- Sales: 9,3 mt; increase by 9% (y/y)

Key facts

- State Treasury with PKN ORLEN, PGNiG and LOTOS Group confirmed non-cash merger structure (positive opinion by Fitch rating agency).
- European Commission extended deadline to select partner for remedies within acquisition of LOTOS Group till 14 November 2021.
- PKN ORLEN applied to Antimonopoly Office for consent to acquire PGNiG.
- Opening of R&D Center in Płock.
- Commencement of the expansion of Olefin Complex in Płock (the largest petrochemical investment in Europe).
- ORLEN became the most valuable Polish brand worth PLN 10 bn.
- ORLEN Lietuva took control over the only railway terminal at the Polish-Lithuanian border.
- First store&gastro point „ORLEN w ruchu" opened in Warsaw.
- PKN ORLEN actively supports development of innovation in Poland.

Financial situation

- Cash flow from operations: PLN 5,1 bn
- CAPEX: PLN 2,4 bn
- Net debt: PLN 11,5 bn
- Net debt/EBITDA: 0,87
- Investment rating: BBB- positive outlook (Fitch), Baa2 positive outlook (Moody's).
- PKN ORLEN as the first company from Poland issued green Eurobonds valued at EUR 500 m.
- Ordinary General Meeting of PKN ORLEN approved the dividend payment for 2020 recommended by the Management Board at the level of PLN 3,50 per share.

ESG

- Emission neutrality in 2050.
- THE WORLD'S MOST ETHICAL COMPANY 2021
- TOP EMPLOYER POLSKA 2021
- ESG ratings – 5th place out of 86 companies from Oil & Gas Refining and Marketing (Sustainalytics Agency) / rating A (MSCI)
- Start of ‚HYDROGEN EAGLE' program assuming construction of international network of hydrogen hubs powered by renewable energy sources and construction of over 100 hydrogen refueling stations.
- ORLEN Południe is finalizing investment in ecological glycol.
- ORLEN Południe and PGNiG are developing the biomethane production area.
- ORLEN, as the largest sponsor of Polish sport and culture, publishes the first sponsorship report.
- 7th time in a row, PKN ORLEN received the Polityka's CSR Golden Leaf
- ORLEN Foundation will donate another PLN 2 million to support local communities as part of the fourth edition of „My place on Earth".

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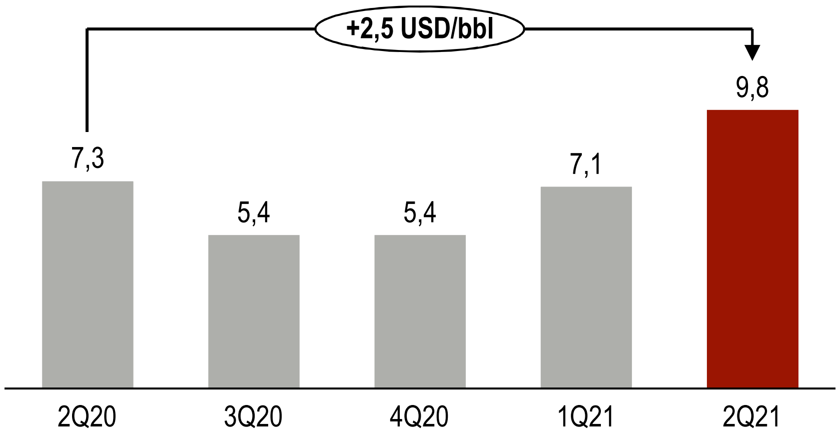
Macro environment 2Q21

Model downstream margin

USD/bbl



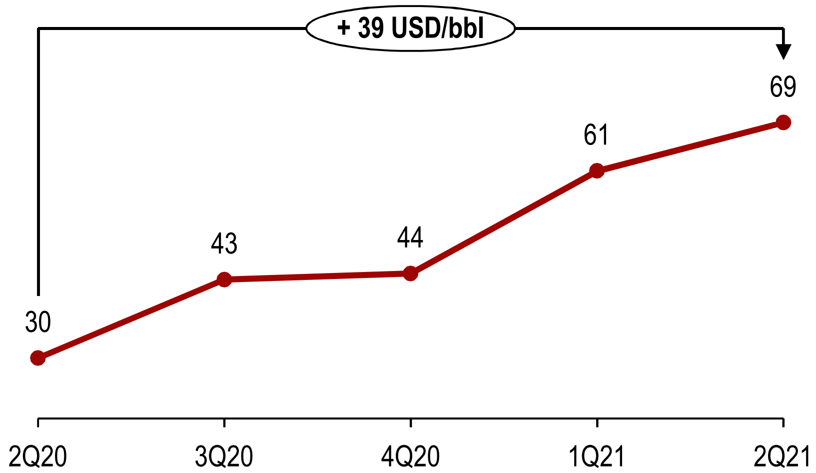
Product slate of downstream margin

Crack margins

Refining products (USD/t)	2Q20	1Q21	2Q21	∆ (y/y)
Diesel	62	32	37	-40%
Gasoline	58	104	144	148%
HSFO	-62	-122	-152	-145%
SN 150	163	348	713	337%
Petrochemical products (EUR/t)				
Ethylene	478	559	627	31%
Propylene	421	515	603	43%
Benzene	39	306	672	1623%
PX	327	243	334	2%

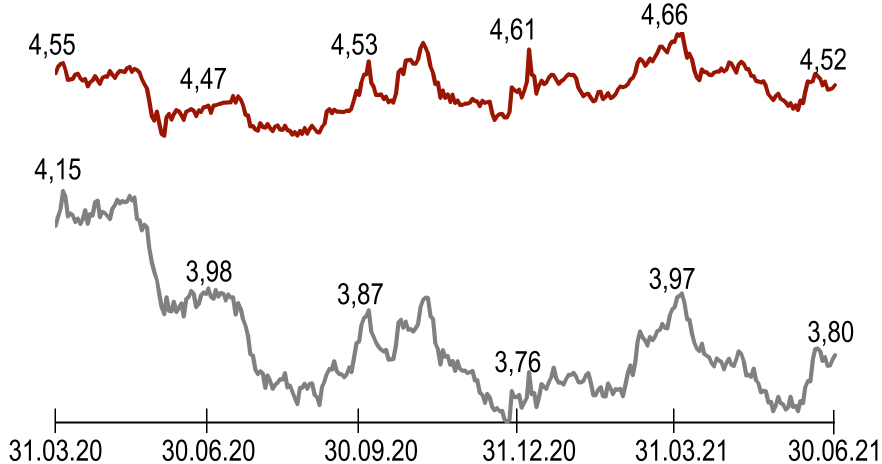
Average Brent crude oil price

USD/bbl



PLN exchange rate vs USD and EUR

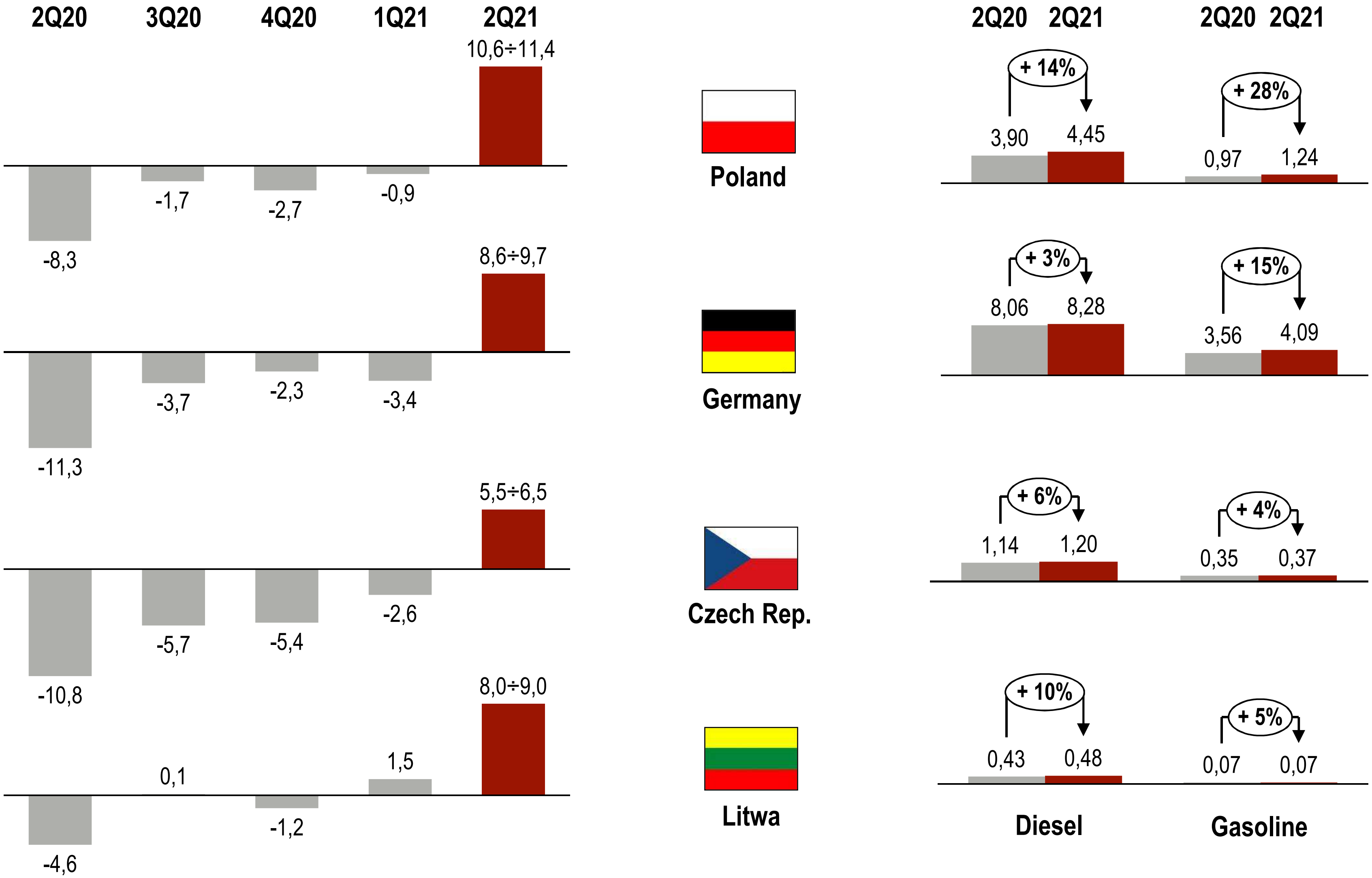
USD/PLN, EUR/PLN



Fuel consumption increase in all markets as a result of loosening COVID-19 restrictions

GDP[1]
Change % (y/y)

Fuel consumption[2]
mt



[1] 2Q21 – estimates: Poland (NBP, European Commission, Polityka Insight), Germany, the Czech Rep., Lithuania (Central Banks, European Commission, Continuum Economics)
[2] 2Q21 – PKN ORLEN estimates based on available data from ARE, Lithuanian Statistical Office, Czech Statistical Office and German Association of Petroleum Industry

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Quarterly summary

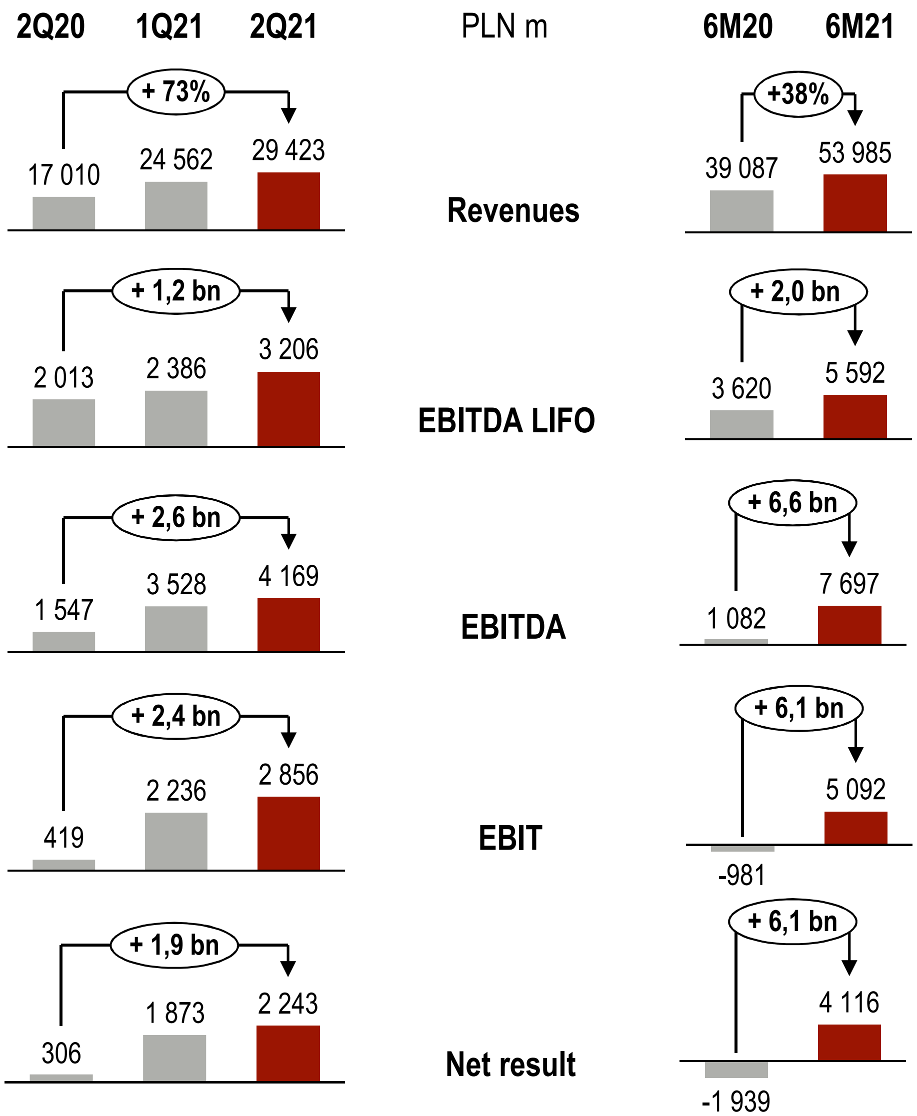
Macro environment

Financial and operating results

Financial strength

Market outlook

Financial results



Revenues: increase by 73% (y/y) due to higher quotations of refining and petrochemical products resulting from crude oil prices increase by 39 USD/bbl (y/y) and higher sales volumes by 9% (y/y).

EBITDA LIFO: increase by PLN 1,2 bn (y/y) as a result of positive macro impact, higher sales volumes, higher trade margins in wholesale and non-fuel margins in retail, usage of historical layers of inventories as a result of maintenance shutdowns and higher ENERGA Group result. The above positive effects were partially offset by negative impact of inventories revaluation NRV, lower fuel margins in retail and higher costs.

LIFO effect: PLN 1,0 bn impact of changes in crude oil prices on inventories valuation.

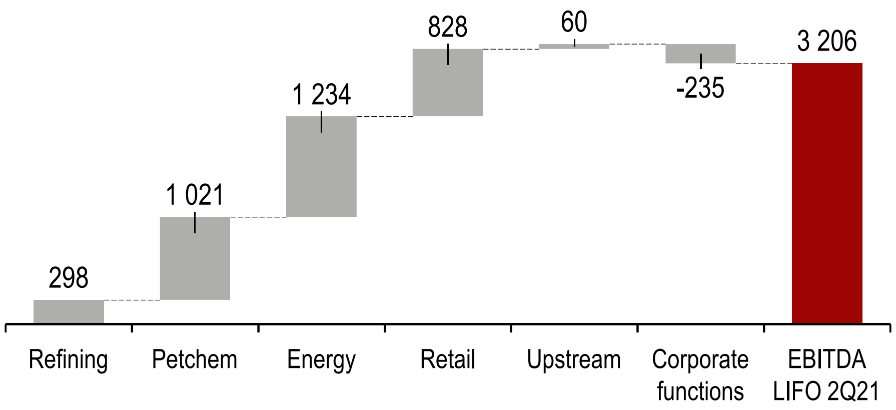
Financial result: PLN 0,1 bn as a result of the surplus of positive FX differences at negative interest costs and net impact of settlement and valuation of derivative financial Instruments.

Net result: increase by PLN 1,9 bn (y/y), of which: higher EBITDA LIFO result by PLN 1,2 bn, lower impairment of assets by PLN 0,1 bn, higher LIFO effect by PLN 1,4 bn, higher depreciation by PLN (-) 0,2 bn, neutral impact of financial result and higher income tax by PLN (-) 0,5 bn.

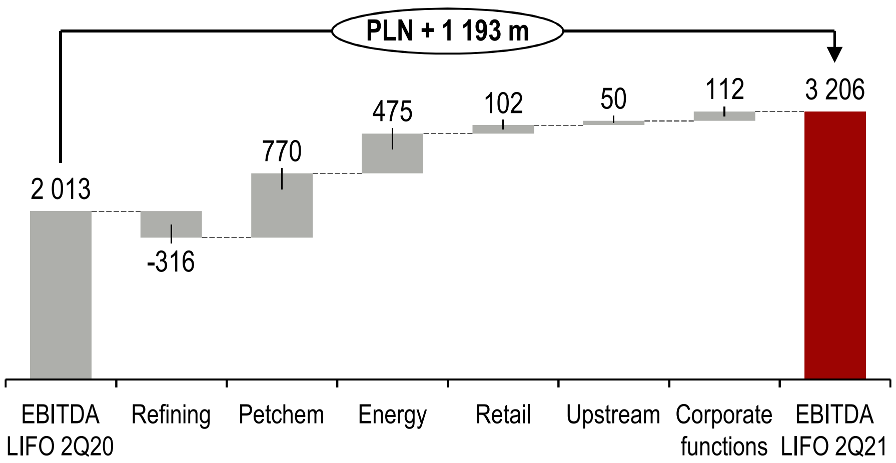
2Q20/6M20 results does not include profit on a bargain purchase of ENERGA shares in the amount of PLN 4062 m recognized in 2Q20.
Operational results before impairments of assets: 2Q20 PLN (-) 146 m / 1Q21 PLN (-) 4 m / 2Q21 PLN (-) 85 m / 6M20 PLN (-) 650 m / 6M21 PLN (-) 89 m
NRV: 2Q20 PLN 1 207 m / 1Q21 PLN 193 m / 2Q21 PLN 14 m / 6M20 PLN (-) 402 m / 6M21 PLN 207 m

EBITDA LIFO

Segments' results
PLN m



Change in segments' results (y/y)
PLN m



Refining: decrease by PLN (-) 316 m (y/y) due to negative macro impact and revaluation of inventories NRV at positive impact of higher sales volumes, higher trade margins and usage of historical layers of inventories.

Petchem: increase by PLN 770 m (y/y) due to positive macro impact and usage of historical layers of inventories at negative impact of lower sales volumes.

Energy: increase by PLN 475 m (y/y) due to positive macro impact and higher ENERGA Group result at negative impact of lower sales volumes.

Retail: increase by PLN 102 m (y/y) due to positive impact of higher sales volumes and higher non-fuel margins at negative impact of lower fuel margins and higher costs of running fuel stations.

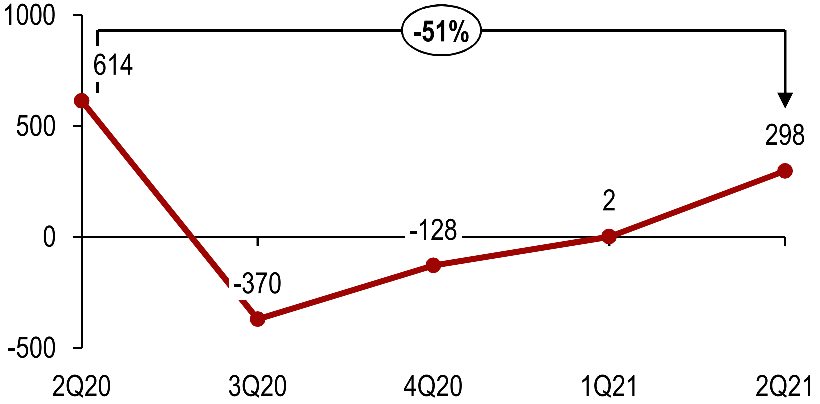
Upstream: increase by PLN 50 m (y/y) due to positive macro impact at negative impact of lower sales volumes and cash flow hedging transactions.

Corporate functions: lower costs by PLN 112 m (y/y) mainly due to lower donations and expenses on COVID-19.

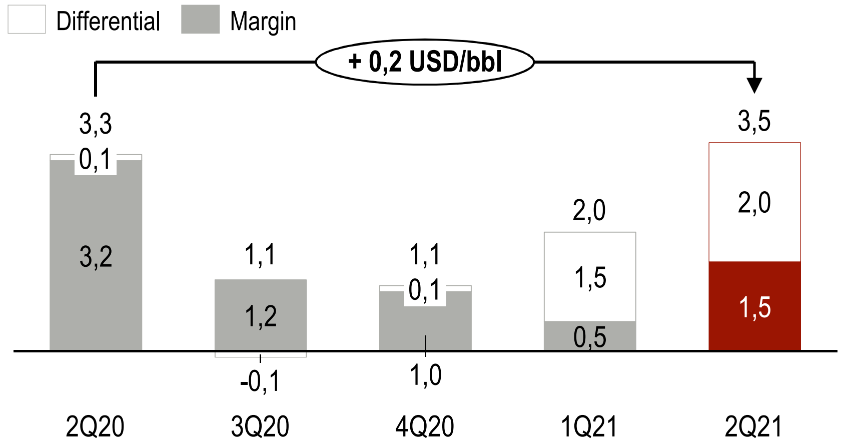
Operational results before impairments of assets: 2Q20 PLN (-) 146 m / 1Q21 PLN (-) 4 m / 2Q21 PLN (-) 85 m / 6M20 PLN (-) 650 m / 6M21 PLN (-) 89 m
NRV: 2Q20 PLN 1 207 m / 1Q21 PLN 193 m / 2Q21 PLN 14 m / 6M20 PLN (-) 402 m / 6M21 PLN 207 m

Refining – EBITDA LIFO
Negative macro impact at higher sales volumes

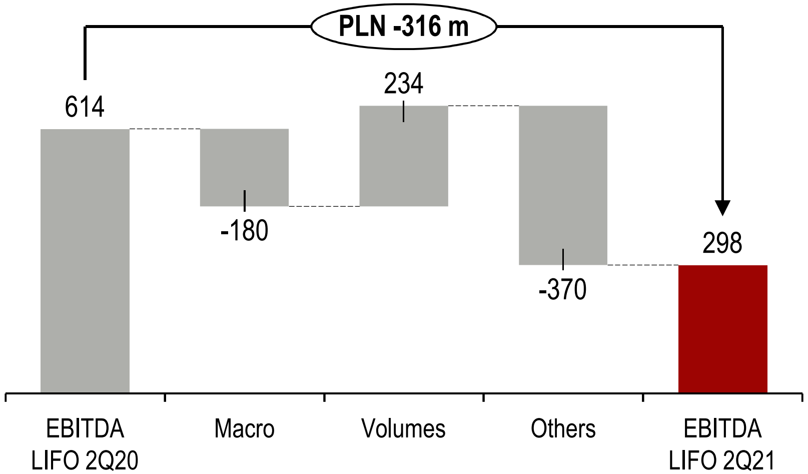
EBITDA LIFO
PLN m



Model refining margin and Brent/Ural differential
USD/bbl



EBITDA LIFO – impact of factors
PLN m

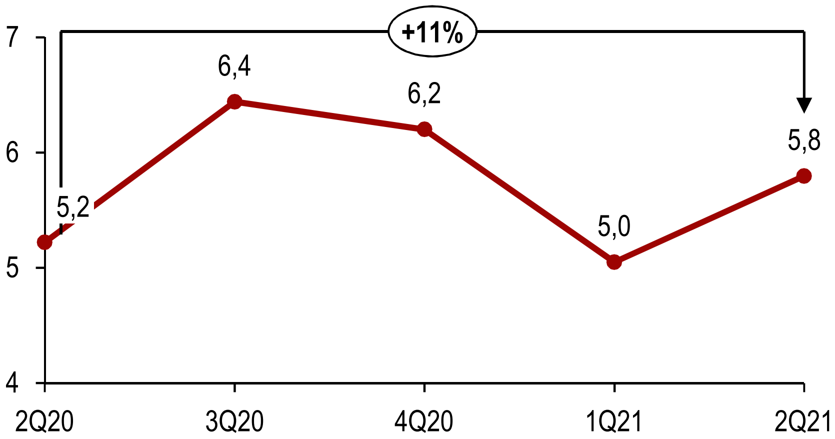


- Negative macro impact (y/y) due to lower cracks on diesel and HSFO, PLN strengthening against USD, impact of cash flow hedging transactions and higher costs of internal usage resulting from higher crude oil prices. Abovementioned negative effects were partially compensated by positive impact of higher Brent/Ural differential, higher gasoline and JET cracks and valuation and settlement of CO2 contracts as a part of transaction portfolio in the amount of PLN 260 m (y/y).
- Sales volumes increase by 11% (y/y), of which: gasoline by 15%, diesel by 12% and JET by 119% at lower LPG by (-) 6% and HSFO by (-) 5%.
- Others include mainly: PLN (-) 1,2 bn (y/y) lack of positive impact of inventories revaluation NRV from 2Q20 and PLN 0,8 bn (y/y) usage of historical layers of inventories, higher trade margins at higher costs of CO2 emission.

Operational results before impairments of assets: 2Q20 PLN (-) 4 m / 1Q21 PLN (-) 2 m / 2Q21 PLN (-) 19 m / 6M20 PLN 0 m / 6M21 PLN (-) 21 m
NRV: 2Q20 PLN 1168 m / 1Q21 PLN 157 m / 2Q21 PLN 15 m / 6M20 PLN (-) 383 m / 6M21 PLN 172 m
Macro: margins PLN (-) 596 m, B/U differential PLN 434 m, exchange rate PLN (-) 180 m, hedging PLN 162 m

Refining – operational data
Higher crude oil throughput and fuel sales due to demand increase

Sales volumes
mt

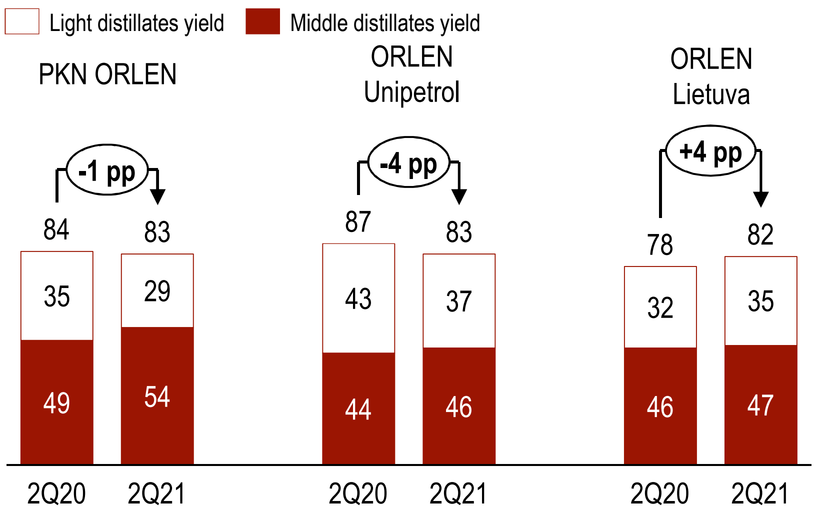


Crude oil throughput and utilization ratio
mt, %

Crude oil throughput (mt)	2Q20	1Q21	2Q21	Δ (y/y)
PKN ORLEN	3,5	3,0	3,3	-0,2
ORLEN Unipetrol	0,8	1,6	1,6	0,8
ORLEN Lietuva	1,8	1,5	1,8	0,0
TOTAL	6,2	6,2	6,8	0,6

Utilisation ratio (%)	2Q20	1Q21	2Q21	Δ (y/y)
PKN ORLEN	86%	76%	81%	-5 pp
ORLEN Unipetrol	36%	76%	74%	38 pp
ORLEN Lietuva	73%	59%	72%	-1 pp
TOTAL	71%	72%	78%	7 pp

Fuel yield
%



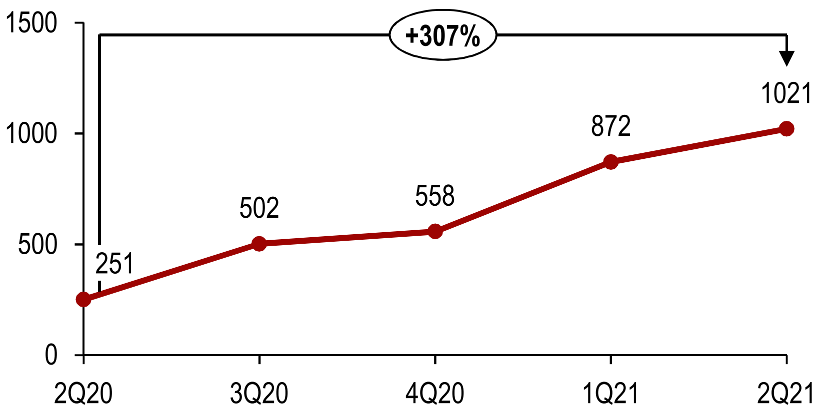
6,8 mt of crude oil throughput, i.e. increase by 0,6 mt (y/y), of which:

- PKN ORLEN – decrease by (-) 0,2 mt (y/y) due to maintenance shutdown of CDU II/VI, Hydrogen Plant II and Metathesis. Utilization ratio in 2Q21 adjusted to Olefin II shutdown, and in 2Q20 to limited demand for fuels (COVID impact).
- ORLEN Unipetrol – increase by 0,8 mt (y/y) due to low base from 2Q20 (cyclical shutdown of refining and petchem in Litvinov and delayed start of refinery in Kralupy after shutdown from March last year) at higher demand for fuels. In petchem, shutdown of Steam Cracker, PE2 and PE3 units (lack of feedstock and planned shutdowns).
- ORLEN Lietuva – comparable crude oil throughput (y/y).

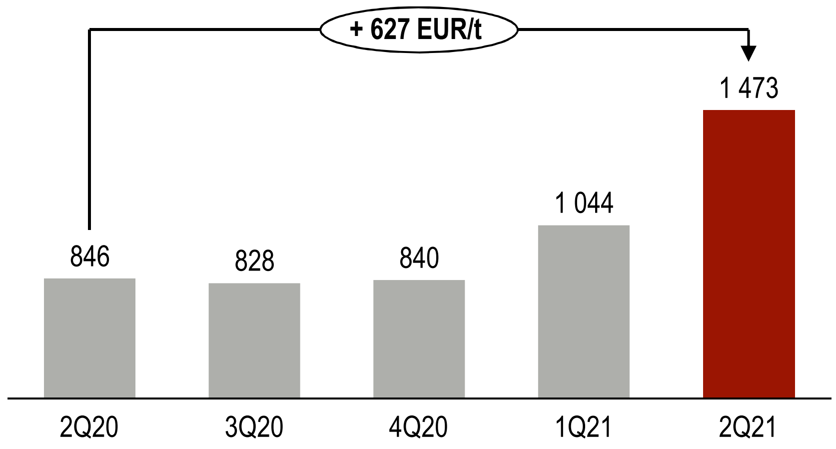
Sales volumes amounted to 5,8 mt, i.e. increase by 11% (y/y), of which: Poland by 11%, Czech Rep. by 34%, Lithuania by 1%. Higher sales in all markets due to loosening COVID-19 restrictions.

Petchem – EBITDA LIFO
Positive macro impact at lower sales volumes

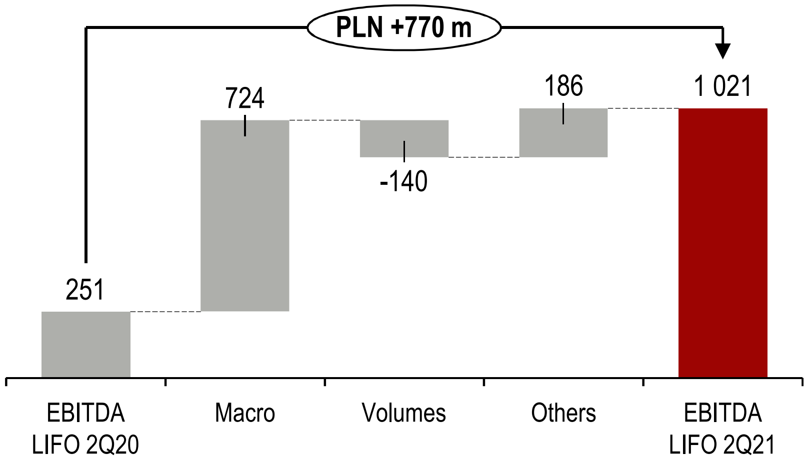
EBITDA LIFO
PLN m



Model petrochemical margin
EUR/t



EBITDA LIFO – impact of factors
PLN m

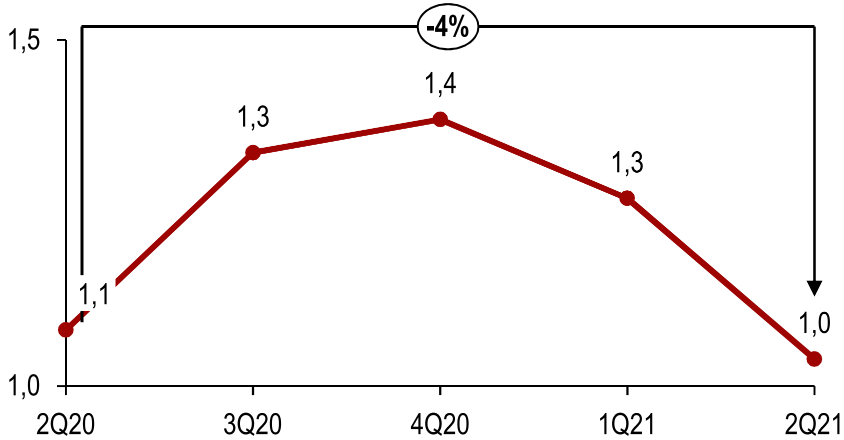


- Positive macro impact (y/y) due to higher margins on olefins, polyolefins, fertilizers and PVC, valuation and settlement of CO2 contracts as a part of transaction portfolio in the amount of PLN 287 m (y/y) and weakening of PLN against EUR.
- Sales volumes decrease by (-) 4% (y/y), of which: lower olefins sales by (-) 69% and PVC by (-) 22% at higher sales of polyolefins by 23%, fertilizers by 12% and PTA by 3%.
- Others include mainly: PLN 0,2 bn (y/y) usage of historical layers of inventories.
- EBITDA LIFO 2Q21 includes:
  - PLN 65 m Anwil result; i.e. increase by PLN 2 m (y/y)
  - PLN 95 m PTA result; i.e. increase by 23 m PLN (y/y)

Operational results before impairments of assets: 2Q20 PLN 0 m / 1Q21 PLN 0 m / 2Q21 PLN 0 m / 6M20 PLN 0 m / 6M21 PLN 0 m
NRV: 2Q20 PLN 39 m / 1Q21 PLN 36 m / 2Q21 PLN (-) 1 m / 6M20 PLN (-) 19 m / 6M21 PLN 35 m
Macro: margins PLN 337 m, exchange rate PLN 80 m, hedging PLN 307 m

Petchem – operational data
Sales volumes decrease by (-) 4% (y/y) as a result of maintenance shutdowns

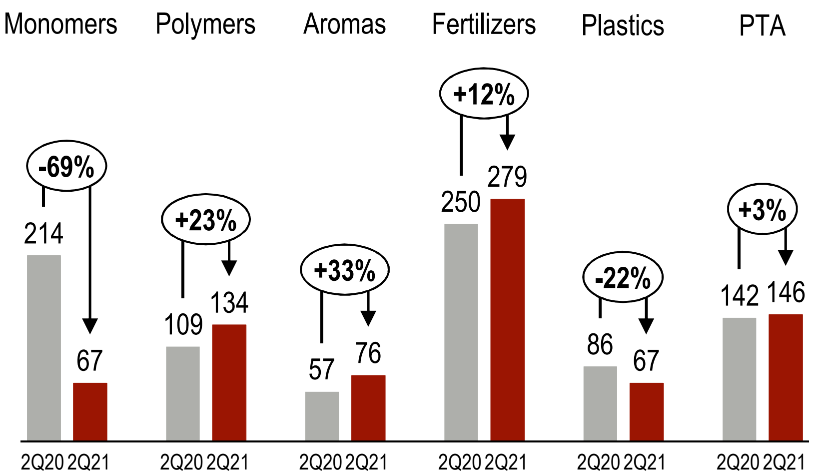
Sales volumes
mt



Utilization ratio
%

Petchem installations	2Q20	1Q21	2Q21	Δ (y/y)
Olefins (Płock)	88%	72%	2%	-86 pp
BOP (Płock)	77%	67%	6%	-71 pp
Metathesis (Płock)	68%	72%	2%	-66 pp
Fertilizers (Włocławek)	68%	84%	80%	12 pp
PVC (Włocławek)	80%	74%	7%	-73 pp
PTA (Włocławek)	72%	84%	86%	14 pp
Olefins (Unipetrol)	18%	73%	87%	69 pp
PPF Splitter (ORLEN Lietuva)	73%	92%	71%	-2 pp

Sales volumes – split by products
kt



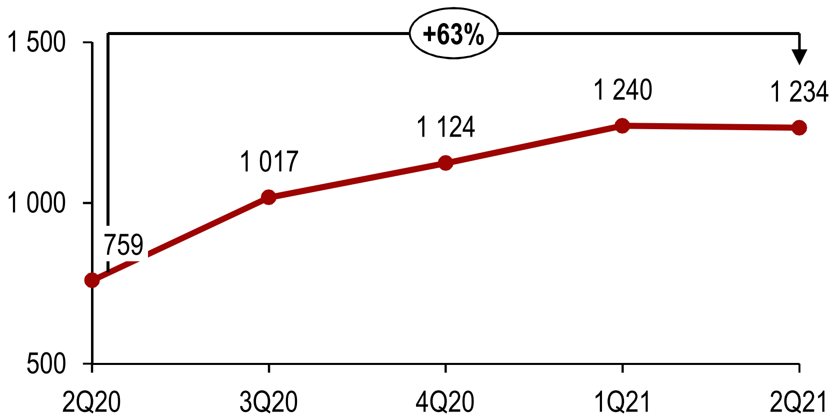
Utilization ratio of petrochemical installations:

- PKN ORLEN – decrease in utilization (y/y) resulting from maintenance shutdown of Olefin II installation in 2Q21.
- ORLEN Unipetrol – increase in utilization (y/y) as a result of lack of maintenance shutdown of refinery in Litvinov in 2Q20.
- ANWIL – decrease in PVC utilization (y/y) due to maintenance shutdown of Olefin II installation in Płock.
- ORLEN Lietuva – decrease in utilization (y/y) as a result of wider scope of works during spring maintenance shutdown.

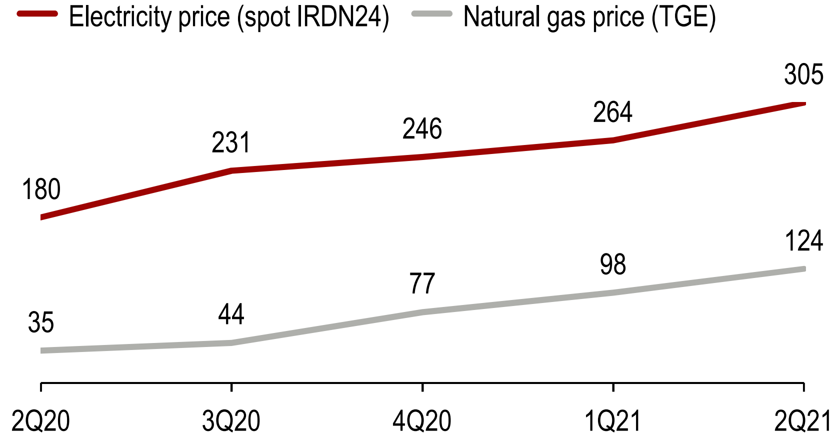
Sales volumes amounted to 1,0 mt, i.e. decrease by (-) 4% (y/y), of which: lower sales in Poland by (-) 27% as a result of planned maintenance shutdowns realization at higher sales in the Czech Rep. by 58% and in Lithuania by 367%.

Energy – EBITDA
Positive macro impact at lower sales. Higher ENERGA Group result.

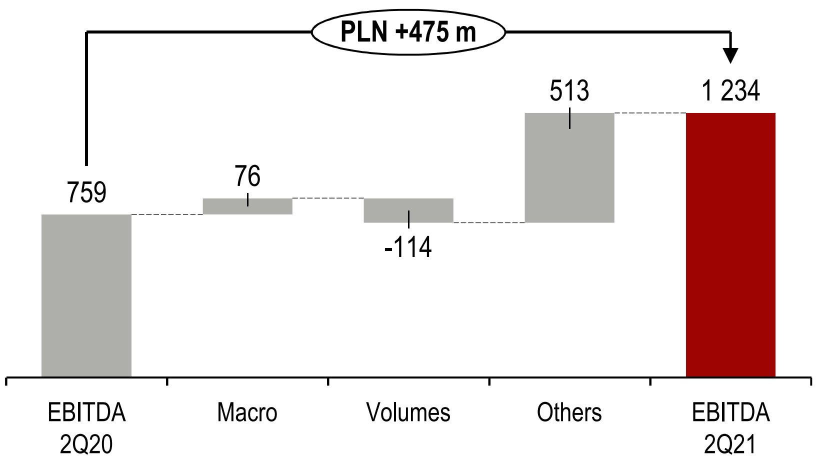
EBITDA
PLN m



Electricity and natural gas prices (market quotations)
PLN/MWh



EBITDA – impact of factors*
PLN m

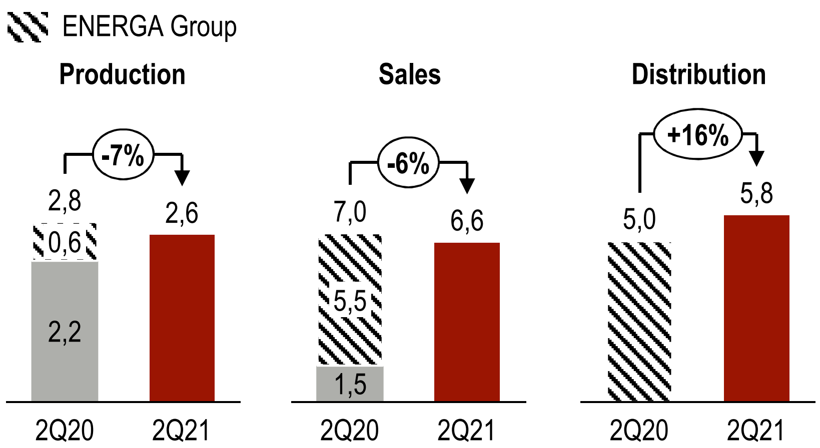


- Positive macro imapct (y/y) as a resut of valuation and settlement of CO2 contracts as a part of transaction portfolio in the amount of PLN 217 m (y/y) at negative impact of electricity margin due to increase in gas and CO2 prices (y/y).
- Lower electricity sales volumes by (-) 6% due to shutdown of CCGT Płock in April and May.
- Others include mainly:
  - PLN 0,5 bn (y/y) of higher ENERGA Group result (higher sales volumes, higher electricity prices and incomparable periods of consolidation within ORLEN Group).
- EBITDA 2Q21 includes:
  - PLN 797 m of ENERGA Group result; i.e. increase by PLN 537 m (y/y).

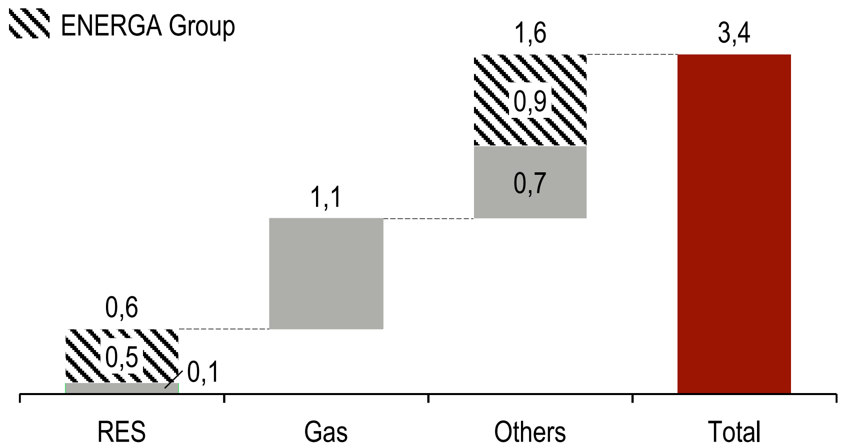
Operational results before impairments of assets: 2Q20 PLN (-) 2 m / 1Q21 PLN 0 m / 2Q21 PLN (-) 62 m / 6M20 PLN (-) 2 m / 6M21 PLN (-) 62 m
Macro: margins PLN (-) 142 m, exchange rate PLN 11 m, hedging PLN 207 m
Macro and volumes effects calculations does not include ENERGA Group due to the fact that consolidation started from May 2020r.

Energy – operational data
70% of electricity production from zero and low emission sources

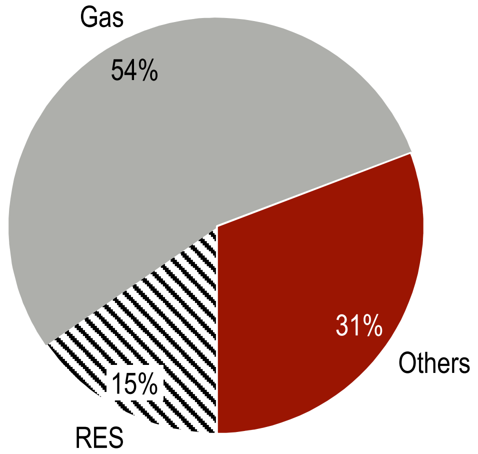
Volumes
TWh



Installed capacity
GWe



Electricity production by type of sources
%

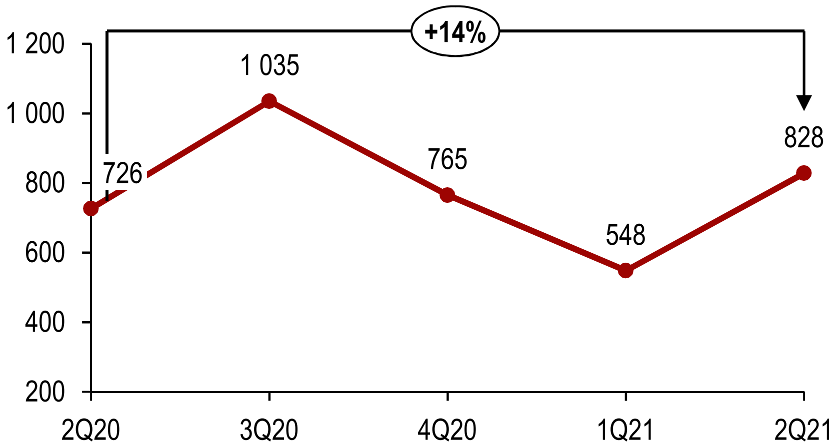


- Installed capacity: 3,4 GWe (electricity) / 6,1 GWt (heat).
- Production: 2,6 TWh (electricity) / 8,3 PJ (heat).
- Electricity production decreased by (-) 7% (y/y) mainly due to CCGT Płock shutdown. In conventional power generation, we recorded an increase in production (y/y) mainly in Ostrołęka as a result of higher demand from PSE. Additional RES capacity included into production (20 MW Kanin; 89,3 MW Nowotna).
- Electricity sales decreased by (-) 6% (y/y) mainly due to lower sales in wholesale (portfolio optimization) and lower consumption of business customers at higher consumption of households (COVID impact).
- Electricity distribution (fully realized by ENERGA Operator) increased by 16% (y/y) as a result of low base in 2Q20, economic recovery and higher number of Energy Connection Points.
- CO_2 emission in Energy segment amounted to 1,9 mt.

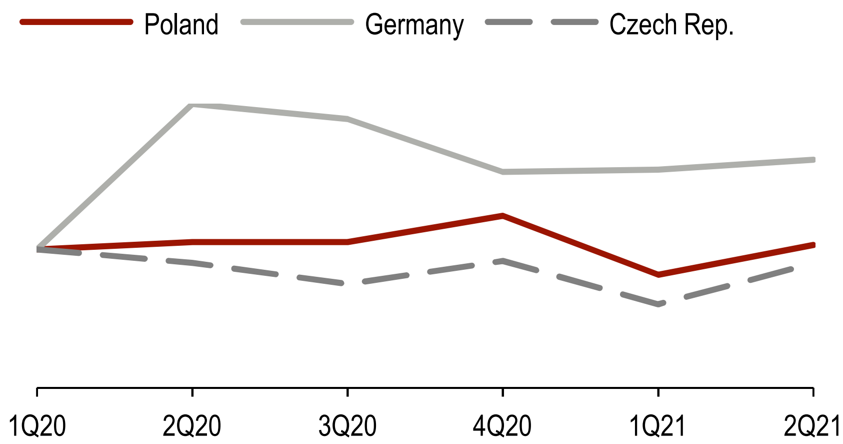
ENERGA Group has been consolidated in the ORLEN Group's results since May 2020.

Retail – EBITDA
Higher sales volumes and non-fuel margins

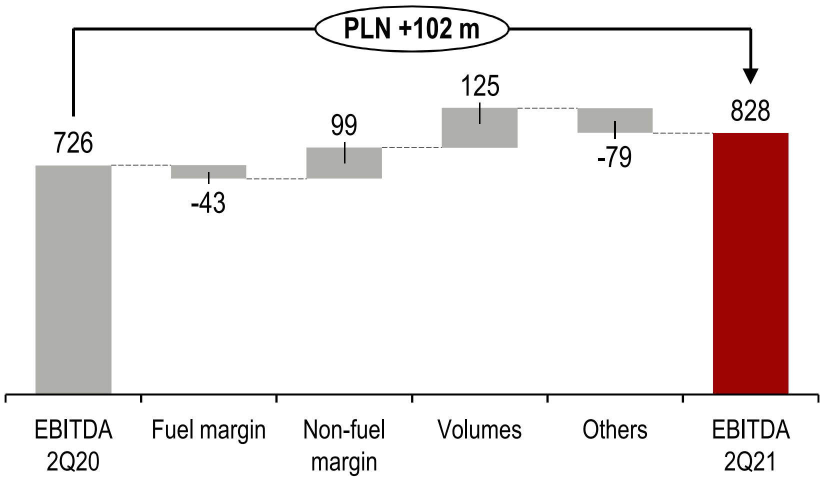
EBITDA
PLN m



Fuel margin
% (q/q)



EBITDA – impact of factors (y/y)
PLN m

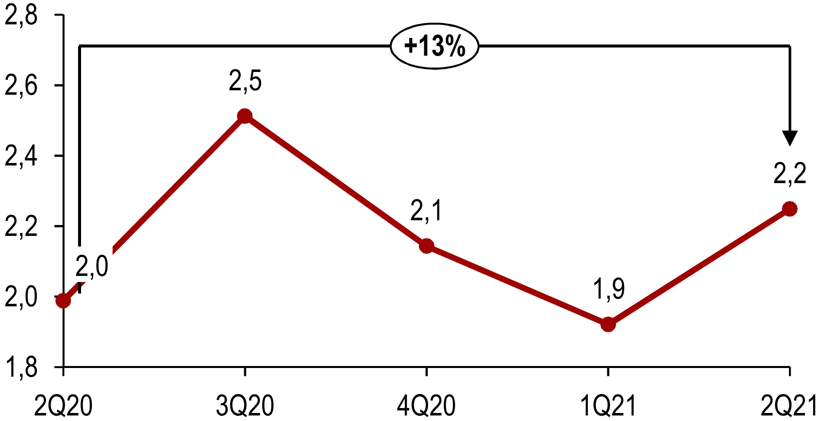


- Higher sales volumes by 13% (y/y), of which: gasoline by 19%, diesel by 11% and LPG by 13%.
- Lower fuel margins in Poland, Germany and the Czech Rep. at comparable margins in Lithuania (y/y).
- Higher non-fuel margins on all markets.
- Stop Cafe/Star Connect coffee corners increase by 77 (y/y).
- Increase in alternative fuel points by 104 (y/y). Currently, we have 278 alternative fuel points, including: 232 EV charges, 2 hydrogen stations and 44 CNG stations.
- Others mainly include higher operating costs of fuel stations, overheads and labor costs.

Operational results before impairments of assets: 2Q20 PLN (-) 7 m / 1Q21 PLN (-) 2 m / 2Q21 PLN (-) 4 m / 6M20 PLN (-) 11 m / 6M21 PLN (-) 6 m

Retail – operational data
Almost 80% of fuel stations equipped with non-fuel concept

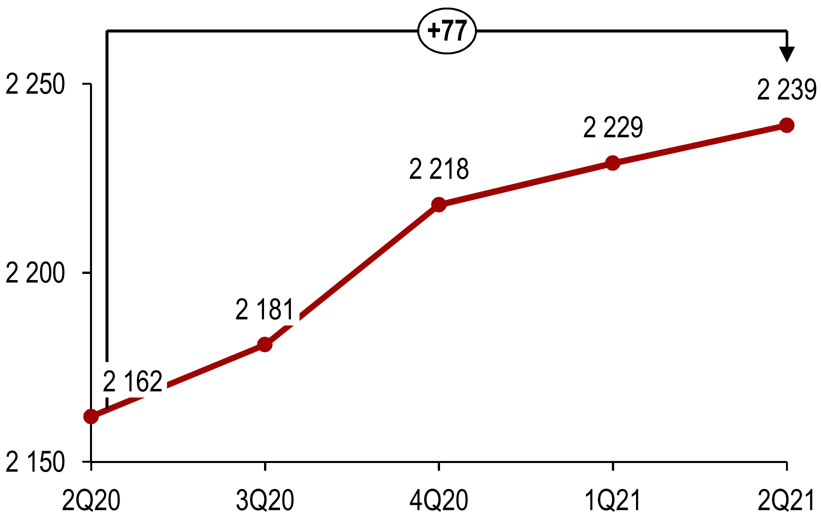
Sales volumes
mt



Number of petrol stations and market shares (by volume)
#, %

	# stations	Δ y/y	% market	Δ y/y
Poland	1 803	11	32,2	-1,9 pp
Germany	586	0	6,3	-0,3 pp
Czech Rep.	421	4	25,2	0,5 pp
Lithuania	29	3	4,5	-0,1 pp
Slovakia	15*	4	0,8	0,5 pp

Stop Cafe/Star Connect coffee corners
#

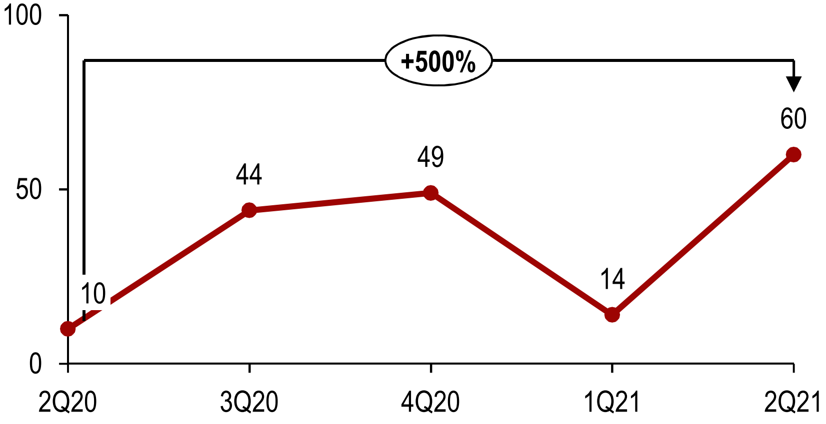


- Sales increase by 13% (y/y), of which: in Poland by 13%, in Germany by 10%**, in the Czech Rep. by 24% and in Lithuania by 19%.
- 2854 fuel stations, i.e. increase by 22 (y/y), of which: in Poland by 11, in the Czech Rep. by 4, in Lithuania by 3 and in Slovakia by 4 at comparable number of stations in Germany.
- Market share increase (y/y) in the Czech Rep. and Slovakia at decrease on all other markets.
- 2239 Stop Cafe/Star Connect coffee corners, of which: 1730 in Poland, 315 in the Czech Rep., 151 in Germany, 29 in Lithuania and 14 in Slovakia. Increase by 77 (y/y), of which: in Poland by 29, in the Czech Rep. by 7, in Germany by 24, in Lithuania by 3 and in Slovakia by 14.
- 278 alternative fuel points, of which: 191 in Poland, 78 in the Czech Rep. and 9 in Germany. Increase by 104 (y/y), of which: in Poland by 89, in the Czech Rep. by 15 at comparable number in Germany.

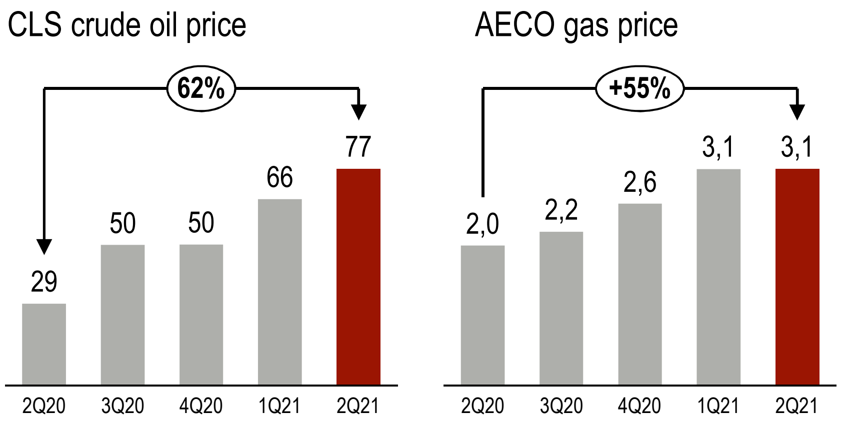
* We have 20 fuel stations in Slovakia, of which 15 are operational and the rest will be included in the network by the end of 2021.
** Includes also fuel sales beyond own petrol stations. Sales volumes on ORLEN Deutschland fuel stations increased by 4 % (y/y).

Upstream – EBITDA
Positive impact of macro at lower sales volumes

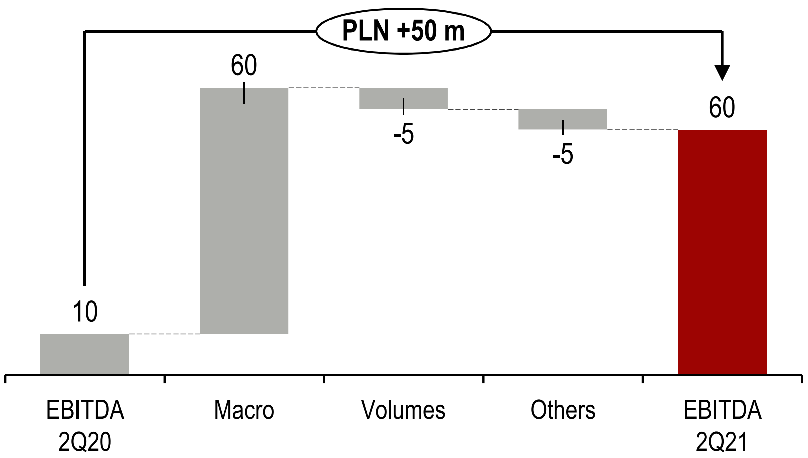
EBITDA
PLN m



Canadian Light Sweet crude oil (CLS) and AECO gas prices
CAD/bbl, CAD/mcf



EBITDA – impact of factors
PLN m



- Positive macro impact (y/y) as a result of increase in prices of all hydrocarbons (crude oil, gas and NGL's) at negative effect of hedging transactions.
- Lower sales by (-) 9% (y/y) as a result of decrease in average production by (-) 0,9 th. boe/d (y/y), of which: in Canada by (-) 1,0 th. boe/d at higher production in Poland by 0,1 th. boe/d.

Operational results before impairments of assets: 2Q20 PLN (-) 133 m / 1Q21 PLN 0 m / 2Q21 PLN 0 m / 6M20 PLN (-) 629 m / 6M21 PLN 0 m
Macro: margins PLN 100 m, hedging PLN (-) 40 m

Upstream – operational data
Gradual recovery of production

Poland

Total reserves of crude oil and gas (2P)

10,1 m boe* (5% liquid hydrocarbons, 95% gas)

2Q21

Average production: 1,1 th. boe/d (100% gas)

EBITDA: PLN 12 m** / CAPEX: PLN 18 m

6M21

Average production: 1,2 th. boe/d (100% gas)

EBITDA: PLN 3 m** / CAPEX: PLN 34 m

- Development of existing assets:
  - (Miocen) – an Infrastructure Commissioning Test in KGZ Bystrowice.
  - (Edge) – Tuchola and Bajerze fields works were continued based on electricity generating from nitrogen-rich gas, the pre-fabrication of technological equipment and skids, road and underground infrastructure construction, as well as earthworks related to the construction of foundations for technological facilities and support facilities were continued. The installation of gas pipelines supplying power generating units on both sites were completed.
  - As for projects realized with PGNiG - project and legal works for the development of Chwalęcin Natural Gas filed (Płotki project) were continued, as well as technical and economic analyses of the development of the Sieraków-2H well (Sieraków project).
- Drilling woks:
  - (Miocen) – construction of drilling site for Pruchnik OU1 well was completed.
  - (Płotki) – design and preparatory works for drilling future wells was carried out with a partner.
- Seismic activity:
  - (Edge) – processing of seismic data of Koczała Miastko 3D was completed and the interpretation has started.
  - (Karpaty) – interpretation of seismic 2D profiles completed

Canada

Total reserves of crude oil and gas (2P)

163,9 m boe* (60% liquid hydrocarbons, 40% gas)

2Q21

Average production: 16,8 th. boe/d (46% liquid hydrocarbons)

EBITDA: PLN 48 m** CAPEX: PLN 34 m

6M21

Average production: 15,8 th. boe/d (45% liquid hydrocarbons)

EBITDA: PLN 71 m**/ CAPEX: PLN 105 m

- Development of existing assets:
  - (Kakwa) – 2 wells (2,0 net) were fractured and added to production.
  - (Ferrier) - At the end of June, the drilling program was resumed and drilling of 1 well (1.0 net) in Ferrier has started. Currently the pre-drilling works for further development are underway.
  - Additional tasks related to the optimization of the production and tie-in wells with down hole equipment in key areas of activity were carried out.
- The scheduled downtime for repair and maintenance works at Ferrier Gas Plant was completed. High air temperatures in June made it necessary to temporarily limit production in selected areas.
- In May, the company divested selected sections in the non-core Chime region, where upstream activity is not being carried out. In June, the process of acquiring new concession rights in the highly perspective part of the Lochend asset was closed. New sections are adjacent to the currently owned area.
- Pro-environmental activities are conducted to reduce greenhouse gas emissions and meet all environmental requirements introduced by the federal and provincial Governments of Canada. In June, ORLEN Upstream Canada submitted an official report verifying greenhouse gas emissions in 2020.

* Data as of 31.12.2020 (Canada) / 01.01.2021 (Poland)

** Operational results before impairments of assets: 2Q21 PLN 0 m / 6M21 PLN 0 m

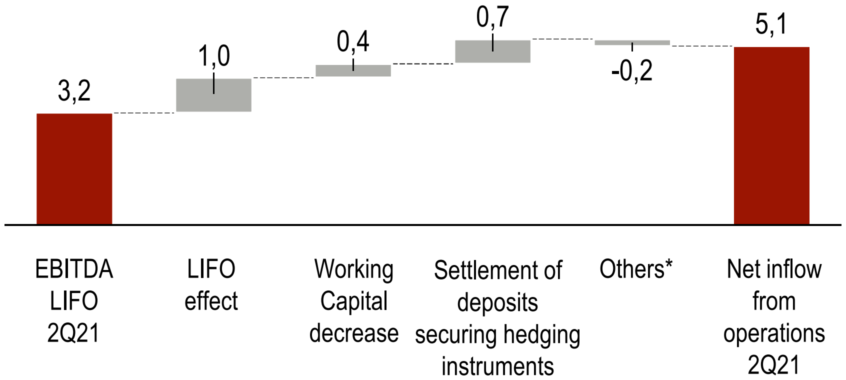
Agenda

- Quarterly summary
- Macro environment
- Financial and operating results
- Financial strength
- Market outlook

Cash flow

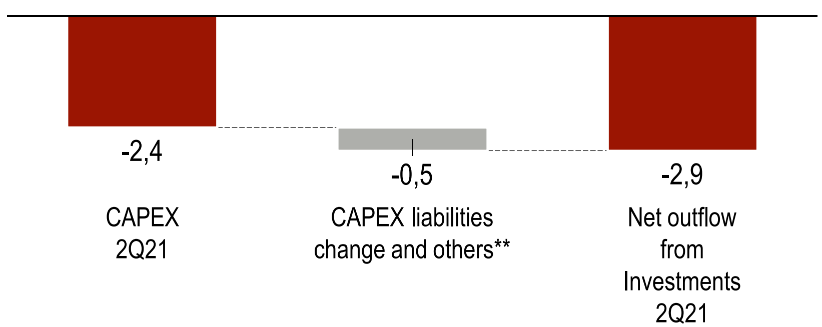
Cash flow from operations

PLN bn



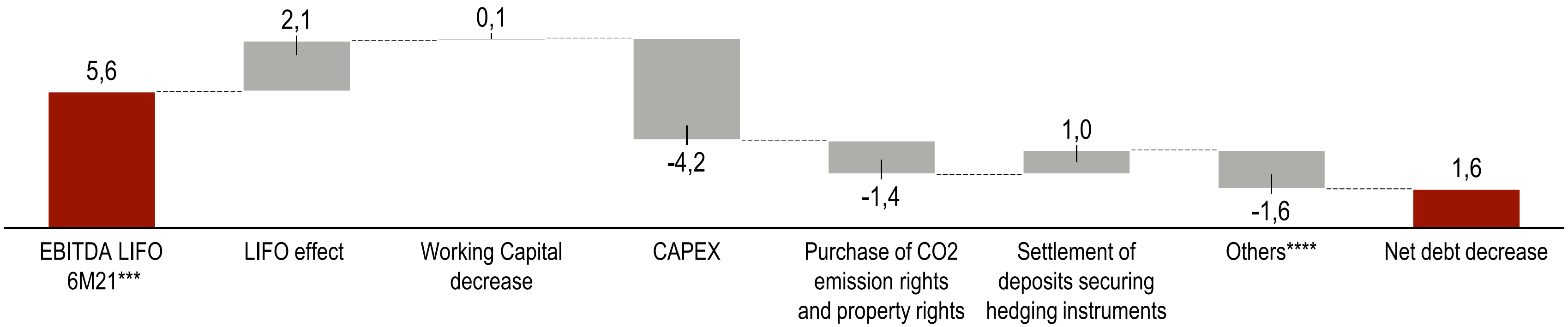
Cash flow from investments

PLN bn



Free cash flow 6M21

PLN bn



* Includes: income tax paid PLN (-) 0,4 bn, capital adjustments PLN (-) 0,2 bn, adjustment for changes in the balance of reserves PLN 1,2 bn, settlement of CO_2 subsidies PLN (-) 0,6 m, settlement and valuation of derivatives PLN (-) 0,4 bn.

** Includes: recognition of the right to use assets PLN 0,3 bn, settlement of derivatives not designated as hedge accounting PLN (-) 0,3 bn, changes in the share structure PLN (-) 0,5 bn, purchase of CO_2 rights PLN (-) 0,1 bn and dividends received PLN 0,2 m.

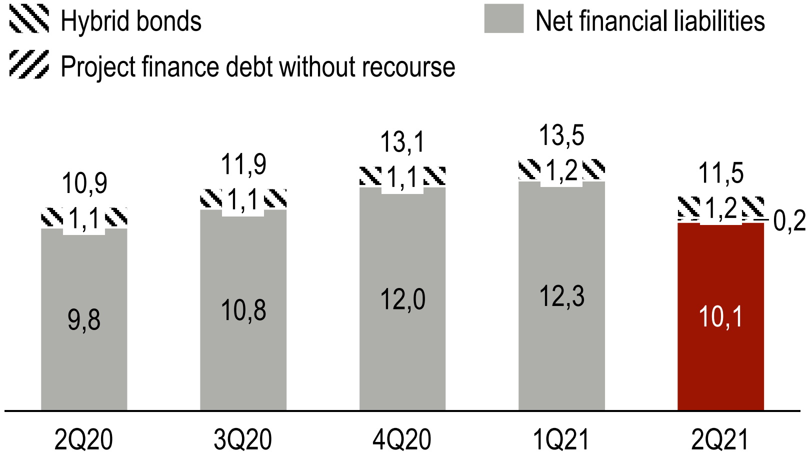
*** Includes: PLN 0,2 bn positive impact of inventories revaluation (NRV)

**** Includes: acquisition of subsidiaries shares reduced by cash PLN (-) 0,8 bn, adjustment in advance payments PLN (-) 0,5 bn, income tax paid PLN (-) 0,5 bn, lease payments PLN (-) 0,4 bn, interest paid PLN (-) 0,3 bn, dividends received PLN 0.2 bn, settlement of derivatives not designated as hedge accounting (-) PLN 0,5 bn, settlement and valuation of derivatives PLN (-) 0,6 bn, recognition of the right to use assets PLN 0,5 bn, capital adjustments PLN (-) 0,3 bn, adjustment for changes in the balance of reserves PLN 2,4 bn, settlement of CO_2 subsidies PLN (-) 0,8 bn and the net effect of valuation and revaluation of debt due to FX differences PLN (-) 0,2 bn.

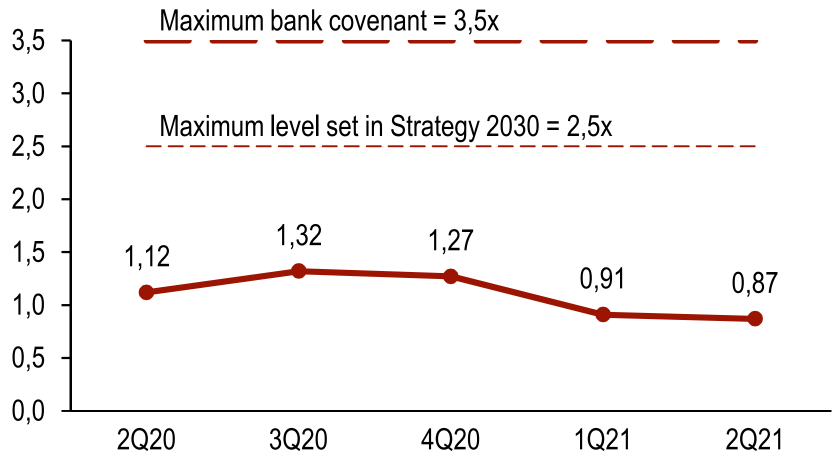
Financial strength

Net debt

PLN bn

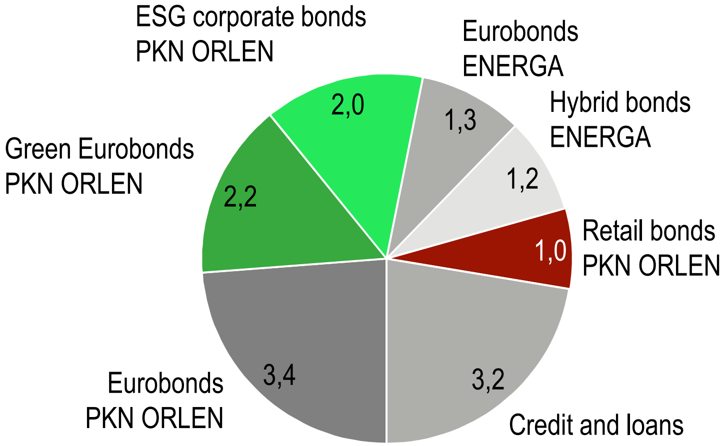


Net debt/EBITDA*



Gross debt – sources of financing

PLN bn

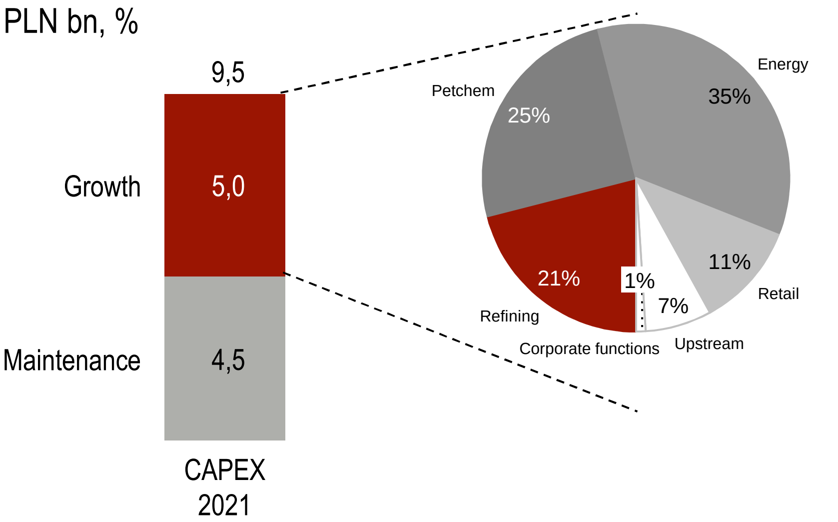


- Gross debt currency structure: EUR 59%, PLN 38%, CZK 2%, CAD 1%
- Average maturity: 2023
- Investment grade: BBB- positive outlook (Fitch), Baa2 positive outlook (Moody's).
- PKN ORLEN as the first company from Poland issued green Eurobonds valued at EUR 500 m.
- Net debt decrease by PLN 2,0 bn (q/q) as a result of positive cash flows from operations of PLN 5,1 bn at cash outflow from investments of PLN (-) 2,9 bn, payments of lease liabilities of PLN (-) 0,2 bn, paid interest of PLN (-) 0,2 bn and PLN 0,1 bn FX differences from debt valuation as well as new acquisitions within Group.
- Mandatory reserves in the balance sheet at the end of 2Q21 amounted PLN 5,0 bn, of which PLN 4,3 bn in Poland.

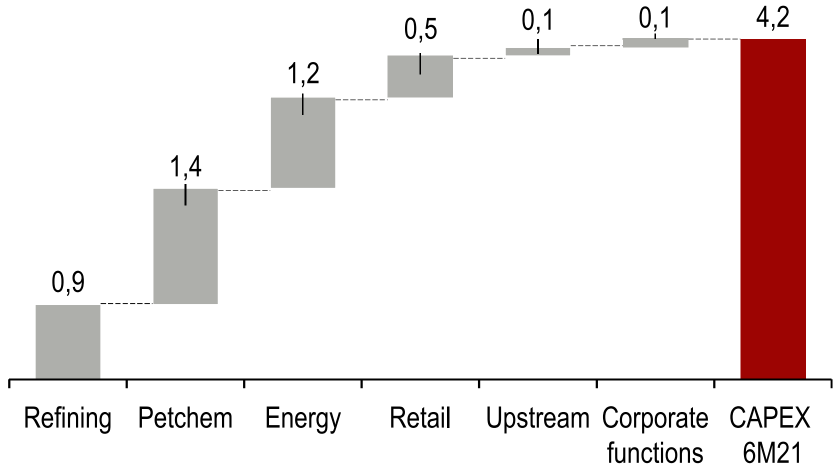
* The level of net debt adopted for the calculation of the ratio does not take into account project finance debt without recourse and hybrid bond issue

CAPEX

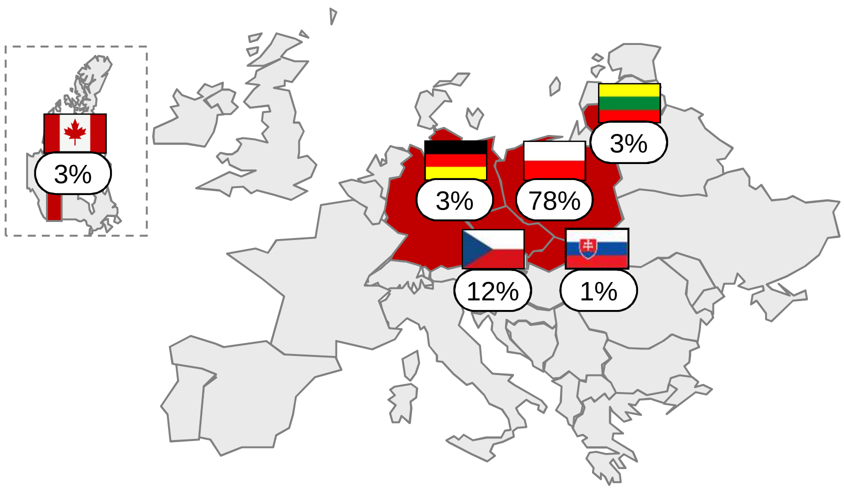
Planned CAPEX
PLN bn, %



Realized CAPEX 6M21 – split by segment
PLN bn



Realized CAPEX 6M21 – split by country
%



Growth projects realized in 2Q21

Refining
- Construction of Visbreaking unit in Płock
- Construction of Propylene Glycol in ORLEN Południe

Petchem
- Project of capacities extension of Olefin Unit in Płock
- Extension of fertilizers production in Anwil

Energy
- Modernization of current assets and connection of new clients in ENERGA Group
- Modernization of DCS power system in Płock

Retail
- Fuel stations – 4 opened/included in the network, 6 closed/cooperation ended
- Non-fuel sales – 10 Stop Cafe/Star Connect locations opened

Upstream
- Focus on perspective projects: Canada (Kakwa and Ferrier) / Poland (Egde, Miocen and Płotki)

CAPEX 2Q21 amounted to PLN 2 395 m: Refining PLN 497 m, Petchem PLN 871 m, Energy PLN 690 m, Retail PLN 208 m, Upstream PLN 52 m, CF PLN 77 m.

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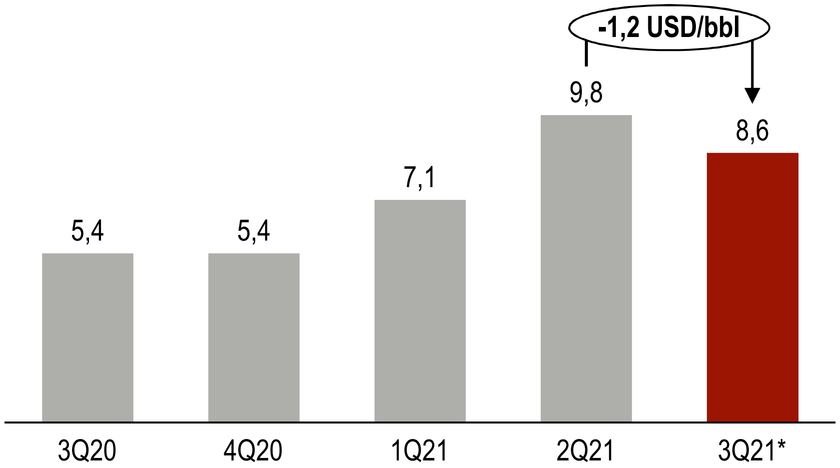
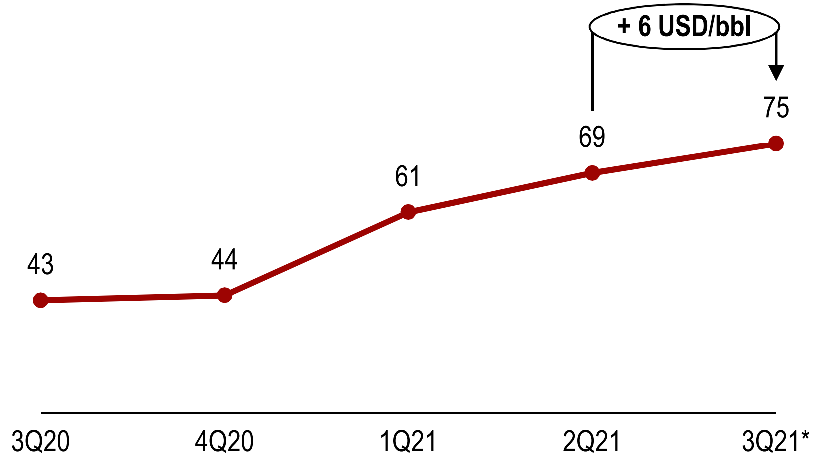
Macro environment 3Q21

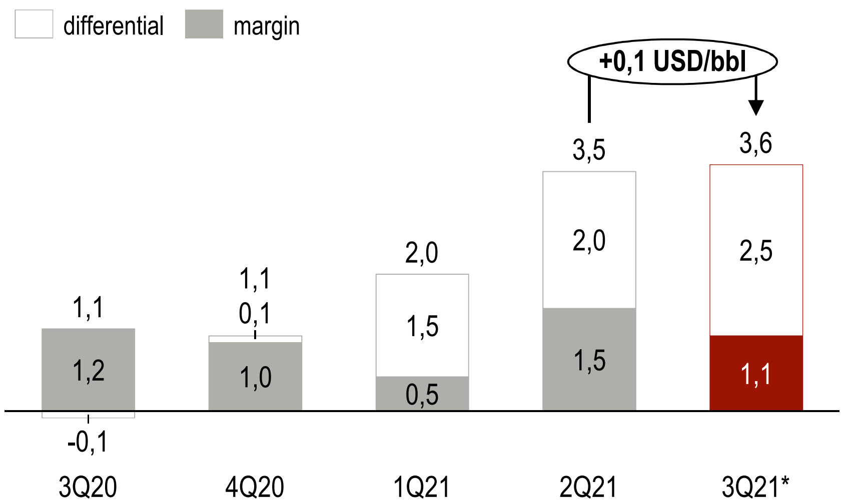
Model downstream margin
USD/bbl



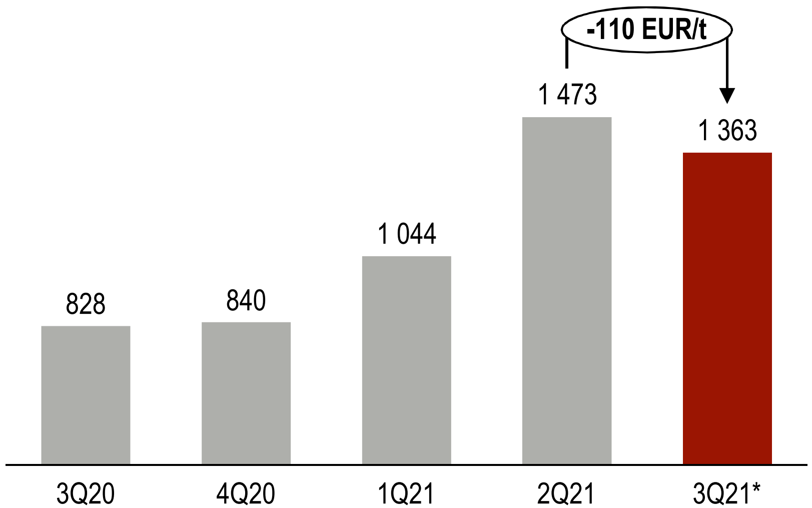
Average Brent crude oil price
USD/bbl



Model refining margin and Brent/Ural differential
USD/bbl



Model petrochemical margin
EUR/t



* Data as of 23.07.2021

Market outlook 2021

Macro

- Brent crude oil – price of crude oil increased strongly mainly as a result of Saudi Arabia's resistance to increasing production. In July, OPEC + reached an agreement and agreed to increase production, which sparked fears of crude oil surplus in view of the next wave of the pandemic. In the coming weeks, we expect crude oil prices to fall and remain the average level below 70 USD/bbl until the end of the year.
- Refining margin – strong increase in demand for crude oil and fuels together with seasonal effect resulted in margins improvement, but the level was limited by dynamic increase of crude oil prices to nearly 80 USD/bbl. The current perspective of a decline in crude oil prices may temporarily improve refining margins, but in the longer term, the global refining capacity surplus will continue to weigh heavily.
- Petchem margin – increase in demand at supply constraints pushed margins to the record-high levels in 2Q21. In the following quarters, we expect margins to deteriorate, however margins will remain at high levels, much higher than in previous years. Petchem is strictly correlated with GDP, which is currently growing strongly following a deep decline last year.
- Gas – prices of natural gas on the spot market in Europe are the highest since 2008 as a result of limited gas supply (low level of stocks in Europe and limited availability of LNG loads) and intensified demand. The positive impact of low level of stocks on the price will persist at least till the beginning of heating season. If level of stocks will not increase before the winter season to the level observed in previous years, this will support gas prices also in the coming winter quarters.
- Energy – due to structure of Polish energy market, a strong correlation with CO2 emission allowances, is of great importance, which is currently a support factor for energy prices with the perspective of further growth. Coal prices on the global market have recently reached new highs (high demand in Asia and limited supply from Indonesia and South Africa have a direct impact on coal prices in Europe, and indirectly also on the Polish market). Support is also provided by high gas prices and high demand for electricity, which results from high temperatures and low wind generation. The situation on the gas market should also support energy prices in the coming months. Low levels of stocks in Europe and uncertain price perspective for the coming months with limited supply and high LNG prices will be a weaker constraint for rising coal prices and another factor supporting energy prices. The perspective of a cold winter and high demand may be another factor causing an increase in electricity prices.

Economy

- GDP forecast* – Poland 5,0%, the Czech Rep. 1,2%, Lithuania 5,1%, Germany 3,6%
- Fuel consumption – increase in fuel demand as a result of economic recovery after COVID-19

Regulation

- National Index Target – base level for 2021 set on 8,7% (reduced ratio for PKN ORLEN is 5,707%)
- Retail tax – imposed on retail sales revenues
- Capacity Market – additional revenues supporting Energy sector

* Poland (NBP, July 2021); Germany (CE, June 2021); Czech Republic (CNB, May2021); Lithuania (LB, June 2021)

Thank you for your attention

In case of any questions please contact IR Department:
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www.orlen.pl

Agenda

Supporting slides

Results – split by quarter

PLN m	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Revenues	22 077	17 010	23 918	23 175	24 562	29 423
EBITDA LIFO	1 607	2 013	1 965	2 773	2 386	3 206
LIFO effect	-2 072	-466	267	-103	1 142	963
EBITDA	-465	1 547	2 232	2 670	3 528	4 169
Depreciation	-935	-1 128	-1 183	-1 301	-1 292	-1 313
EBIT LIFO	672	885	782	1 472	1 094	1 893
EBIT	-1 400	419	1 049	1 369	2 236	2 856
Net result	-2 245	306	677	25	1 873	2 243

2Q20 does not include profit on a bargain purchase of ENERGA shares in the amount of PLN 4062 m.
Operational results before impairments of assets: 1Q20 PLN (-) 504 m / 2Q20 PLN (-) 146 m / 3Q20 PLN 8 m / 4Q20 PLN (-) 949 m / 1Q21 PLN (-) 4 m / 2Q21 PLN (-) 85 m

EBITDA LIFO – split by segment

PLN m	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
EBITDA LIFO	**1 607**	**2 013**	**1 965**	**2 773**	**2 386**	**3 206**
NRV	-1 609	1 207	-66	359	193	14
hedge	1 230	-115	1	369	96	348
including: hedge CO2	n/a	n/a	n/a	700	568	764
LIFO effect	-2 072	-466	267	-103	1 142	963
EBITDA	**-465**	**1 547**	**2 232**	**2 670**	**3 528**	**4 169**
Refining LIFO	**-353**	**614**	**-370**	**-128**	**2**	**298**
NRV	-1 551	1 168	-65	366	157	15
hedge	1 049	-82	-3	-312	-230	-117
including: hedge CO2	n/a	n/a	n/a	n/a	193	260
LIFO effect	-1 946	-526	270	-78	1 074	923
Refining	**-2 299**	**88**	**-100**	**-206**	**1 076**	**1 221**
Petchem LIFO	**766**	**251**	**502**	**558**	**872**	**1 021**
NRV	-58	39	-1	-7	36	-1
hedge	73	-13	17	-3	227	308
including: hedge CO2	n/a	n/a	n/a	n/a	213	287
LIFO effect	-126	60	-3	-25	68	40
Petchem	**640**	**311**	**499**	**533**	**940**	**1 061**
Energy	**488**	**759**	**1 017**	**1 124**	**1 240**	**1 234**
hedge CO2	n/a	n/a	n/a	n/a	162	217
Retail	**706**	**726**	**1 035**	**765**	**548**	**828**
Upstream	**219**	**10**	**44**	**49**	**14**	**60**
hedge	107	-20	-12	-16	-63	-60
Corporate functions	**-219**	**-347**	**-263**	**405**	**-290**	**-235**
hedge CO2	0	0	0	700	0	0

2Q20 does not include profit on a bargain purchase of ENERGA shares in the amount of PLN 4062 m.
Operational results before impairments of assets: 1Q20 PLN (-) 504 m / 2Q20 PLN (-) 146 m / 3Q20 PLN 8 m / 4Q20 PLN (-) 949 m / 1Q21 PLN (-) 4 m / 2Q21 PLN (-) 85 m

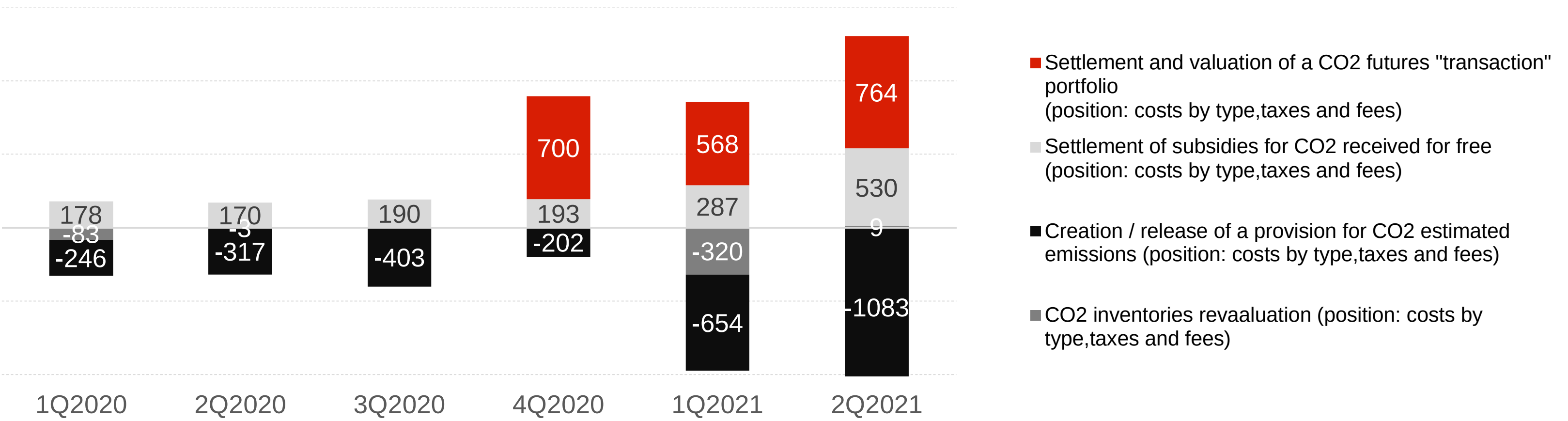
Effect of the operations related to reserve on CO2 and valuation of CO2 contracts on PKN ORLEN consolidated financial results

Contracts portfolio for purchase of CO2 emission rights in PKN ORLEN and EUA balance on ORLEN Group accounts (mt)

Portfolios	approach to valuation	31.03.2020	30.06.2020	30.09.2020	31.12.2020	31.03.2021	30.06.2021
Own contracts portfolio for purchase of emission rights	Is not subject to fair value valuation at the balance sheet date	12,04	12,42	13,15*	7,42	0,46**	1,49
Transaction portfolio for purchase of emission rights	It is subject to fair value valuation at the balance sheet date	n/d	n/d	n/d	12,20	12,40	12,79
EUA portfolio on ORLEN Group accounts	Is not subject to fair value valuation at the balance sheet date***	25,10	9,98	10,51	10,96	18,79	2,14

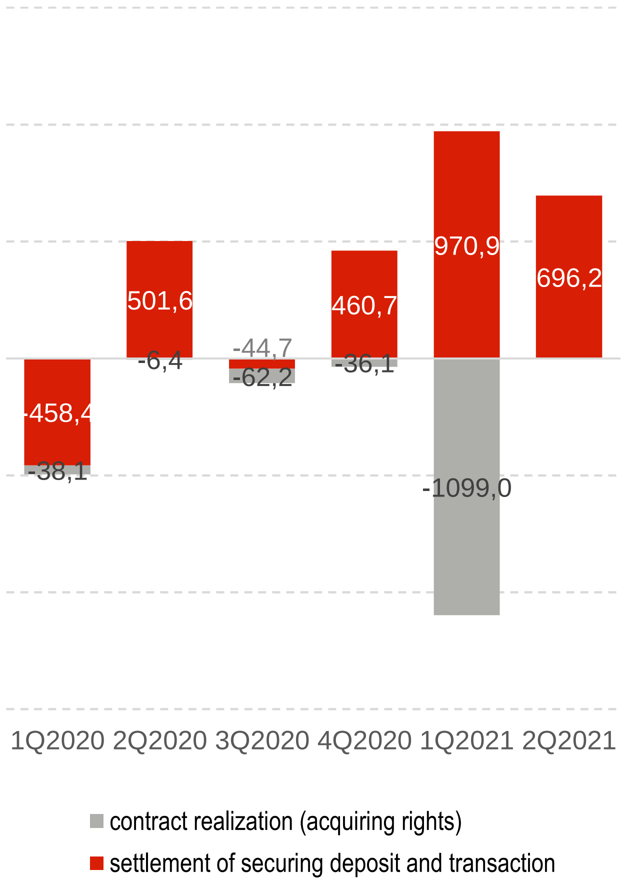
* Transaction portfolio has been spun off in 4Q2020 in connection to part of CO2 emission rights contracts rolled for the next term (according to MSSF9)
** In 23 March 2021, 7,0 million contracts have been purchased for settlement purpose on April 2021
*** Recognized as intangible assets, which are not amortized and analyzed for impairment. Purchased rights valuated according to the purchase price, received for free in fair value fixed for registration on the account day less any write-offs for impairment

Chart: impact of activities related to CO2 on PKN ORLEN consolidated financial result (PLN m)

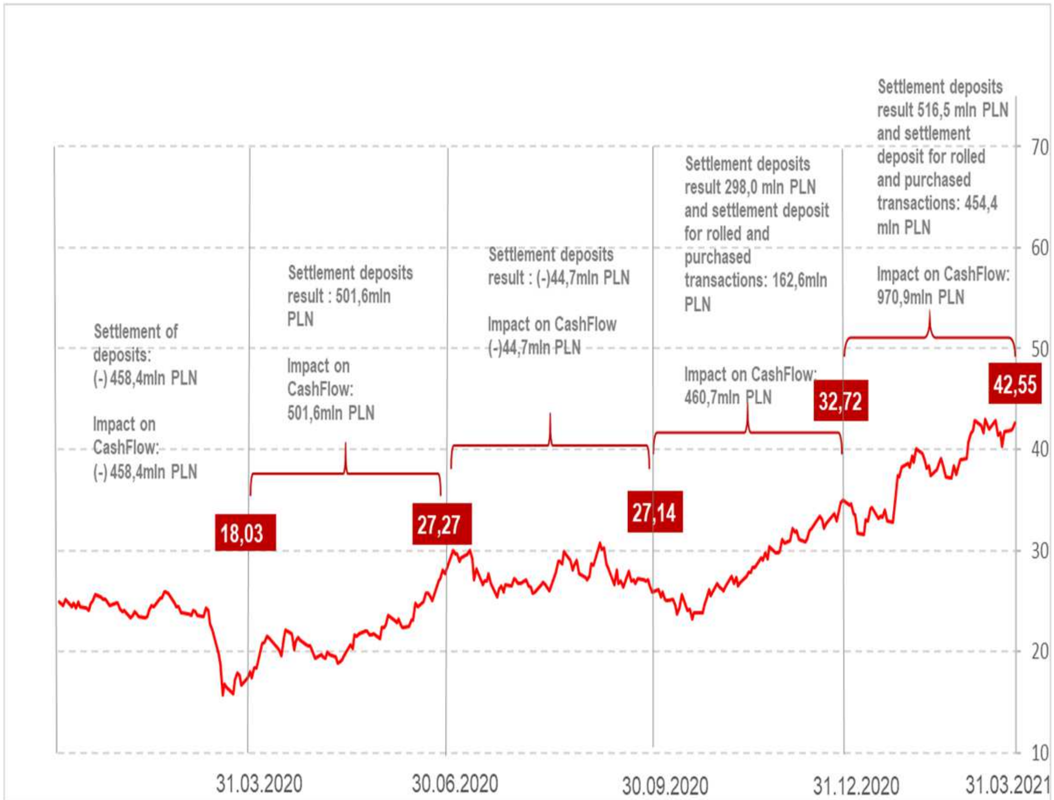


Settlement of securing deposit and realization of CO2 contracts on cash flow – ILLUSTRATIVE VALUE

Impact on cash flow (PLN m)



Impact on cash flow from settlement of securing deposit and settlement of transactions vs CO2 contracts quotations



Results – split by company

2Q21 PLN m	PKN ORLEN	ORLEN Unipetrol[2]	ORLEN Lietuva[2]	ENERGA Group[2]	Others and consolidation corrections	TOTAL
Revenues	19 336	5 676	4 372	3 228	-3 189	29 423
EBITDA LIFO	1 647	283	-64	797	543	3 206
LIFO effect[1]	734	144	59	-	26	963
EBITDA	2 381	427	-5	797	569	4 169
Depreciation	497	241	40	271	264	1 313
EBIT	1 884	186	-45	526	305	2 856
EBIT LIFO	1 150	42	-104	526	279	1 893
Financial income	1 109	18	-4	4	-690	437
Financial costs	-217	-58	-5	-43	-29	-352
Net result	2 332	112	-47	310	-464	2 243

[1] Calculated as a difference between operating profit acc. to LIFO and operating profit based on weighted average
[2] Presented data shows ORLEN Unipetrol Group, ORLEN Lietuva and ENERGA Group results acc. to IFRS before taking into account adjustments made for ORLEN Group consolidation

ORLEN Lietuva

PLN m	2Q20	1Q21	2Q21	Δ (y/y)	6M20	6M21	Δ
Revenues	2 173	2 848	4 372	101%	5 309	7 220	36%
EBITDA LIFO	348	66	-64	-	-405	2	-
EBITDA	161	130	-5	-	-535	125	-
EBIT	121	94	-45	-	-609	49	-
Net result	111	89	-47	-	-497	42	-

- Increase in revenues as a result of increase in product quotations and higher sales volumes (y/y).
- Slight decrease of refining utilization by (-) 1 pp (y/y). Fuel yield increased by 4 pp (y/y) as a result of higher share of low-sulphur crude oil in the throughput structure and additional throughput and intermediate products blending from the stock and import.
- EBITDA LIFO lower by PLN (-) 412 m (y/y) mainly due to the lack of positive impact of inventory revaluation (NRV) in 2Q20 in the amount of PLN (-) 559 m (y/y), negative macro impact (y/y), including mainly drop in margins on diesel and heavy refining fractions and hedging transactions. These negative effects have been partially offset by the positive impact of U/B differential, higher margins on gasoline and JET fuel as well as wholesale margins (y/y) and usage of historical layers of inventories.
- CAPEX 2Q21: PLN 68 m / 6M21: PLN 131 m.

Operational results before impairments of assets: 2Q21: PLN (-) 2 m / 6M21: PLN (-) 2 m

ORLEN Unipetrol

PLN m	2Q20	1Q21	2Q21	Δ (y/y)	6M20	6M21	Δ
Revenues	2 494	4 347	5 676	128%	6 548	10 023	53%
EBITDA LIFO	97	147	283	192%	-3	430	-
EBITDA	-22	382	427	-	-280	809	-
EBIT	-227	143	186	-	-684	329	-
Net result	-198	115	112	-	-561	227	-

- Increase in sales revenues as a result of higher quotations of refining and petrochemical products and higher sales volumes.
- Higher (y/y) level of the refining capacity utilization by 38 p.p. as a result of no cyclical refinery and petrochemicals shutdown in Litvinov in 2020 and impact of delayed start up of refinery in Kralupy after the shutdown in March 2020 as well as thanks to the higher fuels consumption on the market. Lower fuels yield by (-) 4 p.p. (y/y) as an overstated level from 2Q20 during the cyclical maintenance shutdown in Litvinov refinery (throughput of the intermediate products stocked before the maintenance shutdown).
- EBITDA LIFO higher by PLN 186 m (y/y) due to positive impact of (y/y) of macro, including mainly U/B differential and margins on gasoline and JET fuel, lack of negative impact of usage of historical layers of inventories from 2Q20 and higher sales volumes with negative impact of NRV at the level of PLN (-) 634 m (y/y), trading margins on refinery products and higher general costs and costs of work.
- CAPEX 2Q21: PLN 294 m / 6M21: PLN 541 m.

Operational results before impairments of assets: 1Q21 PLN (-) 2 m / 2Q21 PLN (-) 1 m / 6M21 PLN (-) 3 m

ENERGA Group

PLN m	2Q20	1Q21	2Q21	Δ (y/y)	6M20	6M21	Δ
Revenues	2 842	3 441	3 228	14%	6 095	6 669	9%
EBITDA	487	758	659	35%	1 055	1 417	34%
EBIT	229	494	385	68%	533	879	65%
Net result	-878	384	284	-	-767	668	-

- Increase of revenues mainly as an effect of higher revenues in Production Business Line (higher volume of electricity production in Ostrołęka Power Plant, higher energy sales prices and the implementation of the Capacity Market from 2021).
- ENERGA Group EBITDA higher by PLN 172 m (y/y) due to higher by:
  - PLN 112 m Distribution Business Line EBITDA – the growth of results (y/y) is mainly the effect of higher margin on distribution (the effect of higher volume), higher revenues from connection point and lower operating costs of the Line;
  - PLN 49 m Sales Business Line EBITDA – the growth of results (y/y) is mainly the effect of low base (in 2020 the lower tariff of the President of the Energy Regulatory Office for households was in force, as well as the 2q20 results was reduced by the pandemic situation – realization of losses on Energy surpluses sales) and the general improvement in profitability in sales of electricity to business customers in 2021.
- CAPEX 2Q21: PLN 600 m.

Operational results before impairments of assets: 2Q21 PLN (-) 473 m/ 1Q21 PLN (-) 10 m/ 2Q21 PLN (-) 62 m/ 6M20: PLN (-) 470 m/ 6M21: PLN (-) 72 m

Production data

ORLEN Group	2Q20	1Q21	2Q21	Δ (y/y)	Δ (q/q)	6M20	6M21	Δ
Processed crude (kt)	6 192	6 237	6 810	10%	9%	13 875	13 047	-6%
Utilization	71%	72%	78%	7 pp	6 pp	79%	75%	-4 pp
PKN ORLEN [1]								
Processed crude (kt)	3 505	3 040	3 286	-6%	8%	7 431	6 326	-15%
Utilization	86%	76%	81%	-5 pp	5 pp	92%	78%	-14 pp
Fuel yield [4]	84%	77%	83%	-1 pp	6 pp	84%	80%	-4 pp
Light distillates yield [5]	35%	32%	29%	-6 pp	-3 pp	35%	30%	-5 pp
Middle distillates yield [6]	49%	45%	54%	5 pp	9 pp	49%	50%	1 pp
ORLEN Unipetrol [2]								
Processed crude (kt)	777	1 640	1 615	108%	-2%	2 423	3 255	34%
Utilization	36%	76%	74%	38 pp	-2 pp	56%	75%	19 pp
Fuel yield [4]	87%	82%	83%	-4 pp	1 pp	83%	82%	-1 pp
Light distillates yield [5]	43%	36%	37%	-6 pp	1 pp	37%	37%	0 pp
Middle distillates yield [6]	44%	46%	46%	2 pp	0 pp	46%	45%	-1 pp
ORLEN Lietuva [3]								
Processed crude (kt)	1 839	1 472	1 827	-1%	24%	3 867	3 299	-15%
Utilization	73%	59%	72%	-1 pp	13 pp	76%	65%	-11 pp
Fuel yield [4]	78%	78%	82%	4 pp	4 pp	76%	80%	4 pp
Light distillates yield [5]	32%	32%	35%	3 pp	3 pp	31%	34%	3 pp
Middle distillates yield [6]	46%	46%	47%	1 pp	1 pp	45%	46%	1 pp

[1] Throughput capacity for Plock refinery is 16,3 mt/y
[2] Throughput capacity for Unipetrol is 8,7 mt/y [Litvinov (5,4 mt/y) and Kralupy (3,3 mt/y)]
[3] Throughput capacity for ORLEN Lietuva is 10,2 mt/y
[4] Fuel yield equals middle distillates yield plus light distillates yield. Differences may occur from rounding
[5] Light distillates yield is a ratio of gasoline, naphtha, LPG production excluding BIO and internal transfers to crude oil throughput
[6] Middle distillates yield is a ratio of diesel, light heating oil (LHO) and JET production excluding BIO and internal transfers to crude oil throughput

Dictionary

Model downstream margin = revenues (90,7% Products = 22,8% Gasoline + 44,2% Diesel + 15,3% HHO + 1,0% SN 150 + 2,9% Ethylene + 2,1% Propylene + 1,2% Benzene + 1,2% PX) – costs (input 100% = 6,5% Brent crude oil + 91,1% URAL crude oil + 2,4% natural gas).
Cracks for petrochemical products calculated as the difference between the quotation of a given product and Brent DTD oil price.

Model refining margin = revenues (93,5% Products = 36% Gasoline + 43% Diesel + 14,5% HHO) **-** costs (100% input: crude oil and other raw materials).
Total input calculated acc. to Brent Crude quotations. Spot market quotations.

Spread Ural Rdam vs fwd Brent Dtd = Med Strip **-** Ural Rdam (Ural CIF Rotterdam).

Model petrochemical margin = revenues (98% Products = 44% HDPE + 7% LDPE + 35% PP Homo + 12% PP Copo) **-** costs (100% input = 75% Naphtha + 25% LS VGO).
Contract market quotations.

Fuel yield = middle distillates yield + gasoline yield (yields calculated in relation to crude oil)

Working capital (in balance sheet) = inventories + trading receivables and other receivables – trading liabilities and other liabilities

Working capital change (in cash flow) = changes in receivables + changes in inventories + changes in liabilities

Net debt = (short-term + long-term loans, borrowings and bonds) – cash

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