ORLEN

ORLEN GROUP

CONSOLIDATED HALF-YEAR REPORT

FOR THE 1st HALF 2023

ORLEN GROUP - SELECTED DATA

	PLN million		EUR million	
	6 MONTHS ENDED 30/06/2023	6 MONTHS ENDED 30/06/2022	6 MONTHS ENDED 30/06/2023	6 MONTHS ENDED 30/06/2022
Sales revenues	184 891	103 251	40 080	22 239
Operating profit increased by depreciation and amortisation (EBITDA)	23 695	11 598	5 137	2 498
EBITDA before net impairment allowances	24 301	14 485	5 268	3 120
Profit from operations (EBIT)	17 774	8 751	3 853	1 885
Profit before tax	19 526	8 432	4 233	1 816
Net profit before net impairment allowances	14 259	9 415	3 091	2 028
Net profit	**13 653**	**6 528**	**2 960**	**1 406**
Total net comprehensive income	17 193	7 028	3 727	1 514
Net profit attributable to equity owners of the parent	13 552	6 382	2 938	1 375
Total net comprehensive income attributable to equity owners of the parent	17 089	6 873	3 705	1 480
Net cash from operating activities *	30 511	8 529	6 614	1 837
Net cash (used) in investing activities *	(18 234)	(7 010)	(3 953)	(1 509)
Net(cash used) in financing activities	(9 143)	(1 414)	(1 982)	(305)
Net increase in cash	3 134	105	679	23
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN/EUR per share)	11.67	14.92	2.53	3.21
	30/06/2023	31/12/2022 (restated data)	30/06/2023	31/12/2022 (restated data)
Non-current assets	155 651	154 624	34 975	32 971
Current assets	95 989	119 340	21 569	25 446
Total assets	**251 640**	**273 964**	**56 544**	**58 417**
Share capital	1 974	1 974	444	421
Equity attributable to equity owners of the parent	147 766	137 062	33 204	29 225
Total equity	**148 881**	**138 073**	**33 454**	**29 440**
Non-current liabilities	35 577	42 021	7 994	8 960
Current liabilities	67 182	93 870	15 096	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)	127.28	118.06	28.60	25.17

ORLEN – SELECTED DATA

	PLN million		EUR million	
	6 MONTHS ENDED 30/06/2023	6 MONTHS ENDED 30/06/2022	6 MONTHS ENDED 30/06/2023	6 MONTHS ENDED 30/06/2022
Sales revenues	121 402	73 751	26 317	15 885
Profit from operations increased by depreciation and amortisation (EBITDA)	12 165	4 900	2 637	1 055
Profit from operations (EBIT)	10 571	3 820	2 292	823
Profit before tax	13 868	4 076	3 006	878
Net profit	**11 570**	**3 229**	**2 508**	**696**
Total net comprehensive income	16 467	3 033	3 570	653
Net cash from operating activities *	24 283	2 693	5 264	580
Net cash (used) in investing activities *	(11 709)	(3 256)	(2 538)	(701)
Net cash (used) in financing activities	(5 540)	-	(1 201)	-
Net increase/(decrease) in cash	7 034	(563)	1 525	(121)
Net profit and diluted net profit per share (in PLN/EUR per share)	9.97	7.55	2.16	1.63

	30/06/2023	31/12/2022 (restated data)	30/06/2023	31/12/2022 (restated data)
Non-current assets	112 665	111 304	25 316	23 733
Current assets	77 693	86 274	17 458	18 395
Total assets	**190 358**	**197 578**	**42 774**	**42 128**
Share capital	1 974	1 974	444	421
Total equity	**128 998**	**118 919**	**28 986**	**25 356**
Non-current liabilities	16 501	20 719	3 708	4 418
Current liabilities	44 859	57 940	10 080	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)	111.11	102.43	24.97	21.84

** data for 6 months of 2022 restated*

The above financial data for the 6-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 June 2023 – 4.6130 EUR/PLN andfrom 1 January to 30 June 2022 – 4.6427 EUR/PLN;

– items of assets, equity and liabilities – by the average exchange rate published by the National Bank of Poland as at 30 June 2023 – 4.4503 EUR/PLN and as at 31 December 2022 – 4.6899 EUR/PLN.

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HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 6 AND 3-MONTH PERIOD ENDED 30 JUNE 2023

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

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in PLN million)

A. HALF-YEAR 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

	NOTE	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Sales revenues	5.1	184 891	74 621	103 251	57 804
revenues from sales of finished goods and services		*151 661*	*59 884*	*83 516*	*46 981*
revenues from sales of merchandise and raw materials		*33 230*	*14 737*	*19 735*	*10 823*
Cost of sales	5.2	(157 572)	(64 527)	(80 566)	(44 622)
cost of finished goods and services sold		*(128 059)*	*(51 894)*	*(62 450)*	*(34 222)*
cost of merchandise and raw materials sold		*(29 513)*	*(12 633)*	*(18 116)*	*(10 400)*
Gross profit on sales		**27 319**	**10 094**	**22 685**	**13 182**
Distribution expenses		(7 511)	(3 849)	(4 831)	(2 451)
Administrative expenses		(2 754)	(1 362)	(1 434)	(735)
Other operating income	5.5	3 582	1 562	1 384	539
Other operating expenses	5.5	(2 686)	(927)	(9 269)	(5 406)
(Loss) due to impairment of trade receivables		(65)	(38)	(28)	(13)
Share in profit from investments accounted for using the equity method	5.7	(111)	(110)	244	102
Profit from operations		**17 774**	**5 370**	**8 751**	**5 218**
Finance income	5.6	2 834	1 485	854	409
Finance costs	5.6	(1 055)	(490)	(1 169)	(630)
Net finance income and costs		**1 779**	**995**	**(315)**	**(221)**
(Loss) due to impairment of loans and interest on trade receivables		(27)	(13)	(4)	(1)
Profit before tax		**19 526**	**6 352**	**8 432**	**4 996**
Tax expense		(5 873)	(1 808)	(1 904)	(1 313)
current tax		*(3 719)*	*36*	*(2 163)*	*(1 443)*
deferred tax		*(2 154)*	*(1 844)*	*259*	*130*
Net profit		**13 653**	**4 544**	**6 528**	**3 683**
Other comprehensive income:					
which will not be reclassified subsequently into profit or loss		**26**	**(14)**	**92**	**46**
actuarial gains and losses		*35*	*(17)*	*105*	*55*
gains and losses on investments in equity instruments at fair value through other comprehensive income		*(2)*	*2*	*7*	*1*
deferred tax		*(7)*	*1*	*(20)*	*(10)*
which will be reclassified into profit or loss		**3 514**	**(788)**	**408**	**316**
cash flow hedging instruments		*6 006*	*568*	*(110)*	*286*
hedging costs		*461*	*321*	*(232)*	*(174)*
exchange differences on translating foreign operations		*(1 766)*	*(1 546)*	*682*	*229*
share in other comprehensive income of investments accounted for using the equity method		*(2)*	*(2)*	*1*	*(1)*
deferred tax		*(1 185)*	*(129)*	*67*	*(24)*
		3 540	**(802)**	**500**	**362**
Total net comprehensive income		**17 193**	**3 742**	**7 028**	**4 045**
Net profit attributable to		**13 653**	**4 544**	**6 528**	**3 683**
equity owners of the parent		*13 552*	*4 590*	*6 382*	*3 612*
non-controlling interest		*101*	*(46)*	*146*	*71*
Total net comprehensive income attributable to		**17 193**	**3 742**	**7 028**	**4 045**
equity owners of the parent		*17 089*	*3 790*	*6 873*	*3 968*
non-controlling interest		*104*	*(48)*	*155*	*77*
Net profit per share attributable to equity owners of the parent (in PLN per share)					
basic		*11.67*	*3.95*	*14.92*	*8.44*
diluted		*11.67*	*3.95*	*14.92*	*8.44*

The accompanying notes disclosed on pages 11 – 59 are an integral part of these half-year condensed consolidated financial statements.

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in PLN million)

Consolidated statement of financial position

	NOTE	30/06/2023 (unaudited)	31/12/2022 (restated data)
ASSETS			
Non-current assets			
Property, plant and equipment		122 079	119 950
Intangible assets and goodwill		11 758	10 971
Right-of-use asset		11 258	10 502
Investments accounted for using the equity method	5.7	3 804	3 442
Deferred tax assets		1 218	4 205
Derivatives	5.9	1 777	1 505
Other assets	5.9	3 757	4 049
		155 651	**154 624**
Current assets			
Inventories		31 614	45 127
Trade and other receivables		33 780	38 035
Current tax assets		1 304	1 036
Cash		23 501	21 456
Derivatives	5.9	2 220	3 359
Assets classified as held for sale		47	17
Other assets, incl.:		3 523	10 310
security deposits	5.9	*1 829*	*8 774*
purchased securities	5.9	*991*	*479*
		95 989	**119 340**
Total assets		**251 640**	**273 964**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1 974	1 974
Share premium		46 405	46 405
Own shares		(2)	(2)
Hedging reserve		10 287	5 005
Revaluation reserve		(7)	(5)
Exchange differences on translating foreign operations		917	2 683
Retained earnings		88 192	81 002
Equity attributable to equity owners of the parent		**147 766**	**137 062**
Non-controlling interests		**1 115**	**1 011**
Total equity		**148 881**	**138 073**
LIABILITIES			
Non-current liabilities			
Loans, borrowings and bonds	5.8	8 718	11 973
Provisions	5.10	7 813	8 229
Deferred tax liabilities		8 025	7 682
Derivatives	5.9	1 074	4 613
Lease liabilities		9 240	8 842
Other liabilities	5.9	707	682
		35 577	**42 021**
Current liabilities			
Trade and other liabilities		43 137	40 242
Lease liabilities		1 281	1 422
Liabilities from contracts with customers		3 107	2 644
Loans, borrowings and bonds	5.8	2 253	7 252
Provisions	5.10	7 864	12 867
Current tax liabilities		2 712	14 603
Derivatives	5.9	3 880	12 839
Other liabilities	5.9	2 948	2 001
		67 182	**93 870**
Total liabilities		**102 759**	**135 891**
Total equity and liabilities		**251 640**	**273 964**

The accompanying notes disclosed on pages 11 – 59 are an integral part of these half-year condensed consolidated financial statements.

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in PLN million)

Consolidated statement of changes in equity

	Equity attributable to equity owners of the parent									
	Share capital	Share premium	Own shares	Hedging reserve	Revaluation reserve	Exchange differences on translating foreign operations	Retained earnings	Total	Non-controlling interests	Total equity
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	-	-	-	-	-	-	13 552	13 552	101	13 653
Components of other comprehensive income	-	-	-	5 282	(2)	(1 766)	23	3 537	3	3 540
Total net comprehensive income	**-**	**-**	**-**	**5 282**	**(2)**	**(1 766)**	**13 575**	**17 089**	**104**	**17 193**
Dividends	-	-	-	-	-	-	(6 385)	(6 385)	-	(6 385)
30/06/2023	**1 974**	**46 405**	**(2)**	**10 287**	**(7)**	**917**	**88 192**	**147 766**	**1 115**	**148 881**
(unaudited)										
01/01/2022	1 058	1 227	-	(430)	(20)	2 111	47 761	51 707	871	52 578
Net profit	-	-	-	-	-	-	6 382	6 382	146	6 528
Components of other comprehensive income	-	-	-	(275)	6	682	78	491	9	500
Total net comprehensive income	**-**	**-**	**-**	**(275)**	**6**	**682**	**6 460**	**6 873**	**155**	**7 028**
Change in share structure	-	-	-	-	-	-	5	5	(5)	-
Dividends	-	-	-	-	-	-	(1 497)	(1 497)	(1)	(1 498)
30/06/2022	**1 058**	**1 227**	**-**	**(705)**	**(14)**	**2 793**	**52 729**	**57 088**	**1 020**	**58 108**
(unaudited)										

The accompanying notes disclosed on pages 11 – 59 are an integral part of these half-year condensed consolidated financial statements.

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in PLN million)

Consolidated statement of cash flows

	NOTE	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2022 (unaudited) (restated data)
Cash flows from operating activities					
Profit before tax		**19 526**	**6 352**	**8 432**	**4 996**
Adjustments for:					
Share in profit from investments accounted for using the equity method	5.7	111	110	(244)	(102)
Depreciation and amortisation	5.2	5 921	2 872	2 847	1 447
Foreign exchange (profit)		(511)	(291)	(23)	(3)
Net interest		118	8	272	138
Loss on investing activities, incl.:		668	145	2 834	2 811
recognition/(reversal) of impairment allowances of property, plant and equipment, intangible assets, goodwill and other assets	5.5	*606*	*77*	*2 887*	*2 860*
Change in provisions		4 586	1 424	3 666	1 939
Change in working capital		14 426	8 413	(7 112)	(2 599)
inventories		*13 248*	*3 546*	*(7 841)*	*(2 792)*
receivables		*3 333*	*8 263*	*(4 514)*	*(848)*
liabilities		*(2 155)*	*(3 396)*	*5 243*	*1 041*
Other adjustments, incl.:		(336)	(2 080)	(811)	(224)
settlement of grants for property rights		*(2 102)*	*(1 141)*	*1 496*	*698*
security deposits		*6 925*	*2 190*	*(2 153)*	*(385)*
derivatives		*(5 685)*	*(3 661)*	*703*	*(851)*
Income tax (paid)		(13 998)	(9 921)	(1 332)	(472)
Net cash from operating activities		**30 511**	**7 032**	**8 529**	**7 931**
Cash flows from investing activities					
Acquisition of property, plant and equipment, intangible assets and right-of-use asset		(17 307)	(7 677)	(7 230)	(3 767)
Proceeds from the sale of shares in connection with the implementation of REMEDIES		340	340	-	-
Acquisition of financial assets in ORLEN VC		(17)	(15)	(18)	(18)
Disposal of property, plant and equipment, intangible assets and right-of-use asset		177	126	28	21
Short-term deposits		3	3	(15)	(8)
(Purchase)/Disposal of bonds		(985)	2 070	-	-
Acquisition of petrochemical assets less cash		(214)	4	-	-
Non-returnable payments to equity for Baltic JV		(521)	-	-	-
Interest received		130	103	2	2
Dividends received		100	100	190	190
Proceeds net cash from loans		25	17	-	-
Other		35	24	33	20
Net cash (used) in investing activities		**(18 234)**	**(4 905)**	**(7 010)**	**(3 560)**
Cash flows from financing activities					
Proceeds from loans and borrowings received		2 121	91	8 998	163
Repayment of loans and borrowings		(6 343)	(2 380)	(9 264)	(3 798)
Redemption of bonds		(3 421)	(3 370)	(400)	(400)
Interest paid from loans, borrowings and bonds		(378)	(217)	(266)	(191)
Interest paid on lease		(198)	(80)	(100)	(32)
Payments of liabilities under lease agreements		(887)	(440)	(398)	(167)
Grants received		84	42	38	30
Other		(121)	(54)	(22)	(14)
Net cash (used) in financing activities		**(9 143)**	**(6 408)**	**(1 414)**	**(4 409)**
Net increase/(decrease) in cash		**3 134**	**(4 281)**	**105**	**(38)**
Effect of changes in exchange rates		(1 089)	(901)	45	15
Cash, beginning of the period		21 456	28 683	2 896	3 069
Cash, end of the period		**23 501**	**23 501**	**3 046**	**3 046**
including restricted cash		*2 000*	*2 000*	*375*	*375*

The accompanying notes disclosed on pages 11 – 59 are an integral part of these half-year condensed consolidated financial statements.

EXPLANATORY NOTES TO THE HALF-YEAR 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 Płock, 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 the half-year condensed consolidated financial statements

2.1. Statement of compliance and general principles of preparation

These half-year condensed 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 provided by issuers of securities and terms of deeming information required by the regulations of a non-member state equivalent (Official Journal 2018, item 757) and present the ORLEN Group financial position as at 30 June 2023 and as at 31 December 2022 financial results and cash flows for the 6 and 3-month period ended 30 June 2023 and 30 June 2022.

These half-year 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 half-year 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 analyzed 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 by 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 half-year 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 half-year 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 1st half of 2022:

- by the date of approval of these half-year condensed consolidated financial statements, the Group completed the process of settling the merger with Grupa LOTOS. 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 half-year 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;

(in PLN million)

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 Grupa LOTOS	31/12/2022 (restated data)
ASSETS			
Non-current assets			
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
	153 117	**1 507**	**154 624**
Current assets		-	
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
	119 210	**130**	**119 340**
Total assets	**272 327**	**1 637**	**273 964**
EQUITY AND LIABILITIES			
Total equity, incl.:	**136 959**	**1 114**	**138 073**
retained earnings	79 887	1 115	81 002
Non-current liabilities			
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
	41 531	**490**	**42 021**
Current liabilities			
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
	93 837	**33**	**93 870**
Total equity and liabilities	**272 327**	**1 637**	**273 964**

– 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 the 1st half of 2022.

	6 MONTHS ENDED 30/06/2022 (unaudited)	Change in the presentation of the measurement and settlement of derivatives not designated for hedge accounting purposes	6 MONTHS ENDED 30/06/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2022 (unaudited)	Change in the presentation of the measurement and settlement of derivatives not designated for hedge accounting purposes	3 MONTHS ENDED 30/06/2022 (unaudited) (restated data)
Cash flows from operating activities						
(Profit) on investing activities	7 334	(4 500)	2 834	4 554	(1 743)	2 811
Other adjustments	(3 085)	2 274	(811)	(946)	722	(224)
Net cash from operating activities	**10 755**	**(2 226)**	**8 529**	**8 952**	**(1 021)**	**7 931**
Cash flows from investing activities						
Settlement of derivatives not designated as hedge accounting	(2 226)	2 226	-	(1 021)	1 021	-
Net cash (used) in investing activities	**(9 236)**	**2 226**	**(7 010)**	**(4 581)**	**1 021**	**(3 560)**

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 half-year 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 report is presented in PLN million, unless otherwise stated.

2.3.2. Methods applied to translation of financial statements

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 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. 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	
	6 MONTHS ENDED 30/06/2023	3 MONTHS ENDED 30/06/2023	6 MONTHS ENDED 30/06/2022	3 MONTHS ENDED 30/06/2022	30/06/2023	31/12/2022
EUR/PLN	4.6281	4.5450	4.6330	4.6467	4.4503	4.6899
USD/PLN	4.2815	4.1743	4.2376	4.3586	4.1066	4.4018
CZK/PLN	0.1954	0.1927	0.1881	0.1886	0.1875	0.1942
CAD/PLN	3.1778	3.1083	3.3338	3.4169	3.0973	3.2486
NOK/PLN	0.4098	0.3902	-	-	0.3810	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 cyclicality 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_2 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 June 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. 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 half-year 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 June 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 June 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 1st 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 June 2023, which are due in the coming months, will remain at a materially unchanged level. In connection with the above, as at 30 June 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_2 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 realizable value of inventories.
In addition, changes in the prices of raw materials, CO_2 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 June 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 June 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 half-year condensed consolidated financial statements

Profit or loss

Sales revenues of the ORLEN Group for the 6 months of 2023 amounted to PLN 184,891 million and was higher by PLN 81,640 million (y/y). The increase of sales revenues (y/y) reflects both higher by 21% (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 161.2 TWh and CNG gas in the amount of 13 million m3. 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 (-) 26% (y/y). In the 6-months period of 2023, compared to the corresponding period of 2022, the prices of gasoline decreased by (-) 19%, diesel oil by (-) 25%, aviation fuel by (-) 26%, heavy fuel oil by (-) 28 %, ethylene by (-) 18% and propylene by (-) 25%.

The operating expenses totally increased by PLN (81,006) million (y/y) to PLN (167,837) 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 (7,969) million and of PLN (74,830) million, respectively.

The result of other operating activities amounted to PLN 896 million and was higher by PLN 8,781 million (y/y) mainly due to 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 5,270 million and the lack of negative impact of recognition in the 1st half of 2022 of net impairment allowances of property, plant and equipment and intangible assets, goodwill and other assets in the amount of PLN 2,281 million.

As a result, profit from operations amounted to PLN 17,774 million and was higher by PLN 9,023 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 C1.

Net finance income in the described period amounted to PLN 1,779 million and included mainly net foreign exchange gain in the amount of PLN 1,464 million, net interest income in the amount of PLN 557 million and settlement and valuation of derivative financial instruments in the amount of PLN (250) million.

After the deduction of tax charges in the amount of PLN (5,873) million, the net profit of the ORLEN Group for the 6 months of 2023 amounted to PLN 13,653 million and was higher by PLN 7,125 million (y/y).

Statement of financial position

As at 30 June 2023, the total assets of the ORLEN Group amounted to PLN 251,640 million and was lower by PLN (22,324) million in comparison with 31 December 2022.
As at 30 June 2023, the value of non-current assets amounted to PLN 155,651 million and was higher by PLN 1,027 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 3,672 million and decrease in the deferred tax asset by PLN (2,567) million.
The change in balance of property, plant and equipment and intangible assets by PLN 2,916 million (y/y) comprised:

- investment expenditures in the amount of PLN 10,965 million including development of fertilizer production capacities in Anwil, construction of the Visbreaking and HVO (Hydrotreated Vegetable Oil) Installation in Płock, construction of the Bioetanol 2nd Gen installation in ORLEN Południe, construction of the Hydrocracking Oil Unit and a marine terminal for transhipment 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 Płock, projects in the Energy segment related mainly to the modernization of existing assets and the connection of new customers, construction of CCGT Ostrołęka, 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 (5,292) million;
- purchase of CO_2 allowances and energy certificates in the amount of PLN 6,014 million;

- amortisation of CO_2 allowances and energy certificates in the amount of PLN (9,659) million;
- rights received free of charge in the amount of PLN 4,328 million;
- recognition of net impairment allowances on assets mainly in the Upstream segment in the amount of PLN (606) million;
- effect of differences in balance on translating foreign operations in the amount of PLN (2,771) million.

The value of current assets as at 30 June 2023 decreased by PLN (23,351) million in comparison with the end of the previous year, mainly as:

- decrease in inventories by PLN (13,513) 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 (4,255) million,
- an increase in balance of cash by PLN 2,045 million
- decrease in other assets by PLN (6,787) million, which mainly related to the decrease in margin deposits by PLN (6,945) million due to hedging transactions traded with financial institutions and on commodity exchanges (detailed information in note 5.8). 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 June 2023, total equity amounted to PLN 148,881 and was higher by PLN 10,808 million in comparison with the end of 2022, mainly due to recognition of net profit for the 6 months of 2023 in the amount of PLN 13,653 million, impact of the change in hedging reserve in the amount of PLN 5,282 million and the impact of exchange differences on translating foreign operations in the amount of PLN (1,766) million and consideration dividends liabilities from previous years' profits to ORLEN's shareholder in the total amount of PLN (6,385) million.

The value of trade and other liabilities increased by PLN 2,895 million in comparison to the end of 2022 mainly due to increase of tax liabilities by PLN 2,672 million, ORLEN's shareholder dividend liabilities by PLN 6,385 million by decrease of trade liabilities by PLN (4,454) million and investment liabilities by PLN (1,334) 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 15,677 million and was lower by PLN (5,419) million in comparison to the end of 2022. The change resulted mainly from a decrease in the net provisions for estimated CO_2 emissions and energy certificates in the amount of PLN (4,392) million due to the recognition and updating of the net provision in the amount of PLN 5,779 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 (9,659) million.

Derivatives non-current and current as at 30 June 2023 amounted to PLN 4,954 million and were lower by PLN (12,498) million, mainly due to change in cash flow hedging instruments and derivatives not designated as hedge accounting in the amounts of PLN (9,157) million and PLN (3,352) million, respectively.

Other short-term liabilities were higher by PLN 947 million in comparison to the end of 2022 and amounted to PLN 2,948 million, mainly due to an increase in deferred income as a result of the recognition of the CO_2 subsidy due, the value of which as at 30 June 2023 amounted to PLN 2,007 million and a decrease in security deposits in the amount of PLN (1,040) million.

As at 30 June 2023, net financial indebtedness of the ORLEN Group amounted to PLN (12,554) million and was lower by PLN (10,323) 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 (7,643) million, an increase in balance of cash by PLN (2,045) million, short-term deposits in the amount of PLN (24) million and the net effect of valuation and revaluation of debt due to foreign exchange differences in the total amount of PLN (611) million.

Statement of cash flows

Proceeds of net cash from operating activities for the 6 months of 2023 amounted to PLN 30,511 million and comprised mainly result from operations increased by depreciation and amortisation (EBITDA) in the amount of PLN 23,695 million adjusted by:

- the positive impact of increase in a net working capital by PLN 14,426 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 (13,998) million,
- gain on investing activities in the amount of PLN 668 million,
- change in provisions in the amount of PLN 4,586 million mainly as a result of creation of provision for CO_2 emission,
- other adjustments in the amount of PLN (336) 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 6,925 million, settlement and valuation of derivatives in the amount of PLN (5,685) million and settlement of grants for property rights in the amount of PLN (2,102) million.

Net cash used in investing activities for the 6 months of 2023 amounted to PLN (18,234) 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 (17,132) million and the purchase of bonds in the amount of PLN (985) million.

Net cash flows used in financing activities for the 6 months of 2023 amounted to PLN (9,143) million and comprised mainly the net repayment of loans and borrowings in the amount of PLN (4,222) 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 (3,421) million, interest paid in the amount of PLN (576) million and liabilities under lease agreements in the amount of PLN (887) million.

Following inclusion of the revaluation of cash due to exchange differences, the cash balance in the 6-month period of 2023 increased by PLN 2,045 million and as at 30 June 2023 amounted to PLN 23,501 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,
- 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,
- EU's climate policy and prices of rights and CO_2 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. Organization of the ORLEN Group and changes in the structure of the ORLEN Group

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, 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.

ORLEN GROUP - CONSOLIDATION SCHEME AS AT 30 06 2023

REFINING SEGMENT

- ORLEN Lietuva Group 100%
- ORLEN Asfalt Group 100 %
- ORLEN Południe Group 100%
- ORLEN UNIPETROL Group 100%
- ORLEN Oil Sp. z o.o. 100%
- IKS SOLINO S.A. 100%
- ORLEN Paliwa Sp. z o.o. 100%
- ORLEN Aviation Sp. z o.o. 100%
- ORLEN Transport Sp. z o.o. 100%
- ORLEN KolTrans S.A. 100%
- ORLEN International Trading (SUZHOU) Co., Ltd. 100%
- ORLEN Serwis Group 100%
- ORLEN Eko Group 100%
- Kopalnia Soli Lubień Sp. z o.o. 100%
- LOTOS Oil Sp. z o.o. 100%
- ORLEN Trading Switzerland GmbH 100%
- LOTOS Kolej Sp. z o.o. 100%
- LOTOS Serwis Sp. z o.o. 100%
- LOTOS SPV 3 Sp. z o.o. 100%
- LOTOS SPV 4 Sp. z o.o. 100%
- LOTOS SPV 6 Sp. z o.o. 100%

ENERGY SEGMENT

- ENERGA Group 90.92%
- ORLEN Południe Group 100%
- ANWIL S.A. 100%
- ORLEN Lietuva Group 100%
- ORLEN UNIPETROL Group 100%
- ORLEN Neptun Group 100%
- ORLEN Wind 3 Group 100%
- ORLEN Energia Sp. z o.o. 100%
- LOTOS Green H2 Sp. z o.o. 100%
- PGNiG TERMIKA Group 100%
- SOLGEN Sp. z o.o. 60% *

UPSTREAM SEGMENT

- ORLEN Upstream Group 100%
- LOTOS Upstream Group 100%
- LOTOS Petrobaltic Group 99,99%
- Exalo Drilling Group 100%
- GEOFIZYKA Toruń S.A. 100%
- PGNiG Technologie S.A. 100%
- PGNiG Upstream North Africa B.V. 100%
- PGNiG Upstream Norway A.S. 100%
- PGNiG BioEvolution sp. z o.o. 100% *
- LLC "Karpatgazvydobuvannya" 85% *

RETAIL SEGMENT

- ORLEN UNIPETROL Group 100%
- ORLEN Deutschland Group 100%
- ORLEN Centrum Serwisowe Sp. z o.o. 100%
- ORLEN Budonaft Sp. z o.o. 100%
- AB ORLEN Baltics Retail 100%
- RUCH Group 65%

PETROCHEMICAL SEGMENT

- ORLEN UNIPETROL Group 100%
- ORLEN Lietuva Group 100%
- ANWIL S.A. 100%
- ORLEN Olefiny Sp. z o.o. 100%

GAS SEGMENT

- Polska Spółka Gazownictwa Group 100%
- Gas Storage Poland Group 100%
- PGNiG Supply & Trading GmbH Group 100%
- PGNiG Obrót Detaliczny Sp. z o.o. 100%
- PGNiG SPV 6 Sp. z o.o. 100% *
- PGNiG Upstream Polska Sp. z o.o. 100%
- PGNiG SPV 9 Sp. z o.o. 100% *
- PGNiG SPV 10 Sp. z o.o. 100% *
- PGNiG GAZOPROJEKT S.A. 95.17 %
- GAS -TRADING Group 79.58% *
- Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych Group 100%

CORPORATE FUNCTIONS

- ORLEN Laboratorium S.A. 100%
- ORLEN Centrum Usług Korporacyjnych Group 100%
- ORLEN UNIPETROL Group 100%
- ORLEN Holding Malta Group 100%
- ORLEN Capital AB 100%
- ORLEN Usługi Finansowe Sp. z o.o. 100%
- Sigma BIS S.A. 66%
- ORLEN Lietuva Group 100%
- ORLEN Administracja Sp. z o.o. 100%
- Polska Press Group 100%
- ORLEN Projekt Group 100%
- LOTOS Straż Sp. z o.o. 100%
- LOTOS Ochrona Sp. z o.o. 100%
- LOTOS Lab Sp. z o.o. 100%
- ORLEN Ochrona Group 100%
- PGNiG Serwis Group 100%
- PGNiG Ventures Sp. z o.o 100%
- ORLEN VC sp. z o.o. 100%

(hatched) companies not consolidated using the full method due to their immateriality

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in PLN million)

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

Name of the Capital Group/Company	
Refining Segment	
ORLEN Lietuva Group	
AB ORLEN Lietuva	100%
SIA ORLEN Latvija	100%
OU ORLEN Eesti	100%
UAB ORLEN Mockavos terminalas	100%
ORLEN UNIPETROL Group	
ORLEN UNIPETROL RPA s.r.o.	100%
ORLEN UNIPETROL Slovakia s.r.o.	100%
ORLEN UNIPETROL Doprava s.r.o.	100%
ORLEN UNIPETROL Hungary Kft.	100%
Petrotrans s.r.o.	100%
Paramo a.s.	100%
ORLEN Południe Group	
ORLEN Południe S.A.	100%
Konsorcjum Olejów Przepracowanych - Organizacja Odzysku Opakowań i Olejów S.A.	90%
ORLEN Asfalt Group	
ORLEN Asfalt Sp. z o.o.	100%
ORLEN Asfalt Ceska Republika s.r.o.	100%
ORLEN Serwis Group	
ORLEN Serwis S.A.	100%
UAB ORLEN Service Lietuva	100%
ORLEN Service Česká Republika s.r.o.	100%
ORLEN Eko Group	
ORLEN Eko Sp. z o.o.	100%
ORLEN EkoUtylizacja Sp. z o.o.	100%
Retail Segment	
ORLEN UNIPETROL Group	
ORLEN UNIPETROL RPA s.r.o.	100%
Normbenz Magyarország Kft	100%
ORLEN Deutschland Group	
ORLEN Deutschland GmbH	100%
ORLEN Detuschland Betriebsgesellschaft mbH	100%
ORLEN Deutschland Süd Betriebsgesellschaft mbH	100%
RUCH Group	
RUCH S.A.	65%
RUCH MARKETING Sp. z o.o	100%
FINCORES BUSINESS SOLUTIONS Sp. z o.o.	100%
RUCH NIERUCHOMOŚCI V Sp. z o.o.	100%
Upstream Segment	
ORLEN Upstream Group	
ORLEN Upstream Sp. z o.o.	100%
ORLEN Upstream Canada Ltd.	100%
KCK Atlantic Holdings Ltd.	100%
LOTOS Upstream Group	
LOTOS Upstream Sp. z o.o.	100%
LOTOS Exploration and Production Norge AS	100%
AB LOTOS Geonafta	100%
UAB Genciu Nafta	100%
UAB Manifoldas	100%
LOTOS Petrobaltic Group	
LOTOS Petrobaltic S.A.	99.99%
Energobaltic Sp. z o.o.	100%
B8 Sp. z o.o.	100%
B8 Sp. z o.o. BALTIC S.K.A.	100%
Miliana Shipholding Company Ltd.	100%
Miliana Shipmanagement Ltd.	100%
Bazalt Navigation Company Ltd.	100%
Granit Navigation Company Ltd.	100%
Kambr Navigation Company Ltd.	100%
St. Barbara Navigation Company Ltd.	100%
Petro Icarus Company Ltd.	100%
Petro Aphrodite Company Ltd.	100%
Technical Ship Management Sp. z o.o.	100%
SPV Baltic Sp. z o.o.	100%
SPV Petro Sp. z o.o.	100%
Grupa Exalo Drilling	
Exalo Drilling S.A.	100%
Zakład Gospodarki Mieszkaniowej sp. z o.o.	100%
„EXALO DRILLING UKRAINE" LLC	100%
Exalo Diament Sp. z o.o.	100%

Name of the Capital Group/Company	
Energy Segment	
ENERGA Group	
Energa S.A.	90.92%
Energa-Operator S.A.	100%
Energa Operator Wykonawstwo Elektroenergetyczne Sp. z o.o.	100%
Energa-Obrót S.A.	100%
Energa Green Development Sp. z o.o.	100%
Enspirion Sp. z o.o.	100%
Energa Oświetlenie Sp. z o.o.	100%
Energa Wytwarzanie S.A.	100%
Energa Elektrownie Ostrołęka S.A.	89.64%
Energa Serwis Sp. z o.o.	100%
ECARB Sp. z o.o.	100%
ENERGA MFW 1 Sp. z o.o.	100%
ENERGA MFW 2 Sp. z o.o.	100%
Energa Kogeneracja Sp. z o.o.	35.41%
Energa LBW 1 sp. z o.o.	100%
CCGT Grudziądz Sp. z o.o.	100%
CCGT Gdańsk Sp. z o.o.	100%
Energa Finance AB	100%
Energa Informatyka i Technologie Sp. z o.o.	100%
Energa Logistyka Sp. z o.o.	100%
Energa Invest Sp. z o.o.	100%
Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.	100%
Energa Kogeneracja Sp. z o.o.	64.59%
Energa Ciepło Ostrołęka Sp. z o.o.	100%
Energa Ciepło Kaliskie Sp. z o.o.	91.24%
CCGT Ostrołęka Sp. z o.o.	100%
Energa Prowis Sp. z o.o.	100%
ORLEN Południe Group	
ORLEN Południe S.A.	100%
Energomedia Sp. z o.o.	100%
Bioenergy Project Sp. z o.o.	100%
CHP Energia Sp. z o.o.	100%
Bioutil Sp. z o.o.	100%
ORLEN Lietuva Group	
AB ORLEN Lietuva	100%
ORLEN UNIPETROL Group	
ORLEN UNIPETROL RPA s.r.o.	100%
ORLEN Wind 3 Group	
ORLEN Wind 3 Sp. z o.o.	100%
Livingstone Sp. z o.o.	100%
Nowotna Farma Wiatrowa sp. z o.o.	100%
ORLEN Neptun Group	
ORLEN Neptun Sp. z o.o.	100%
ORLEN Neptun II Sp. z o.o.	100%
ORLEN Neptun III Sp. z o.o.	100%
ORLEN Neptun IV Sp. z o.o.	100%
ORLEN Neptun V Sp. z o.o.	100%
ORLEN Neptun VI Sp. z o.o.	100%
ORLEN Neptun VII Sp. z o.o.	100%
ORLEN Neptun VIII Sp. z o.o.	100%
ORLEN Neptun IX Sp. z o.o.	100%
ORLEN Neptun X Sp. z o.o.	100%
ORLEN Neptun XI Sp. z o.o.	100%
UAB „ORLEN Neptūnas"	100%
PGNiG TERMIKA Group	
PGNiG TERMIKA S.A.	100%
PGNiG TERMIKA Energetyka Rozproszona sp. z o.o.	100%
PGNiG TERMIKA Energetyka Przemyśl sp. z o.o.	100%
PGNiG TERMIKA Energetyka Przemysłowa S.A.	100%
PGNiG TERMIKA Energetyka Przemysłowa - Technika Sp. z o.o.	100%
Zakład Separacji Popiołów Siekierki Sp. z o.o.	70%
Petrochemical Segment	
ORLEN UNIPETROL Group	
ORLEN UNIPETROL RPA s.r.o.	100%
ORLEN UNIPETROL Deutschland GmbH	100%
Spolana s.r.o.	100%
REMAQ, s.r.o.	100%
ORLEN Lietuva Group	
AB ORLEN Lietuva	100%

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Name of the Capital Group/Company	
Gas Segment	
Polska Spółka Gazownictwa Group	
Polska Spółka Gazownictwa Sp. z o.o.	100%
PSG Inwestycje Sp. z o.o.	100%
Gaz Sp. z o.o.	100%
Gas Storage Poland Group	
Gas Storage Poland Sp. z o.o.	100%
Ośrodek Badawczo-Rozwojowy Górnictwa Surowców Chemicznych CHEMKOP Sp. z o.o.	92,82%
PGNiG Supply & Trading GmbH Group	
PGNiG Supply & Trading GmbH	100%
PGNiG Supply&Trading Polska Sp. z o.o.	100%
PST Europe Sales GmbH in liquidation	100%
XOOL GmbH in liquidation	100%
PST LNG TRADING LIMITED	100%
PST LNG SHIPPING LIMITED	100%
GAS -TRADING Group	
GAS - TRADING S.A.	79.58%
Gas-Trading Podkarpacie sp. z o.o.	78.82%
Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych Group	
Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych	100%
Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych na Życie	100%

Name of the Capital Group/Company	
Corporate Functions	
ORLEN Ochrona Group	
ORLEN Ochrona Sp. z o.o.	100%
ORLEN Apsauga UAB	100%
ORLEN Centrum Usług Korporacyjnych Group	
ORLEN Centrum Usług Korporacyjnych Sp. z o.o.	100%
Energa Centrum Usług Wspólnych Sp. z o.o.	100%
ORLEN UNIPETROL Group	
ORLEN UNIPETROL, a.s.	100%
ORLEN UniCRE a.s.	100%
ORLEN UNIPETROL RPA s.r.o.	100%
HC Verva Litvinov a.s.	70.95%
ORLEN Projekt Česká republika s.r.o.	40.09%
ORLEN Holding Malta Group	
ORLEN Holding Malta Ltd.	100%
Orlen Insurance Ltd.	100%
Polska Press Group	
Polska Press Sp. z o.o.	100%
Pro Media Sp. z o.o.	53%
PL24 Sp. z o.o.	100%
ORLEN Lietuva Group	
AB ORLEN Lietuva	100%
PGNiG Serwis Group	
PGNiG Serwis Sp. z o.o.	100%
Polskie Centrum Brokerskie sp. z o.o.	100%
ORLEN Projekt Group	
ORLEN Projekt S.A.	100%
ORLEN Projekt Česká republika s.r.o.	59.91%

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.;

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– 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.

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

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

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.

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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 June 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 half-year condensed consolidated financial statements, the accounting for the merger 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, apart from the exceptions described below, correspond to their book values as at the merger date. In particular, the Group decided to involve independent experts in order to carry out the valuation at fair value of the acquired assets and assumed liabilities. This valuation will be performed by external experts in subsequent periods and will affect the final fair value of the presented net assets under settlement. 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
Assets acquired	**A**	**118**
Non-current assets		**31**
Property, plant and equipment		11
Right-of-use asset		18
Other assets		2
Current assets		**87**
Inventories		27
Trade and other receivables		22
Other financial assets		2
Cash		36
Assumed liabilities	**B**	**43**
Non-current liabilities		**24**
Loans		5
Deferred tax liabilities		2
Lease liabilities		17
Current liabilities		**19**
Trade and other liabilities		15
Loans		1
Other liabilities		3
Temporary total net assets	**C=A-B**	**75**
Acquired net assets attributable to the equity owners of the parent	D	75
% share in the share capital	E	100%
Value of shares measured as a proportionate share in the net assets	F=D*E	75
Fair value of the consideration transferred (Cash paid)	G	293
Temporary goodwill	**I=G-F**	**218**

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 significant 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.

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REMAQ's share in the revenues and the result generated by the ORLEN Group for the first quarter of 2023 amounted to PLN 90 million and PLN 12 million, respectively.

As at 30 June 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.

As at the date of preparation of these half-year condensed consolidated financial statements, 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 half-year condensed consolidated financial statements the Group presents the final fair values of the acquired assets and liabilities and makes 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
Assets acquired	**A**	**35 452**	**3 822**	**39 274**
Non-current assets		***6 380***	***1 747***	***8 127***
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
Current assets		***29 072***	***2 075***	***31 147***
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
Assumed liabilities	**B**	**14 504**	**1 191**	**15 695**
Non-current liabilities		***3 801***	***835***	***4 636***
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
Current liabilities		***10 703***	***356***	***11 059***
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
Total net assets	**C = A - B**	**20 948**	**2 631**	**23 579**
The fair value of the payment *	D	15 124	-	15 124
The value of pre-existing connections	E	91	-	91
Gain on bargain purchase of Lotos Group	**F = C - D + E**	**5 915**	**2 631**	**8 546**

** 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:

1. 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.
2. 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.
3. 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..
4. 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 half-year 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 2nd 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 half-year 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 half-year 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 1st 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 half-year 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 half-year 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.

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

As at 30 June 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 June 2023 the operations of the ORLEN Group are 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 4th quarter of 2022 with the PGNiG Group and includes he 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.

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in PLN million)

Revenues, costs, financial results, increases in non-current assets
for the 6-month period ended 30 June 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	53 290	8 130	22 097	26 634	3 587	70 787	366	-	184 891
Inter-segment revenues		22 048	2 288	4 150	92	7 811	8 879	495	(45 763)	-
Sales revenues		75 338	10 418	26 247	26 726	11 398	79 666	861	(45 763)	184 891
Total operating expenses		(69 934)	(11 384)	(23 605)	(26 317)	(10 871)	(69 701)	(1 791)	45 766	(167 837)
Other operating income	5.5	753	385	264	26	191	1 932	31	-	3 582
Other operating expenses	5.5	(426)	(70)	(113)	(34)	(850)	(1 072)	(121)	-	(2 686)
(Loss)/reversal of loss due to impairment of trade receivables		2	1	(57)	(1)	(59)	47	2	-	(65)
Share in profit from investments accounted for using the equity method	5.7	14	(1)	(32)	-	1	(95)	2	-	(111)
Profit/(Loss) from operations		**5 747**	**(651)**	**2 704**	**400**	**(190)**	**10 777**	**(1 016)**	**3**	**17 774**
Net finance income and costs	5.6									1 779
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables										(27)
Profit before tax										**19 526**
Tax expense										(5 873)
Net profit										**13 653**
Depreciation and amortisation	5.2	**749**	**579**	**1 122**	**491**	**1 783**	**1 018**	**179**	**-**	**5 921**
EBITDA		**6 496**	**(72)**	**3 826**	**891**	**1 593**	**11 795**	**(837)**	**3**	**23 695**
Increases in non-current assets		**2 480**	**2 021**	**2 261**	**987**	**2 612**	**2 068**	**129**	**-**	**12 558**

for the 3-month period ended 30 June 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	25 463	3 674	9 096	13 528	1 632	21 033	195	-	74 621
Inter-segment revenues		10 533	1 091	1 832	44	2 762	2 800	256	(19 318)	-
Sales revenues		35 996	4 765	10 928	13 572	4 394	23 833	451	(19 318)	74 621
Total operating expenses		(34 222)	(5 313)	(10 970)	(13 163)	(5 158)	(19 320)	(921)	19 329	(69 738)
Other operating income	5.5	193	147	119	12	65	1 011	15	-	1 562
Other operating expenses	5.5	(191)	(43)	(42)	(17)	(200)	(350)	(84)	-	(927)
(Loss)/reversal of loss due to impairment of trade receivables		1	-	(20)	(1)	(44)	18	8	-	(38)
Share in profit from investments accounted for using the equity method	5.7	8	(1)	(26)	-	-	(92)	1	-	(110)
Profit/(Loss) from operations		**1 785**	**(445)**	**(11)**	**403**	**(943)**	**5 100**	**(530)**	**11**	**5 370**
Net finance income and costs	5.6									995
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables										(13)
Profit before tax										**6 352**
Tax expense										(1 808)
Net profit										**4 544**
Depreciation and amortisation	5.2	**384**	**288**	**563**	**258**	**788**	**499**	**92**	**-**	**2 872**
EBITDA		**2 169**	**(157)**	**552**	**661**	**(155)**	**5 599**	**(438)**	**11**	**8 242**
Increases in non-current assets		**1 528**	**1 383**	**1 385**	**393**	**1 272**	**1 205**	**87**	**-**	**7 253**

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in PLN million)

for the 6-month period ended 30 June 2022

	NOTE	Refining Segment (unaudited)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
External revenues	5.1	46 860	13 653	11 451	30 313	706	268	-	103 251
Inter-segment revenues		26 537	2 918	3 497	75	-	336	(33 363)	-
Sales revenues		73 397	16 571	14 948	30 388	706	604	(33 363)	103 251
Total operating expenses		(61 267)	(14 741)	(13 099)	(29 507)	(282)	(1 298)	33 363	(86 831)
Other operating income	5.5	551	364	404	25	2	38	-	1 384
Other operating expenses	5.5	(7 285)	(753)	(932)	(43)	(135)	(121)	-	(9 269)
(Loss)/reversal of loss due to impairment of trade receivables		(1)	1	(32)	(1)	-	5	-	(28)
Share in profit from investments accounted for using the equity method	5.7	2	195	48	-	-	(1)	-	244
Profit/(Loss) from operations		**5 397**	**1 637**	**1 337**	**862**	**291**	**(773)**	**-**	**8 751**
Net finance income and costs	5.6								(315)
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables									(4)
Profit before tax									**8 432**
Tax expense									(1 904)
Net profit									**6 528**
Depreciation and amortisation	5.2	**733**	**542**	**828**	**416**	**175**	**153**	**-**	**2 847**
EBITDA		**6 130**	**2 179**	**2 165**	**1 278**	**466**	**(620)**	**-**	**11 598**
Increases in non-current asset		**1 747**	**2 458**	**1 171**	**525**	**254**	**113**	**-**	**6 268**

for the 3-month period ended 30 June 2022

	NOTE	Refining Segment (unaudited)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
External revenues	5.1	27 080	7 219	5 681	17 261	416	147	-	57 804
Inter-segment revenues		15 202	1 719	2 170	42	-	176	(19 309)	-
Sales revenues		42 282	8 938	7 851	17 303	416	323	(19 309)	57 804
Total operating expenses		(34 552)	(7 789)	(7 125)	(16 818)	(163)	(670)	19 309	(47 808)
Other operating income	5.5	213	127	160	13	-	26	-	539
Other operating expenses	5.5	(5 137)	(4)	(145)	(13)	(54)	(53)	-	(5 406)
(Loss)/reversal of loss due to impairment of trade receivables		2	-	(12)	-	-	(3)	-	(13)
Share in profit from investments accounted for using the equity method	5.7	1	88	14	-	-	(1)	-	102
Profit/(Loss) from operations		**2 809**	**1 360**	**743**	**485**	**199**	**(378)**	**-**	**5 218**
Net finance income and costs	5.6								(221)
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables									(1)
Profit before tax									**4 996**
Tax expense									(1 313)
Net profit									**3 683**
Depreciation and amortisation	5.2	**367**	**273**	**418**	**210**	**105**	**74**	**-**	**1 447**
EBITDA		**3 176**	**1 633**	**1 161**	**695**	**304**	**(304)**	**-**	**6 665**
Increases in non-current assets		**986**	**1 146**	**736**	**245**	**71**	**40**	**-**	**3 224**

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.*

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in PLN million)

Assets by operating segments

	30/06/2023 (unaudited)	31/12/2022 (restated data)
Refining Segment	97 610	73 197
Petrochemical Segment	24 085	23 809
Energy Segment	49 267	47 487
Retail Segment	14 268	14 737
Upstream Segment	29 714	33 291
Gas Segment	90 908	65 258
Segment assets	**305 852**	**257 779**
Corporate Functions	40 876	46 841
Adjustments	(95 088)	(30 656)
	251 640	**273 964**

Operating segments include all assets except for financial assets, tax assets and cash. Assets used jointly by the operating segments are allocated 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 Group recognizes that an asset is transferred when the customer obtains control of the asset

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

Revenues include received and due payments for delivered finished goods, merchandise, 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 ie 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 in accordance with IFRS 15, in particular 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).

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Revenues from sales of finished goods and services	151 661	59 884	83 516	46 981
revenues from contracts with customers	*151 460*	*59 774*	*83 351*	*46 896*
excluded from scope of IFRS 15	*201*	*110*	*165*	*85*
Revenues from sales of merchandise and raw materials	33 230	14 737	19 735	10 823
revenues from contracts with customers	*33 230*	*14 737*	*19 735*	*10 823*
Sales revenues, incl.:	**184 891**	**74 621**	**103 251**	**57 804**
revenues from contracts with customers	*184 690*	*74 511*	*103 086*	*57 719*

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

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in PLN million)

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

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Revenues from sales of finished goods and services	86 857	27 074
revenues from contracts with customers	*86 843*	*27 070*
excluded from scope of IFRS 15	*14*	*4*
Revenues from sales of merchandise and raw materials	6 511	2 551
revenues from contracts with customers	*6 511*	*2 551*
Sales revenues, incl.:	**93 368**	**29 625**
revenues from contracts with customers	*93 354*	*29 621*

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 services, geophysical and geological services and press supply and subscription, printing and advertising services 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 wholesale is recognised when the circulation is issued to distributors, and 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 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. Revenues are recognised on the basis of the output method with respect to the rendered services.
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 realized 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 June 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 June 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 2023 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 realizes 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 3,157 fuel stations: 2,597 own brand stations and 560 stations operated under franchise agreements and carries out sales through 760 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 transhipment 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 June 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 6 and 3-months period ended 30 June 2023 presented PLN 2,240 million and PLN 797 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 6 and 3 months ended 30 June 2023, the Group presented PLN 10,489 million and PLN 3,071 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.

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5.1.1. Sales revenues of operating segments according to product type

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Refining Segment				
Revenue from contracts with customers IFRS 15	**53 280**	**25 458**	**46 851**	**27 076**
Light distillates	11 019	5 673	9 641	5 126
Medium distillates	31 237	14 017	32 426	18 832
Heavy fractions	4 978	2 905	4 526	2 574
Other*	5 809	2 763	1 591	828
Effect of the settlement of cash flow hedge accounting	237	100	(1 333)	(284)
Excluded from scope of IFRS 15	**10**	**5**	**9**	**4**
	53 290	**25 463**	**46 860**	**27 080**
Petrochemical Segment				
Revenue from contracts with customers IFRS 15	**8 126**	**3 672**	**13 649**	**7 217**
Monomers	1 699	812	2 977	1 569
Polymers	1 795	799	2 532	1 337
Aromas	666	293	1 074	563
Fertilizers	769	380	1 474	842
Plastics	761	294	1 791	883
PTA	748	372	1 421	745
Other**	1 688	722	2 380	1 278
Excluded from scope of IFRS 15	**4**	**2**	**4**	**2**
	8 130	**3 674**	**13 653**	**7 219**
Energy Segment				
Revenue from contracts with customers IFRS 15	**22 071**	**9 083**	**11 431**	**5 671**
Excluded from scope of IFRS 15	**26**	**13**	**20**	**10**
	22 097	**9 096**	**11 451**	**5 681**
Retail Segment				
Revenue from contracts with customers IFRS 15	**26 506**	**13 460**	**30 194**	**17 199**
Light distillates	10 222	5 458	11 626	6 757
Medium distillates	13 437	6 435	16 143	9 099
Other***	2 847	1 567	2 425	1 343
Excluded from scope of IFRS 15	**128**	**68**	**119**	**62**
	26 634	**13 528**	**30 313**	**17 261**
Upstream Segment				
Revenue from contracts with customers IFRS 15	**3 587**	**1 632**	**706**	**416**
NGL ****	448	232	272	163
Crude oil	1 790	831	142	81
Natural Gas	867	334	288	170
LNG *****	36	13	-	-
Helium	164	91	-	-
Mining services	273	127	-	-
Other	9	4	4	2
	3 587	**1 632**	**706**	**416**
Gas Segment				
Revenue from contracts with customers IFRS 15	**70 771**	**21 017**	**-**	**-**
Natural Gas	66 958	19 652	-	-
LNG *****	288	107	-	-
CNG ******	78	37	-	-
Electricity	8	2	-	-
Other	3 439	1 219	-	-
Excluded from scope of IFRS 15	**16**	**16**	**-**	-
	70 787	**21 033**	**-**	**-**
Corporate Functions				
Revenue from contracts with customers IFRS 15	**349**	**189**	**255**	**140**
Excluded from scope of IFRS 15	**17**	**6**	**13**	**7**
	366	**195**	**268**	**147**
	184 891	**74 621**	**103 251**	**57 804**

* *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*

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During the 6 and 3-month period ended 30 June 2023 and 30 June 2022 revenues from none of Group 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

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Revenue from contracts customers				
Poland	*134 314*	*50 402*	*55 667*	*31 269*
Germany	*12 409*	*5 743*	*12 040*	*6 638*
Czech Republic	*10 234*	*5 017*	*13 497*	*7 861*
Lithuania, Latvia, Estonia	*6 189*	*3 099*	*7 197*	*4 257*
Other countries, incl.:	*21 544*	*10 250*	*14 685*	*7 694*
Switzerland	*4 340*	*1 439*	*3 300*	*1 488*
Ireland	*1 318*	*560*	*2 091*	*1 316*
Ukraine	*2 292*	*1 046*	*1 416*	*1 139*
United Kingdom	*3 462*	*1 683*	*1 628*	*722*
Netherlands	*2 546*	*1 589*	*482*	*191*
Slovakia	*968*	*452*	*1 325*	*743*
Hungary	*965*	*499*	*710*	*395*
	184 690	**74 511**	**103 086**	**57 719**
excluded from scope of IFRS 15				
Poland	*74*	*43*	*44*	*21*
Germany	*39*	*21*	*44*	*23*
Czech Republic	*87*	*45*	*76*	*40*
Lithuania, Latvia, Estonia	*1*	*1*	*1*	*1*
	201	**110**	**165**	**85**
	184 891	**74 621**	**103 251**	**57 804**

5.2. Operating expenses

Cost by nature

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Materials and energy	(77 550)	(32 661)	(58 496)	(32 082)
Gas costs	(28 203)	(7 021)	-	-
Cost of merchandise and raw materials sold	(29 513)	(12 633)	(18 116)	(10 400)
External services	(4 916)	(2 880)	(3 559)	(1 925)
Employee benefits	(5 775)	(2 891)	(2 704)	(1 352)
Depreciation and amortisation	(5 921)	(2 872)	(2 847)	(1 447)
Taxes and charges, incl.:	(14 131)	(6 278)	(3 868)	(2 129)
write-off for the Fund for the Payment of Price Differences	(7 636)	(3 476)	-	-
Other	(1 005)	(522)	(377)	(179)
	(167 014)	**(67 758)**	**(89 967)**	**(49 514)**
Change in inventories	(1 557)	(2 116)	2 841	1 584
Cost of products and services for own use and other	734	136	295	122
Operating expenses	**(167 837)**	**(69 738)**	**(86 831)**	**(47 808)**
Distribution expenses	7 511	3 849	4 831	2 451
Administrative expenses	2 754	1 362	1 434	735
Cost of sales	**(157 572)**	**(64 527)**	**(80 566)**	**(44 622)**

The increase in the line taxes and charges in the of 6 and 3-months period ended 30 June 2023 by PLN (10,263) million and PLN (4,149) million, resulted mainly from write-off for the Fund for the Payment of Price Differences in the amount of PLN (7,636) million and PLN (3,476) 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_2 emissions for 2022 and the recognition of a provision for the estimated costs of CO_2 emissions for 6 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 (3,267) million and PLN (1,158) million, respectively.

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

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Materials and energy	(39 714)	(12 693)
Gas costs	(28 203)	(7 021)
Cost of merchandise and raw materials sold	(5 948)	(2 295)
External services	(684)	(590)
Employee benefits	(2 483)	(1 240)
Depreciation and amortisation	(3 138)	(1 446)
Taxes and charges, incl.:	(9 162)	(3 985)
write-off for the Fund for the Payment of Price Differences	(6 859)	(3 154)
Other	(451)	(198)
	(89 783)	**(29 468)**
Change in inventories	(1 199)	(207)
Cost of products and services for own use and other	8 183	3 559
Operating expenses	**(82 799)**	**(26 116)**
Distribution expenses	990	503
Administrative expenses	709	336
Cost of sales	**(81 100)**	**(25 277)**

5.3. Impairment allowances of inventories to net realizable value

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Increase	(373)	(213)	(79)	(18)
Decrease	609	49	79	49

Decrease in impairment losses of inventories to net realizable value in the 6 and 3 months ended 30 June 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

As at 30 June 2023, the ORLEN Group identified indications that necessitate impairment testing in accordance with IAS 36 Impairment of Assets in the ORLEN Unipetrol's Refining segment and in the Petrochemical segment at ORLEN, ORLEN Unipetrol and Anwil in connection with:

- changes in the business environment,
- changes of the macroeconomic assumptions,
- update of discount rates.

5.4.1 Discount rate

The ORLEN Group determines individual discount rates for each defined cash-generating unit (CGU) using the Capital Asset Pricing Model (CAPM). As of the date of impairment tests, i.e., 30 June 2023, market risks specific to the country and business segment were considered for each Cash Generating Unit (CGU) to reflect the ongoing market assessment of the time value of money and the risk associated with a particular group of assets. This consideration corresponds to the return that investors would require when deciding on an investment that would generate cash flows in the amount, timing and type of risk corresponding to the cash flows that the Group expects to obtain from a given CGU.

As at 30 June 2023 and 31 December 2022, the ORLEN Group applied variable discount rates, which took into account the anticipated changes in interest rates on 10-year government bonds for the countries that were analysed.

This approach is intended to reflect the expected decrease in the risk-free rate in the coming years, resulting, among other things, from forecasts of a decline in the inflation rate.

As at 30 June 2023, for assets for which indicators had been identified, the ORLEN Group estimated the following after-tax discount rates for the years 2023-2029 (the fixed discount rate calculated for 2029 was used for the subsequent years):

Country	*Segment / CGU*	*2023*	*2024*	*2025*	*2026*	*2027*	*2028*	*2029+*
Poland	Petrochemical	9.54%	9.64%	9.18%	9.08%	9.08%	9.12%	8.30%
Czech Republic	Refining	8.64%	9.96%	9.02%	8.52%	8.28%	8.20%	6.84%
Czech Republic	Petrochemical	7.97%	9.32%	8.36%	7.85%	7.60%	7.53%	6.14%

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To determine the value in use, the ORLEN Group used the comparable companies method to calculate the discount rates as at 30 June 2023, which were based on the weighted average cost of equity and debt. To estimate the cost of capital and cost of debt, the ORLEN Group obtained macroeconomic indicators, such as beta and D/E, from sources including the Bloomberg website and publications by Prof. Aswath Damodaran (source: http://pages.stern.nyu.edu), quotations of 10-year government bonds available as at 30 June 2023.
For the initial six years, the ORLEN Group applied a discount rate that takes into account the estimated variable risk-free rate, which was based on the yield curve of 10-year bonds.
Starting from 2029, the ORLEN Group estimated the risk-free rate as the sum of the inflation target for a specific country and the average spread for the period of 2007-2020 between the historical yield of 10-year bonds and historical inflation for that country.
As a result, the applied discount rates take into consideration the anticipated impact of projected interest rates on impairment tests.
The market risk premium was estimated based on Prof. Aswath Damodaran's publications (source: http://pages.stern.nyu.edu) and available publications of financial institutions.

As at 31 December 2022, for assets for which indicators had been identified, the ORLEN Group estimated the following after-tax discount rates for the years 2023-2028 (the fixed discount rate calculated for 2028 was used for the subsequent years):

Country	Segment / CGU	2023	2024	2025	2026	2027	2028+
Poland	Petrochemical	10.61%	10.99%	11.10%	11.05%	10.93%	8.64%
Czech Republic	Refining	11.13%	9.80%	9.91%	9.97%	9.98%	7.62%
Czech Republic	Petrochemical	10.24%	8.88%	8.99%	9.06%	9.07%	6.66%

To determine the value in use, the ORLEN Group used the comparable companies method to calculate the discount rates as at 31 December 2022, which were based on the weighted average cost of equity and debt. To estimate the cost of capital and cost of debt, the ORLEN Group obtained macroeconomic indicators, such as beta and D/E, from sources including the Bloomberg website and publications by Prof. Aswath Damodaran (source: http://pages.stern.nyu.edu), quotations of 10-year government bonds available as at 31 December 2022.
For the initial five years, the ORLEN Group applied a discount rate that takes into account the estimated variable risk-free rate, which was based on the yield curve of 10-year bonds.
Starting from 2028, the ORLEN Group estimated the risk-free rate as the sum of the inflation target for a specific country and the average spread for the period of 2007-2020 between the historical yield of 10-year bonds and historical inflation for that country.
As a result, the applied discount rates take into consideration the anticipated impact of projected interest rates on impairment tests.
The market risk premium was estimated based on Prof. Aswath Damodaran's publications (source: http://pages.stern.nyu.edu) and available publications of financial institutions.

5.4.2 Key assumptions used in asset impairment tests

As at 30 June 2023 in impairment tests of assets for which indications had been identified, an estimate of future net cash flows was carried out including updated crude oil natural gas prices as well as the main refining and petrochemical products price forecasts.

The main macroeconomic assumptions for the years 2023-2033 used in the impairment tests as at 30 June 2023:

		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Brent	USD/bbl	85.73	87.34	88.72	89.91	92.67	93.56	95.03	96.90	98.83	100.80	102.77
Natural gas	EUR/MWh	51.50	59.59	51.64	40.56	37.72	36.97	36.31	35.78	36.09	36.28	37.13
crack Gasoline	USD/t	230.20	184.37	182.56	188.04	193.93	200.18	205.36	204.53	204.80	204.69	205.14
crack Diesel	USD/t	160.96	167.54	135.66	120.12	116.57	116.29	119.16	120.12	120.33	120.75	121.97
crack Kerosene	USD/t	35.27	70.00	71.49	72.80	74.10	75.40	76.70	78.00	79.30	81.25	82.55
crack Ethylene	EUR/t	599.20	615.16	630.85	639.63	663.90	686.64	699.76	713.80	721.41	728.94	732.97
crack Propylene	EUR/t	492.06	528.30	540.48	544.02	577.61	606.48	620.47	634.98	647.81	660.74	669.15
CO2 emission allowances	EUR/t	89.10	99.10	103.60	107.20	109.90	114.20	117.20	132.60	148.10	163.50	178.90

The main macroeconomic assumptions for the years 2023-2033 used in the impairment tests as at 31 December 2022:

		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Brent	USD/bbl	94.86	88.50	88.00	91.00	93.40	94.38	95.96	97.91	99.89	101.87	103.93
Natural gas	EUR/MWh	131.02	84.85	65.13	49.56	45.58	44.67	42.79	41.23	37.08	33.42	30.97
crack Gasoline	USD/t	228.71	184.37	182.56	188.04	193.93	200.18	205.36	204.53	204.80	204.69	205.14
crack Diesel	USD/t	223.82	112.24	97.63	104.88	109.08	114.56	118.62	117.02	116.48	117.07	118.29
crack Kerosene	USD/t	94.86	101.49	108.60	117.54	127.77	133.91	136.72	141.00	147.31	150.83	154.42
crack Ethylene	EUR/t	691.54	587.84	603.43	625.10	638.81	652.97	663.94	674.72	684.72	689.71	694.72
crack Propylene	EUR/t	623.57	480.84	502.43	540.10	577.81	601.97	627.94	643.72	653.72	663.71	668.72
CO2 emission allowances	EUR/t	70.00	99.00	107.00	112.00	117.00	122.00	127.00	132.00	137.00	142.00	147.00

After the projection period, extrapolation of cash flows was applied considering the long-term inflation rate for each country. Net cash flows were discounted to their present value using discount rates reflecting current market estimates of the time value of money and risks typical of the assets measured.

5.4.3 Recognition and reversal of impairment losses on property, plant and equipment, intangible assets, goodwill and rights-of-use assets

As at 30 June 2023 the total effect of net impairment losses recognised on the ORLEN Group's non-current assets for the period of 6 month and 3 months was PLN (606) million and PLN (77) million respectively.

Net impairment of property, plant and equipment, intangible assets, goodwill and rights-of-use assets of the ORLEN group in the period of 6 months and 3 months ended 30 June 2023 broken down by companies:

Company/Group (PLN million)	6 MONTHS ENDED 30/06/2023	3 MONTHS ENDED 30/06/2023	31/12/2022 (restated data)
ORLEN S.A.	(543)	(19)	(3 799)*
ORLEN Lietuva	-	-	(1 840)
ORLEN Upstream Group	-	-	122
ENERGA Group	(3)	(2)	(20)
ORLEN Deutschland	(4)	(2)	(9)
ORLEN Unipetrol	(4)	(4)	(705)
LOTOS Upstream Group	-	-	0*
LOTOS Petrobaltic	(45)	(45)	-
Exalo Drilling Group	-	-	(344)
PSG Group	(8)	(8)	(42)
Other	1	3	(38)
Total	**(606)**	**(77)**	**(6 675)**

Net impairment of property, plant and equipment, intangible assets, goodwill and rights-of-use assets of the ORLEN group in the period of 6 months and 3 months ended 30 June 2023 broken down by segments:

Segment (PLN million)	6 MONTHS ENDED 30/06/2023	3 MONTHS ENDED 30/06/2023	31/12/2022 (restated data)
Refining	(17)	(17)	(5 657)*
Petrochemical	(3)	(3)	(91)
Energy	(4)	(3)	(48)
Retail	(4)	(1)	(14)
Upstream	(566)	(41)	(811)*
Gas	(12)	(12)	(45)
Corporate Functions	-	-	(9)
Total	**(606)**	**(77)**	**(6 675)**

** 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 in 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 6 and 3 months ended 30 June 2023 the total net effect of impairment on fixed assets of the ORLEN Group of Reining segment amounts to PLN (17) million and PLN (17) million respectively.

In the 2nd quarter of 2023 impairment test was carried out for Refining segment in ORLEN Unipetrol including estimation of impact changes crude oil price as a result of decrease differential BRENT-REBCO (difference between the price of Brent and the price of REBCO). The discount rate used for assets valuation was dedicated to Czech Republic Refining (note 5.4.1).
The tests carried out did not identify impairment of assets of Refining segment in ORLEN Unipetrol.

Net impairment losses of PLN (17) million recognised in the 2nd quarter of 2023 relates mainly to impairment of property, plant and equipment under construction on HOG installation in ORLEN.

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.

Production assets of the Petrochemical segment

In the period of 6 and 3 months ended 30 June 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 (3) million.
In the 2nd 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 Olefiny 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 valuation of assets was based on the discount rate dedicated to Poland and the Czech Republic Petrochemicals (note 5.4.1). The tests carried out did not confirm the impairment loss of assets in the Petrochemical segment in the companies that were analysed.
Net impairment losses of PLN (3) million equivalent to CZK (18) million recognised in the 2nd quarter of 2023 relates to impairment of damaged assets on Polypropylene installation in ORLEN Unipetrol. The ORLEN Group did not identify any other indications of impairment.

Assets of the Upstream segment

In the period of 6 and 3 months ended 30 June 2023 the total net effect of impairment loss on non-current assets of the ORLEN Group of Upstream segment amounts to PLN (566) million and PLN (41) million respectively.
In the 2nd quarter of 2023 the impairment related mainly to capital expenditures on exploratory well in LOTOS Petrobaltic.

In the 2nd quarter of 2023 the ORLEN Group did not identify any indications of impairment and did not carry out any impairment tests for the assets of the Upstream segment. The valuations as at 31 March 2023 remain valid.

In the 1st quarter of 2023 as part of the analyses carried out, a significant impact of updated forecast of natural gas prices on the assets of the Upstream segment was identified and the net assets impairment of PLN (525) million was recognised in ORLEN. The net impairment losses 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).
In the 1st quarter of 2023 impairment test in Upstream segment for production assets of ORLEN located in Poland resulted in recognised net impairment of PLN (538) million. Value in use of production assets in Poland estimated as at 31 March 2023 and as at 31 December 2022 amounted to PLN 21 355 million and PLN 36 298 million, respectively, and were calculated using discount rates calculated for Poland Upstream Production.
The main factors with negative impact on valuation of domestic production assets were updated forecasts of natural gas prices and the statutory obligation for 2023 to make a gas levy payment to the Price Difference Payment Fund by companies extracting natural gas, as the levy is expensed.

Sensitivity analysis of impairment of value in use for ORLEN's Upstream segment production assets located in Poland as part of the test performed as at 31 March 2023

DISCOUNT RATE	in PLN million	EBITDA		
	change	-5%	0%	5%
	- 1 p.p.	*increase in allowance* (103)	*decrease in allowance* 954	*decrease in allowance* 954
	0,0 p.p.	*increase in allowance* (1 073)	-	*decrease in allowance* 954
	+ 1 p.p.	*increase in allowance* (1 964)	*increase in allowance* (938)	*decrease in allowance* 89

In the 1st quarter of 2023 impairment test of production assets of ORLEN located in Pakistan resulted in reversal of impairment losses of PLN 37 million. Value in use of assets located in Pakistan as at 31 March 2023 as well as at 31 December 2022 amounted to PLN 455 million and PLN 424 million respectively and were calculated at discount rates dedicated to Pakistan Upstream Development and Exploitation. The main factors with positive impact for valuation of the production assets is update of cash flows resulting from decrease in Branch service costs and increase in the number of wells.

Sensitivity analysis of impairment of value in use for ORLEN's Upstream segment production assets located in Pakistan as part of the test performed as at 31 March 2023

DISCOUNT RATE	in PLN million	EBITDA		
	change	-5%	0%	5%
	- 1 p.p.	*increase in allowance* (15)	*decrease in allowance* 8	*decrease in allowance* 32
	0,0 p.p.	*increase in allowance* (23)	-	*decrease in allowance* 23
	+ 1 p.p.	*increase in allowance* (30)	*increase in allowance* (8)	*decrease in allowance* 14

In the 1st quarter of 2023 impairment test of property, plant, and equipment under construction located in Poland resulted in net impairment losses of PLN (24) million. Values in use of property, plant, and equipment under construction as at 31 March 2023 and as at 31 December 2022 amounted to PLN 3 979 million and PLN 4 559 million, respectively and were calculated using discount rates calculated for Poland Upstream Exploration. The impairment results mainly from updating assumptions for the tests and discontinuation of work on wells due to failure to obtain commercial flow.

Sensitivity analysis of impairment of value in use for ORLEN's Upstream exploration related to property, plant, and equipment under construction located in Poland as part of the test performed as at 31 March 2023

in PLN million	EBITDA		
DISCOUNT RATE change	-5%	0%	5%
- 1 p.p.	*increase in allowance* (35)	*decrease in allowance* 64	*decrease in allowance* 64
0,0 p.p.	*increase in allowance* (251)	-	*decrease in allowance* 64
+ 1 p.p.	*increase in allowance* (450)	*increase in allowance* (210)	*decrease in allowance* 30

As at 31 March 2023, the ORLEN Group estimated the following main after-tax discount rates for the years 2023-2029 (for the subsequent years it was applied the constant discount rate calculated for 2029):

Country	*Segment / CGU*	*2023*	*2024*	*2025*	*2026*	*2027*	*2028*	*2029+*
Poland	Upstream Exploration	11.09%	10.99%	10.90%	10.87%	10.89%	10.90%	9.48%
Poland	Upstream Production	10.46%	10.35%	10.27%	10.24%	10.26%	10.27%	8.85%
Pakistan	Upstream Development & Exploitation	22.55%	23.49%	22.43%	22.19%	22.27%	22.29%	21.90%

As at 31 December 2022, the ORLEN Group estimated the following main after-tax discount rates for the years 2023-2028 (for the subsequent years it was applied the constant discount rate calculated for 2028):

Country	*Segment / CGU*	*2023*	*2024*	*2025*	*2026*	*2027*	*2028+*
Poland	Upstream Exploration	11.40%	11.77%	11.88%	11.83%	11.71%	9.47%
Poland	Upstream Production	10.77%	11.14%	11.24%	11.20%	11.08%	8.84%
Pakistan	Upstream Development & Exploitation	23.63%	23.03%	22.62%	22.64%	22.69%	21.90%

Assets of the Gas segment

In the period of 6 and 3 months ended 30 June 2023 the total net effect of impairment of fixed assets of the ORLEN Group of Gas segment amounts to PLN (12) million and PLN (12) million respectively.
In the 2nd quarter of 2023, the impairment of net assets mainly concerns PSG and is mainly related to the discontinuation or suspension of investment projects.
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.

The remaining net impairment losses of net assets in the ORLEN Group in the 6 and 3-month periods as at 30 June 2023 in the amount of PLN (8) million and PLN (4) million, respectively, related mainly to assets of the Retail segment PLN (4) million and PLN (1) million and assets of Energy segment PLN (4) million and PLN (3) million.

The respective 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 5.5).

5.5. Other operating income and expenses

Other operating income

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Profit on sale of non-current non-financial assets	19	6	10	4
Reversal of provisions	88	37	66	45
Reversal of impairment allowances of property, plant and equipment and intangible assets and other assets	94	25	6	2
Penalties and compensations	143	53	136	94
Grants	51	36	22	11
Derivatives, incl.:	2 872	1 272	1 061	331
not designated for hedge accounting purposes - settlement and valuation	*1 836*	*416*	*841*	*228*
hedging cash flows - ineffective part concerning measurement and settlement	*762*	*711*	*44*	*12*
fair value hedges - valuation of hedging instruments and items	*4*	*-*	*-*	*-*
hedging cash flows - settlement of hedging costs	*270*	*145*	*176*	*91*
Other, incl.:	315	133	83	52
profit on dilution of shares in Baltic Power Sp. z o.o.	*54*	*31*	*20*	*20*
	3 582	**1 562**	**1 384**	**539**

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Other operating expenses

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Loss on sale of non-current non-financial assets	(52)	(27)	(18)	(6)
Recognition of provisions	(60)	(25)	(38)	(4)
Recognition of impairment allowances of property, plant and equipment and intangible assets, goodwill and other assets	(700)	(102)	(2 893)	(2 862)
Penalties, damages and compensations	(52)	(23)	(134)	(57)
Derivatives, incl.:	(1 445)	(517)	(6 036)	(2 415)
not designated for hedge accounting purposes - settlement and valuation	*(1 369)*	*(344)*	*(5 644)*	*(2 185)*
hedging cash flows - ineffective part concerning measurement and settlement	*(34)*	*(153)*	*(392)*	*(230)*
fair value hedges - valuation of hedging instruments and items	*(5)*	*-*	*-*	*-*
hedging cash flows - settlement of hedging costs	*(37)*	*(20)*	*-*	*-*
Other, incl.:	(377)	(233)	(150)	(62)
donations	*(85)*	*(62)*	*(99)*	*(34)*
	(2 686)	**(927)**	**(9 269)**	**(5 406)**

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

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Valuation of derivative financial instruments	(367)	(471)	(1 734)	(377)
commodity futures, incl.:	*(445)*	*9*	*(601)*	*112*
CO2 emission allowances	*(149)*	*1*	*(648)*	*65*
electricity	*3*	*(29)*	*-*	*-*
natural gas	*(299)*	*37*	*-*	*-*
diesel oil	*-*	*-*	*47*	*47*
commodity forwards, incl.:	*238*	*(76)*	*-*	*(38)*
electricity	*(62)*	*(36)*	*-*	*(38)*
natural gas	*300*	*(40)*	*-*	*-*
commodity swaps	*(161)*	*(404)*	*(1 133)*	*(439)*
foreign currency swap	*-*	*1*	*-*	*-*
other	*1*	*(1)*	*-*	*(12)*
Settlement of derivative financial instruments	*834*	*543*	*(3 069)*	*(1 580)*
commodity futures, incl.:	*326*	*5*	(1 130)	(118)
CO2 emission allowances	*303*	*5*	*(1 012)*	*-*
diesel oil	*23*	*-*	*(118)*	*(118)*
commodity forwards, incl.:	*19*	*-*	(14)	(14)
electricity	*19*	*-*	*(14)*	*(14)*
commodity swaps	*487*	*537*	(1 925)	(1 445)
other	*2*	*1*	-	(3)
	467	**72**	**(4 803)**	**(1 957)**

For the 6 and 3-month period ended 30 June 2023 and 30 June 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_2 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, oversize 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.

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The Group also applies hedge accounting for purchases to hedge risk of change of market prices of CO_2 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 June 2023 the value from the valuation of CO_2 hedging instruments presented in the item Hedging reserve amounted to PLN 3 million.

5.6. Finance income and costs

Finance income

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Interest calculated using the effective interest rate method	1 008	529	38	19
Other interest	1	-	1	-
Net foreign exchange gain	1 463	832	-	-
Derivatives not designated as hedge accounting - settlement and valuation	190	64	729	354
Other	172	60	86	36
	2 834	**1 485**	**854**	**409**

Finance costs

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Interest calculated using the effective interest rate method	(183)	(92)	(240)	(119)
Interest on lease	(226)	(114)	(85)	(44)
Interest on tax liabilities	(43)	-	(1)	-
Net foreign exchange loss	-	-	(310)	(278)
Derivatives not designated as hedge accounting - settlement and valuation	(440)	(222)	(426)	(140)
Other	(163)	(62)	(107)	(49)
	(1 055)	**(490)**	**(1 169)**	**(630)**

Borrowing costs capitalized during the 6 and 3-month period ended 30 June 2023 and 30 June 2022 amounted to PLN (240) million and PLN (135) million, PLN (34) million and PLN (20) million, respectively.

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

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Valuation of derivative financial instruments	(222)	(136)	150	154
currency forwards	*(8)*	*7*	*37*	*79*
other, incl.:	*(214)*	*(143)*	*113*	*75*
currency interest rate swaps	*(203)*	*(135)*	*113*	*78*
interest rate swaps	*(4)*	*(1)*	*4*	*1*
Polimex-Mostostal option	*(7)*	*(7)*	*(4)*	*(6)*
Settlement of derivative financial instruments	(28)	(22)	153	60
currency forwards	*(19)*	*(11)*	*182*	*90*
currency interest rate swaps	*(12)*	*(12)*	*(31)*	*(32)*
interest rate swaps	*3*	*1*	*2*	*2*
	(250)	**(158)**	**303**	**214**

During the 6 and 3-month period ended 30 June 2023 and 30 June 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.

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5.7. Investments in jointly controlled entities and associates

	Place of business	Principal activity	Business segment	Participation in share capital at 30.06.2023	Valuation method
joint ventures					
Basell ORLEN Polyolefins Group (BOP) (ORLEN)	Płock/Poland	production, distribution and sales of poliolefins	Petrochemical	50.00%	equity method
Płocki Park Przemysłowo-Technologiczny Group (PPPT) (ORLEN)	Płock/Poland	construction and renting real estate	Corporate Functions	50.00%	equity method
Pieridae Production GP Ltd (ORLEN Upstream)	Calgary/Canada	exploration and extraction of minerals, storage, transport and logistics	Upstream	50.00%	equity method
Elektrownia Ostrołęka (ENERGA)	Ostrołęka/Poland	production of electricity and heat	Energy	50.00%	equity method
Baltic Power (ORLEN)	Warsaw/Poland	construction and operation of offshore wind farms	Energy	51.14%	equity method
ORLEN Synthos Green Energy Group (ORLEN)	Warsaw/Poland	commercialization of micro and small nuclear reactor technology	Energy	50.00%	equity method
Baltic Gas Sp z o.o. (LOTOS UPSTREAM)	Gdańsk/Poland	mining of crude oil and natural gas (service activities supporting the exploitation of oil and natural gas deposits)	Upstream	50.00%	equity method
Baltic Gas Sp. z o.o. and partners Sp. k. (LOTOS UPSTREAM)	Gdańsk/Poland	oil and natural gas mining	Upstream	46,05%	equity method
UAB Minijos Nafta (AB LOTOS Geonafta)	Gargždai/Lithuania	oil exploration and production	Upstream	50.00%	equity method
Naftoport Sp. z o.o. (ORLEN)	Gdańsk/Poland	reloading of crude oil and petroleum products and their transit	Refinery	26.92%	equity method
EuRoPol GAZ S.A. (ORLEN)	Warsaw/Poland	gas transmission	Gas	51.18%	equity method
Elektrociepłownia Stalowa Wola S.A. (ORLEN)	Stalowa Wola / Poland	production of electricity and heat	Energy	50.00%	equity method
Zakład Separacji Popiołów Siekierki S.A. (PGNiG Termika)	Warsaw/Poland	fly ash cleaning company	Energy	70.00%	equity method
Associates					
Polimex Mostostal S.A. (ORLEN and ENERGA)	Warsaw/Poland	an engineering and construction company, general contractor in the field of industrial construction, producer and exporter of steel structures	Energy/Upstream	32.34%	equity method
Zakład Wytwórczy Urządzeń Gazowniczych "Intergaz" Sp z o.o. (ORLEN)	Tarnowskie Góry/Poland	production of gas meters and gas pressure reducers	Upstream	38.30%	equity method
UAB Naftelf (ORLEN Lietuva)	Vilnius / Lithuania	aviation fuel trading and construction warehouses	Refinery	34.00%	equity method
PFK GASKON S.A (ORLEN)	Warsaw/Poland	financial consulting in the area of energy and real estate services	Upstream	45.94%	equity method
DEWON S.A. (ORLEN)	Ukraine/Kyiv	Implementation of services related to natural gas extraction, well reconstruction as well as development and exploitation of deposits in Ukraine.	Upstream	36.38%	equity method
joint operations					
Rafineria Gdańska S.A. (ORLEN)	Gdańsk/Poland	processing of crude oil, production of fuels and oils	Refinery	70.00%	share in assets and liabilities
Butadien Kralupy (ORLEN Unipetrol)	Kralupy nad Vltavou/Czech Republic	manufacturing of butadien	Petrochemical	51.00%	share in assets and liabilities

Value of investments accounted for using the equity method

	30/06/2023 (unaudited)	31/12/2022
Joint ventures	3 507	3 154
Basell ORLEN Polyolefins Group (ORLEN)	*571*	*673*
EuRoPol GAZ (ORLEN)	*1 762*	*1 857*
Baltic Power (ORLEN)	*864*	*322*
ORLEN Synthos Green Energy Group (ORLEN)	*203*	*206*
Naftoport (ORLEN)	*60*	*55*
Płocki Park Przemysłowo-Technologiczny Group (ORLEN)	*36*	*34*
Baltic Gas Sp. z o.o. and partners Sp. k. (LOTOS UPSTREAM)	*4*	*-*
Zakład Separacji Popiołów Siekierki (PGNiG Termika)	*7*	*7*
Associates	297	288
Polimex Mostostal (ORLEN and ENERGA)	*280*	*269*
Zakład Wytwórczy Urządzeń Gazowniczych "Intergaz" (ORLEN)	*9*	*11*
UAB Naftelf (ORLEN Lietuva)	*8*	*8*
	3 804	**3 442**

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Share in profit from investments accounted for using the equity method

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Joint ventures	(122)	(119)	237	98
Basell ORLEN Polyolefins Group (ORLEN)	*(1)*	*(1)*	*196*	88
*Elektrownia Ostrołęka (ENERGA) **	-	-	*41*	10
Naftoport (ORLEN)	*15*	*7*	-	-
Baltic Gas and partners (LOTOS UPSTREAM)	*(4)*	*(4)*	-	-
ORLEN Synthos Green Energy Group (ORLEN)	*(4)*	*(3)*	-	-
Baltic Power (ORLEN)	*(33)*	*(27)*	-	-
EuRoPol GAZ (ORLEN)	*(95)*	*(91)*	-	-
Associates	*11*	*9*	*7*	4
Polimex Mostostal (ORLEN and ENERGA)	*11*	*9*	*7*	4
	(111)	**(110)**	**244**	**102**

* *The line include partial reversal of provisions relating to the construction project of the Ostrołęka C Power Plant (ENERGA Group).*
The original value of provisions related to the Ostrołęka C project recognised within the settlement of the acquisition of ENERGA shares included the estimated investment liabilities to the general contractor in connection with the suspension of construction works in Ostrołęka C Power Plant, as well as the contingent liability for the risk of non-performance of the capacity obligation under the concluded capacity agreements and amounted to PLN 259 million. The provisions were partially reversed in 2021 in the amount of PLN 212 million in connection with the signing of documents regarding the settlement of the coal project under Ostrołęka C project and the implementation of the gas project in Ostrołęka, including, in particular, the conclusion of an agreement with the general contractor specifying the terms and conditions for the settlement of works performed on the project implementation in the formula a coal unit, prior to its suspension and after the suspension period, until the implementation of the decision to change the technology and define the subject of the investment as the construction of a gas-steam power plant. In 2022, the remaining amount of the provision in the amount of PLN 47 million was reversed as a result of the payment and settlement of all amounts due to the general contractor.

Condensed financial information of joint venture of Basell ORLEN Polyolefins Group

	30/06/2023 (unaudited)	31/12/2022
Non-current assets	680	755
Current assets	1 474	1 478
cash	*506*	*247*
other current assets	*968*	*1 231*
Total assets	**2 154**	**2 233**
Total equity	**1 351**	**1 366**
Non-current liabilities	21	21
Current liabilities, incl.:	782	846
trade and other liabilities	*744*	*784*
Total liabilities	**803**	**867**
Total equity and liabilities	**2 154**	**2 233**
Net debt	**(506)**	**(247)**
Net assets	1 351	1 366
Group's share in joint ventures (50%)	676	683
Elimination of gains or losses resulting from transactions with joint venture	(105)	(10)
Joint ventures investments accounted for under equity method	**571**	**673**

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Sales revenues	1 754	792	3 118	1 488
Cost of sales, incl.:	(1 668)	(780)	(2 516)	(1 228)
depreciation and amortisation	*(33)*	*(16)*	*(35)*	*(18)*
Gross profit on sales	**86**	**12**	**602**	**260**
Distribution expenses	(58)	(27)	(76)	(38)
Administrative expenses	(14)	(8)	(11)	(6)
Other operating income and expenses, net	209	207	5	6
Profit from operations	**223**	**184**	**520**	**222**
Net finance income and costs	**5**	**(3)**	**4**	**(1)**
Profit before tax	**228**	**181**	**524**	**221**
Tax expense	(42)	9	(99)	(42)
Net profit	**186**	**190**	**425**	**179**
Total net comprehensive income	**186**	**190**	**425**	**179**
Dividends received from joint ventures	**100**	**100**	**190**	**190**
Net profit	186	190	425	179
Group's share in joint ventures (50%)	93	95	213	90
Elimination of gains or losses resulting from transactions with joint venture	(94)	(96)	(17)	(2)
Group's share in result of joint ventures accounted for under equity method	**(1)**	**(1)**	**196**	**88**

(in PLN million)

Condensed financial information of joint venture of Baltic Power Sp. z o.o.

	30/06/2023 (unaudited)	31/12/2022
Non-current assets	1 400	393
Current assets	921	172
cash	*890*	*144*
other current assets	*31*	*28*
Total assets	**2 321**	**565**
Total equity	**1 555**	**492**
Non-current liabilities, incl.:	7	6
Other non-current liabilities	*7*	*6*
Current liabilities, incl.:	759	67
trade and other liabilities	*759*	*67*
Total liabilities	**766**	**73**
Total equity and liabilities	**2 321**	**565**
Net debt	**(890)**	**(144)**
Net assets	1 555	492
Group's share in joint ventures (51.14%)	795	253
Goodwill	69	69
Joint ventures investments accounted for under equity method	**864**	**322**

Condensed financial information of the joint ventures of EuRoPol GAZ S.A

	30/06/2023 (unaudited)	31/12/2022 (unaudited)
Non-current assets	473	592
Current assets	3 236	3 237
cash	*2 842*	*3 038*
other current assets	*394*	*199*
Total assets	**3 709**	**3 829**
Total equity	**3 443**	**3 628**
Non-current liabilities, incl.:	10	16
provisions	*9*	*9*
Current liabilities, incl.:	256	185
trade and other liabilities	*239*	*167*
provisions	*17*	*18*
Total liabilities	**266**	**201**
Total equity and liabilities	**3 709**	**3 829**
Net debt	**(2 842)**	**(3 038)**
Net assets	3 443	3 628
Group's share in joint ventures (51,18%)	1 762	1 857
Joint ventures investments accounted for under equity method	**1 762**	**1 857**

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Sales revenues	80	40
Cost of sales, incl.:	(110)	(51)
depreciation and amortisation	(12)	(1)
Gross profit on sales	**(30)**	**(11)**
Administrative expenses	(27)	(15)
Profit from operations	**(229)**	**(196)**
Net finance income and costs	**63**	**38**
Profit before tax	**(166)**	**(158)**
Tax expense	(19)	(20)
Net profit	**(185)**	**(178)**
Total net comprehensive income	**(185)**	**(179)**
Net profit	(185)	(178)
Group's share in joint ventures (51,18%)	(95)	(91)
Group's share in result of joint ventures accounted for under equity method	**(95)**	**(91)**

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Condensed financial information of the associate of POLIMEX-Mostostal S.A.

The terms of the investment agreement signed in 2017 give the Group the opportunity to influence the financial and operating policy of Polimex-Mostostal as well as determine the composition of the company's governing bodies, which translates into the Group's significant influence. In connection with the above, the share in Polimex-Mostostal was classified as an associate accounted for using the equity method.
Following the merger with the PGNiG Group, the Group's shareholding in Polimex-Mostostal increased to 32.34%

	30/06/2023 (unaudited)	31/12/2022 (unaudited)
Non-current assets	682	675
Current assets	1 746	2 150
cash	*462*	*747*
other current assets	*1 284*	*1 403*
Total assets	**2 428**	**2 825**
Non-current liabilities	266	263
Current liabilities	1 183	1 620
Total liabilities	**1 449**	**1 883**
Total equity and liabilities	**2 428**	**2 825**
Net assets	979	942
Group's share in associates (32,34%)	317	306
Customization adjustments	(37)	(37)
Investments in associates	**280**	**269**

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 31/03/2022 (unaudited)
Sales revenues	1 659	841	1 576	716
depreciation and amortisation	21	11	*17*	*7*
Net finance income and costs	**3**	**(1)**	**(11)**	**(9)**
Profit before tax	**43**	**32**	**44**	**23**
Tax expense	(11)	6	(8)	(6)
Net profit	**32**	**38**	**36**	**18**
Net profit	32	38	36	18
Group's share in associates (32,34%)	10	12	6	3
Customization adjustments	1	(3)	1	1
Group's share in profit of associates	**11**	**9**	**7**	**4**

5.8. Loans, borrowings and bonds

	Non-current		Current		Total	
	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022
Loans *	2 490	5 443	1 478	2 806	3 968	8 249
Borrowings	142	161	72	120	214	281
Bonds	6 086	6 369	703	4 326	6 789	10 695
	8 718	**11 973**	**2 253**	**7 252**	**10 971**	**19 225**

** as at 30 June 2023 and as 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 199 million and PLN 223 million in the non-current part and PLN 12 million and PLN 18 million in the current part, respectively.*

During the 6-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 2,121 million and PLN (6,343) million. As at 30 June 2023 the decrease in debt level of the Group results mainly from:

- redemption of Eurobonds issued by ORLEN Capital AB in the amount of EUR (750) million and partial redemption of senior bonds issued by B8 Sp.z o.o. Baltic SKA in the amount of USD (17) million, which corresponds to the total amount of PLN (3,421) million
- net repayments of ORLEN loans in the amount of PLN (4,087) million.

Additional information on active bond issues is presented in note 5.12.

As at 30 June 2023 and as at 31 December 2022 the maximum possible indebtedness due to loans and borrowings amounted to PLN 36,882 million and PLN 51,860 million, respectively. As at 30 June 2023 and as at 31 December 2022 PLN 32,656 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 June 2023 include in particular the termination of funding:

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- at Bank Pekao S.A. in the total amount of PLN 9,400 million,
- syndicated loans in the amount of EUR 335 million and USD 220 million, which as at 30 June 2023 corresponds to the total amount of PLN 2,394 million,
- SMBC loans in the total amount of EUR 470 million which as at 30 June 2023 corresponds to the amount of PLN 2,092 million

In the period covered by these half-year 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	
	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022
Cash flow hedging instruments	1 626	1 124	1 031	1 452	2 657	2 576
currency forwards	*1 559*	*787*	*560*	*568*	*2 119*	*1 355*
commodity swaps	*67*	*291*	*297*	*856*	*364*	*1 147*
commodity futures	*-*	*3*	*9*	*17*	*9*	*20*
foreign currency swaps	*-*	*43*	*165*	*11*	*165*	*54*
Derivatives not designated as hedge accounting	146	381	1 174	1 879	1 320	2 260
currency forwards	*3*	*2*	*55*	*12*	*58*	*14*
commodity swaps	*-*	*-*	*73*	*85*	*73*	*85*
currency interest rate swaps	*20*	*156*	*29*	*97*	*49*	*253*
interest rate swaps	*-*	*-*	*-*	*4*	*-*	*4*
currency swaps	*-*	*-*	*-*	*78*	*-*	*78*
commodity futures, incl.:	*56*	*191*	*326*	*714*	*382*	*905*
CO2 emission allowances	*-*	*94*	*-*	*59*	*-*	*153*
electricity	*10*	*-*	*129*	*146*	*139*	*146*
natural gas	*46*	*97*	*197*	*509*	*243*	*606*
commodity forwards, incl.:	*41*	*-*	*687*	*885*	*728*	*885*
electricity	*31*	*-*	*292*	*366*	*323*	*366*
natural gas	*10*	*-*	*395*	*519*	*405*	*519*
other	*26*	*32*	*4*	*4*	*30*	*36*
Fair value hedging instruments	5	-	15	28	20	28
commodity swaps	*5*	*-*	*15*	*28*	*20*	*28*
Derivatives	**1 777**	**1 505**	**2 220**	**3 359**	**3 997**	**4 864**
Other financial assets	2 539	2 584	3 523	10 310	6 062	12 894
receivables on settled derivatives	*-*	*-*	*162*	*1 024*	*162*	*1 024*
financial assets measured at fair value through other comprehensive income	*321*	*324*	*-*	*-*	*321*	*324*
financial assets measured at fair value through profit or loss	*112*	*94*	*-*	*267*	*112*	*361*
hedged item adjustment	*3*	*-*	*15*	*8*	*18*	*8*
security deposits	*-*	*-*	*1 829*	*8 774*	*1 829*	*8 774*
short-term deposits	*-*	*-*	*24*	*27*	*24*	*27*
loans granted	*530*	*524*	*118*	*129*	*648*	*653*
purchased securities	*474*	*471*	*991*	*8*	*1 465*	*479*
including restricted cash	*821*	*898*	*313*	*41*	*1 134*	*939*
other	*278*	*273*	*71*	*32*	*349*	*305*
Other non-financial assets	1 218	1 465	-	-	1 218	1 465
investment property	*614*	*619*	*-*	*-*	*614*	*619*
shares and stocks of consolidated subsidiaries	*127*	*128*	*-*	*-*	*127*	*128*
*other **	*477*	*718*	*-*	*-*	*477*	*718*
Other assets	**3 757**	**4 049**	**3 523**	**10 310**	**7 280**	**14 359**

** 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*

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.

As at 30 June 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 1,802 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 (6,939) 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.

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As at 30 June 2023, the position loans granted constitutes mainly the borrowings for Grupa Azoty Polyolefins S,A, in the amount of PLN 258 million and for non-consolidated companies in the amount of PLN 388 million.

Derivatives and other liabilities

	Non-current		Current		Total	
	30/06/2023 (unaudited)	31/12/2022 (restated data)	30/06/2023 (unaudited)	31/12/2022 (restated data)	30/06/2023 (unaudited)	31/12/2022 (restated data)
Cash flow hedging instruments	974	4 491	2 754	8 394	3 728	12 885
currency forwards	*11*	*298*	*27*	*80*	*38*	*378*
commodity swaps	*963*	*4 190*	*2 720*	*8 274*	*3 683*	*12 464*
commodity futures	-	*3*	*7*	*39*	*7*	*42*
foreign currency swaps	-	-	-	*1*	-	*1*
Derivatives not designated as hedge accounting	96	122	1 111	4 437	1 207	4 559
currency forwards	*6*	*2*	*85*	*71*	*91*	*73*
commodity swaps	-	-	*263*	*3 090*	*263*	*3 090*
foreign currency swaps	-	-	-	*74*	-	*74*
commodity futures, incl.:	*40*	*30*	*516*	*616*	*556*	*646*
CO2 emission allowances	-	*1*	-	*3*	-	*4*
electricity	*8*	-	*29*	*40*	*37*	*40*
natural gas	*32*	*29*	*487*	*573*	*519*	*602*
commodity forwards, incl.:	*50*	*90*	*247*	*586*	*297*	*676*
electricity	*29*	*27*	*155*	*144*	*184*	*171*
natural gas	*21*	*63*	*92*	*442*	*113*	*505*
Fair value hedging instruments	4	-	15	8	19	8
commodity swaps	*4*	-	*15*	*8*	*19*	*8*
Derivatives	**1 074**	**4 613**	**3 880**	**12 839**	**4 954**	**17 452**
Other financial liabilities	255	259	457	1 517	712	1 776
liabilities on settled derivatives	-	-	*379*	*1 419*	*379*	*1 419*
investment liabilities	*76*	*84*	-	-	*76*	*84*
hedged item adjustment	*4*	-	*15*	*28*	*19*	*28*
refund liabilities	-	-	*34*	*32*	*34*	*32*
security deposits	-	-	*5*	*28*	*5*	*28*
*other **	*175*	*175*	*24*	*10*	*199*	*185*
Other non-financial liabilities	452	423	2 491	484	2 943	907
liabilities from contracts with customers	*29*	*30*	-	-	*29*	*30*
deferred income	*423*	*393*	*2 491*	*484*	*2 914*	*877*
Other liabilities	**707**	**682**	**2 948**	**2 001**	**3 655**	**2 683**

* *As at 30 June 2023 and as at 31 December 2022, the line other in non-current other financial liabilities relates mainly to liabilities due to donations in the amount of PLN 56 million and PLN 68 million, and received other deposits in the amount of PLN 92 million and PLN 86 million, respectively.*

Description of changes of derivatives not designated as hedge accounting is presented in note 5.5 and 5.6.

The line receivables 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 June 2023, these line include the value of matured commodity swaps hedging mainly the refining margin and natural gas.
The decrease in the balance of liabilities was a consequence of the decrease in the prices of crude oil,refinery products and gas and the strengthening of PLN against EUR and USD.

Additionally, as at 30 June 2023, the line deferred income also includes the unsettled value of CO_2 property rights received free of charge for 2023 in the amount of PLN 2,154 million as at the reporting date.

5.10. Provisions

	Non-current		Current		Total	
	30/06/2023 (unaudited)	31/12/2022 (restated data)	30/06/2023 (unaudited)	31/12/2022 (restated data)	30/06/2023 (unaudited)	31/12/2022 (restated data)
For decommissioning and environmental costs	5 665	5 951	114	209	5 779	6 160
Jubilee bonuses and post-employment benefits	1 548	1 566	260	262	1 808	1 828
CO_2 emissions, energy certificates	-	-	5 454	9 846	5 454	9 846
Other	600	712	2 036	2 550	2 636	3 262
	7 813	**8 229**	**7 864**	**12 867**	**15 677**	**21 096**

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Detailed information 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.
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

	30/06/2023		Fair value hierarchy		
	Carrying amount (unaudited)	Fair value (unaudited)	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at fair value through other comprehensive income	321	321	51	-	270
Financial assets measured at fair value through profit or loss	112	112	-	-	112
Loans granted	648	668	-	668	-
Derivatives	3 997	3 997	-	3 997	-
Purchased securities	1 465	1 439	61	1 378	-
	6 543	**6 537**	**112**	**6 043**	**382**
Financial liabilities					
Loans	3 968	3 982	-	3 982	-
Borrowings	214	214	-	214	-
Bonds	6 789	6 409	4 122	2 287	-
Derivatives	4 954	4 954	-	4 954	-
	15 925	**15 559**	**4 122**	**11 437**	**-**

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).
During the reporting period and comparative period, there were no reclassifications in the Group between levels of the fair value hierarchy.

5.12. Future commitments resulting from signed investment contracts

As at 30 June 2023 and as at 31 December 2022 the value of future commitments resulting from investment contracts signed until that day amounted to PLN 25,797 million and PLN 27,193 million, respectively.

5.13. Issue and redemption of debt securities

The balance of debt securities liabilities as at 30 June 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 with a nominal value of EUR 500 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, two series of subordinated bonds remain open with a total nominal value of EUR 250 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 37 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 2019,2020,2021, 2022 and 1st quarter of 2023 PERN S.A. (PERN) informed ORLEN 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. At the same time, 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 maintains that the reason for the change in operating stocks is 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. As at 30 June 2023, according to received confirmation from PERN, ORLEN's operating stock of crude oil REBCO-type amounted to 248,873 net metric tons. The difference in the quantity of stocks increased by 787 net metric tons in comparison compared to the status as at 31 December 2022 and amounted to 92,623 net metric tons.

ORLEN does not agree with PERN position, because in its opinion it remains unfounded, unproven and inconsistent with the agreements binding ORLEN and PERN, and the existing 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 is correct and has never been questioned before.

In the opinion of ORLEN the amount of adjustment of inventories recognised in 2019-2022 totally in the amount of PLN (156) million is also a contingent asset of ORLEN.

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 demands 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. PERN questions the effectiveness of the deductions made by ORLEN. On 31 January 2022, ORLEN responded to PERN's claim, demanding that PERN's claim be dismissed. ORLEN does not agree with PERN's position presented in the lawsuit filed by PERN. ORLEN disagrees with the position of PERN presented in the lawsuit filed by PERN. In the opinion of ORLEN, PERN's claims are groundless and do not exist, as the amount of PLN 156 million claimed by PERN was effectively deducted from ORLEN's claim for compensation. Court proceedings are pending.

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, PERN received a request for payment along with a debit note for the disclosed further oil loss in the system. PERN did not make the payment resulting from the debit note, and therefore 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.

As at 31 December 2022, in accordance with the document "Balance of crude oil as at 31.12.2022" provided by PERN.

PERN made another one-sided adjustment in minus the inventory records of crude oil belonging to ORLEN in amount of 1,921 tons net. As a consequence, a loss of REBCO oil in the volume of 146 tonnes was disclosed, which is the difference between the total volume of loss covered by the debit notes of 24 July 2020 and 21 January 2022 and the REBCO oil loss reported as at 31 December 2022. ORLEN will take further legal steps to secure claims arising from the loss disclosed by PERN at the end of 2022.

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. 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 issued a debit note to PERN for PLN 31.5 million for compensation for the loss by PERN of 18,270 net metric tons of REBCO belonging to GRUPA LOTOS (currently ORLEN), which PERN was obliged to store. PERN has not made the payment, 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.

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.) filled 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. <u>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</u>

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. <u>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</u>

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. The court set the date of the next hearing for 18 October 2023.

III. <u>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</u>

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 Projet 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. The next meeting date was set for 11 October 2023.

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.

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 June 2023, the contingent liabilities of the ENERGA Group recognised in these half-year 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 June 2023, the estimated value of those claims recognised as contingent liabilities amounts to PLN 218 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.

Within last six months of 2022 and in the 1st 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 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 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 June 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).

As at 30 June 2023 the total value of provisions recognised in connection with the pending proceedings amounted to PLN 62.8 million.

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 2014. 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 June 2023, the Group disclosed a provision for tax risk in the amount of PLN 33 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 Trell&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 June 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 44.5 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 4th quarter of this year.

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 half-year 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 June 2023 disputes arising during the term of the Yamal Contract are pending.

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

On 9 February 2015, B.J. Noskiewicze filed an action against Exalo (formerly Poszukiwania Nafty i Gazu Jasło sp. z o.o.) 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. 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.

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As at 30 June 2023 the total value of provisions recognised in connection with the pending proceeding amounted to PLN 35 million.

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

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, 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 June 2023 the total value of provisions recognised in connection with the pending proceedings amounted to PLN 126.9 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. A further hearing date was not scheduled.

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 June 2023 and 31 December 2022 and in the 6 and 3-month period ended 30 June 2023 and 30 June 2022 there were no transactions of related parties of the ORLEN Group with Members of the Management Board and the Supervisory Board, members of the other key executive personnel of the Parent Company and their relatives.

In the 6 and 3-month period ended 30 June 2023 and 30 June 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 0.9 million, PLN 0.5 million and PLN 0.8 million, PLN 0.4 million, respectively. The largest amounts in the above periods were related to the sale of legal services.

As at 30 June 2023 the balance of the trade and other liabilities due to the above transactions amounted to PLN 0.01 million, and as at 30 June 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 ORLEN Group companies

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Parent Company				
Short-term employee benefits	44.9	26.4	27.7	14.6
Post-employment benefits	0.1	0.1	-	-
Termination benefits	0.5	0.5	0.6	0.6
Subsidiaries				
Short-term employee benefits	230.4	119.3	166.7	86.4
Post-employment benefits	-	-	0.1	0.1
Other long term employee benefits	1.1	0.8	0.1	0.1
Termination benefits	3.1	1.8	3.0	2,0
	280.1	**148.9**	**198.2**	**103.8**

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.

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in PLN million)

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

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Subsidiaries		
Short-term employee benefits	35.7	19.7
Other long term employee benefits	0.8	0.8
Termination benefits	0.6	0.5
	37.1	**21.0**

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

	Sales				Purchases			
	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Jointly-controlled entities	**2 296**	**1 043**	**2 660**	**1 443**	**(718)**	**(387)**	**(240)**	**(112)**
joint ventures	*1 915*	*857*	*2 521*	*1 368*	*(260)*	*(157)*	*(166)*	*(73)*
joint operations	*381*	*186*	*139*	*75*	*(458)*	*(230)*	*(74)*	*(39)*
Other related parties	**91**	**28**	**-**	**-**	**(240)**	**(200)**	**-**	**-**
	2 387	**1 071**	**2 660**	**1 443**	**(958)**	**(587)**	**(240)**	**(112)**

	Trade receivables, other receivables and loans granted		Trade, lease and other liabilities	
	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022
Jointly-controlled entities	**1 232**	**1 398**	**191**	**389**
joint ventures	*1 160*	*1 291*	*106*	*167*
joint operations	*72*	*107*	*85*	*222*
Other related parties	**127**	***138***	**38**	***21***
	1 359	**1 536**	**229**	**410**

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

Additionally, during the 6 and 3-month period ended 30 June 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 6 and 3-month period ended 30 June 2023 and as at 30 June 2023, the Group identified the following transactions:
- sales amounted to PLN 4 million and PLN 1 million, respectively;
- purchase amounted to PLN (5) million and PLN (3) million, respectively;
- balance of receivables amounted to PLN 2 million;
- balance of liabilities amounted to PLN 1 million.

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

Additionally, in the 6-month period ended 30 June 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 June 2023 and as at 31 December 2022 amounted to 8,000 shares with a nominal value of PLN 0.8 million, respectively.

During the 6 and 3-month period ended 30 June 2023 and 30 June 2022 there were no related parties transactions within the Group concluded on other than an arm's length basis.

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 June 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.

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (in PLN million)

During the 6 and 3-month period ended 30 June 2023 and 30 June 2022 and as at 30 June 2023 and 31 December 2022, the Group identified the following transactions:

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Sales	6 565	3 563	5 986	3 434
Purchases	(4 264)	(1 481)	(11 856)	(7 603)

	30/06/2023 (unaudited)	31/12/2022 (restated data)
Trade receivables, other receivables	1 635	1 421
Trade, lease and other liabilities	373	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 June 2023 and as at 31 December 2022 amounted to PLN 4,178 million and PLN 4,040 million, respectively. As at 30 June 2022, 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 June 2023 and as at 31 December 2022 amounted to PLN 18,507 million and PLN 31,632 million, respectively. As at 30 June 2023 they related mainly to security of:
– future liabilities arising from bonds issuances of Group's subsidiaries in total amount of PLN 5,939 million,
– liabilities of PGNiG Supply&Trading GmbH and PGNiG Upstream Norway AS arising from operational activities in the total amount of PLN 6,674 million,
– realisation of investment projects of subsidiaries: CCGT Ostrołęka and CCGT Grudziądz in total amount of PLN 730 million,
– realisation of wind projects and other liabilities of jointly-controlled entity Baltic Power in amount of PLN 281 million,

as well as the timely payment of liabilities by subsidiaries.

As at 30 June 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. The above guarantee replaced: the guarantee issued by LOTOS Upstream Sp. z o.o., for the actions of LOTOS Exploration and Production Norge AS and guarantee issued by ex. PGNiG for PGNiG Upstream Norway AS. This change is a result of the acquisition of the mining assets in May 2023 of LOTOS Exploration and Production Norge AS by PGNiG Upstream Norway AS.

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.

The existing ORLEN guarantee for the amount of EUR 1,100 million expired on 7 June 2023 together with redemption of ORLEN Capital AB eurobonds.

	Nominal value	PLN	Subscription date	Expiration date	Rating	Value of guarantee issued	PLN
Eurobonds	300 EUR	1 335	7.03.2017	7.03.2027	BBB+, Baa2	1 250 EUR	5 563
Senior bonds	32 USD	131	from 01.03.2017 till 31.01.2022	till 31.12 2024	n/a	91,5 USD	376
		1 466					**5 939**

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

In addition, the value of guarantees regarding liabilities to third parties granted during ongoing operations as at 30 June 2023 and as at 31 December 2022 amounted to PLN 1,791 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. 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.

2. New wind farms in ORLEN Group

On 27 July 2023, the company belonging to the ORLEN Group – ORLEN Wind 3 sp. z o.o. entered into preliminary purchase agreement of shares in two companies with operating wind farms - EW Dobrzyca sp. z o.o. (49,9 MW), Ujazd sp. z o.o. (30 MW), one company with an operational wind farm (62,4 MW) and developing the photovoltaic farm project to the Ready-to-Build state (21.3 MW) - Wind Field Wielkopolska sp. z o.o. and three companies that will develop photovoltaic farm projects on the basis of a cable pooling to the Ready-to-Build state with a total capacity of approximately 138 MW - Farma Fotowoltaiczna Dobrzyca sp. z o.o., Farma Fotowoltaiczna Ujazd sp. z o.o. and Farma Fotowoltaiczna Wielkopolska sp. z o.o.
First, after obtaining the consent of the antimonopoly authorities for the transaction, ORLEN Wind 3 will take control over companies that own wind assets (total capacity 143,2 MW), the transaction is expected to close at the end of 2023.
The transaction concerning the acquisition of 3 companies with photovoltaic farm projects on a cable pooling basis depends on the projects achieving the Ready-to-Build status and the entry into force of regulations allowing for the use of one connection by wind and photovoltaic farms.

3. ORLEN concluded agreement the execution of which will result in acquisition of petrol stations network in Austria

ORLEN announced that on 4 July 2023 the Company concluded the agreement with Doppler Beteiligungs GmbH with its registered office in Wels, Austria resulting with acquisition of 100% of shares in Doppler Energie GmbH with its registered office in Wels, Austria („Doppler Energie") ("Agreement").
Doppler Energie is the operator of the Austrian network of petrol stations under the Turmöl brand.
As a result of the Agreement execution, ORLEN Group will acquire 266 petrol stations, all located in Austria. Thanks to the transaction ORLEN is entering the new market in retail segment what is in line with expansion plans of the retail network provided in the Company's strategy to 2030. The terms and conditions of the Agreement (including payment mechanism and price settlement) do not deviate from the terms and conditions commonly applicable to this type of agreements.
The closing of the transaction will take place after fulfillment of the conditions described in the Agreement, including receiving approvals from the relevant antitrust authorities and is planned for the turn of 2023 and 2024.

4. Proposed terms and conditions of the purchase of shares in Energa Elektrownie Ostrołęka SA by the State Treasury

On 14 July 2023, Energa Wytwarzanie SA received a proposed non-binding document from the State Treasury, represented by the Minister of State Assets, summarizing the terms and conditions of the transaction to purchase shares in Energa Elektrownie Ostrołęka SA ("EEO"), representing 89.64% of EEO's share capital, in order to establish the National Energy Security Agency (NABE).
The document specifically proposes the purchase price for the shares in EEO, the key economic and legal terms and conditions of the transaction, including the key provisions of the preliminary and final sale agreement.
The proposed price for the shares in EEO is PLN 153 million, based on the enterprise value determined as at 30 September 2022.
The document is not binding. The Group will review it in detail. The potential acceptance of the offer will be subject to the Group obtaining the necessary corporate approvals.
An agreed document signed by the parties will be the basis for the Minister of State Assets to apply to the Prime Minister for the purchase of the shares in EEO held by EWYT.

5. Draft legislation on further support for the most vulnerable electricity customers

On 11 July 2023, a draft Act on the Amendments to the Act on Specific Solutions for the Protection of Electricity Customers in 2023 in Connection with the Situation on the Electricity Market (hereinafter: the Act) was introduced into the Parliament. On 13 August 2023, the Act was passed by the Parliament.
The Act envisages, among other things, the following amendments to the system of support for vulnerable electricity customers:

- Increase from 2 MWh to 3 MWh of the basic electricity consumption limit subject to the freeze on prices at the 2022 level. The limit applies to household customers
- Increase of the limits for households with a disabled person from 2.6 MWh to 3.6 MWh, and for households with a Large Family Card and farmers' households from 3 MWh to 4 MWh
- Reduction of the regulated electricity price for local governments, small businesses, public service entities and other vulnerable customers from PLN 785 to PLN 693 per MWh, net of value added taxes, starting from Q4 2023.

In addition, on 17 August 2023, the Parliament enacted the Act on the Principles of the State Treasury's Guarantees for Obligations of the National Energy Security Agency, which includes provisions that reduce energy prices within the above-mentioned energy consumption limits in individual tariff groups to 0.95 of the tariff prices.

As at the date of publication of these financial statements the Group has not completed its analysis of the impact of the aforementioned legislation on its future financial performance.

After the end of the reporting period there were no other events, apart from those disclosed in these half-year condensed consolidated financial statements that would require recognition or disclosure.

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS

FOR THE 6 AND 3-MONTH PERIOD ENDED 30 JUNE 2023

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

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS (in PLN million)

B. HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

Separate statement of profit or loss and other comprehensive income

	NOTE	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Sales revenues	5.1	121 402	49 102	73 751	40 277
revenues from sales of finished goods and services		*93 039*	*35 696*	*45 589*	*26 282*
revenues from sales of merchandise and raw materials		*28 363*	*13 406*	*28 162*	*13 995*
Cost of sales	5.2	(106 151)	(44 737)	(61 113)	(32 509)
cost of finished goods and services sold		*(79 151)*	*(32 039)*	*(33 978)*	*(19 170)*
cost of merchandise and raw materials sold		*(27 000)*	*(12 698)*	*(27 135)*	*(13 339)*
Gross profit on sales		**15 251**	**4 365**	**12 638**	**7 768**
Distribution expenses		(4 119)	(2 200)	(2 687)	(1 355)
Administrative expenses		(1 135)	(544)	(662)	(351)
Other operating income	5.5	4 552	1 904	1 170	292
Other operating expenses	5.5	(3 920)	(1 307)	(6 644)	(3 026)
(Loss)/reversal of loss due to impairment of trade receivables		(58)	(58)	5	(1)
Profit from operations		**10 571**	**2 160**	**3 820**	**3 327**
Finance income	5.6	3 903	2 744	1 935	991
Finance costs	5.6	(705)	(363)	(1 629)	(644)
Net finance income and costs		**3 198**	**2 381**	**306**	**347**
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables		99	17	(50)	(33)
Profit before tax		**13 868**	**4 558**	**4 076**	**3 641**
Tax expense		(2 298)	(612)	(847)	(799)
current tax		*(447)*	*394*	*(1 225)*	*(935)*
deferred tax		*(1 851)*	*(1 006)*	*378*	*136*
Net profit		**11 570**	**3 946**	**3 229**	**2 842**
Other comprehensive income:					
which will not be reclassified subsequently into profit or loss		**2**	**1**	**6**	**(3)**
actuarial gains and losses		*-*	*-*	*10*	*(2)*
gains/(losses) on investments in equity instruments at fair value through other comprehensive income		*3*	*2*	*(2)*	*(1)*
deferred tax		*(1)*	*(1)*	*(2)*	*-*
which will be reclassified into profit or loss		**4 895**	**591**	**(202)**	**(83)**
hedging instruments		*5 466*	*592*	*(268)*	*39*
hedging costs		*577*	*138*	*18*	*(142)*
deferred tax		*(1 148)*	*(139)*	*48*	*20*
		4 897	**592**	**(196)**	**(86)**
Total net comprehensive income		**16 467**	**4 538**	**3 033**	**2 756**
Net profit and diluted net profit per share (in PLN per share)		9.97	3.40	7.55	6.65

The accompanying notes disclosed on pages 65 – 97 are an integral part of these half-year condensed separate financial statements.

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS (in PLN million)

Separate statement of financial position

	NOTE	30/06/2023 (unaudited)	31/12/2022 (restated data)
ASSETS			
Non-current assets			
Property, plant and equipment		38 609	35 451
Intangible assets		3 843	3 403
Right-of-use asset		3 488	2 832
Shares in subsidiaries and jointly controlled entities		54 007	53 117
Deferred tax assets		-	2 384
Derivatives	5.8	1 634	1 252
Long-term lease receivables		20	20
Other assets, incl.:	5.8	11 064	12 845
loans granted		*9 810*	*11 767*
		112 665	**111 304**
Current assets			
Inventories		22 118	34 255
Trade and other receivables		20 971	22 588
Current tax assets		654	455
Cash		14 976	7 939
Derivatives	5.8	1 389	2 094
Other assets	5.8	13 730	17 725
Non-current assets classified as held for sale		3 855	1 218
		77 693	**86 274**
Total assets		**190 358**	**197 578**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1 974	1 974
Share premium		46 405	46 405
Own shares		(2)	(2)
Hedging reserve		9 434	4 539
Revaluation reserve		12	10
Retained earnings		71 175	65 993
Total equity		**128 998**	**118 919**
LIABILITIES			
Non-current liabilities			
Loans, borrowings and bonds	5.7	8 014	10 088
Provisions	5.9	2 917	2 857
Deferred tax liabilities		655	-
Derivatives	5.8	1 745	5 091
Lease liabilities		2 976	2 465
Other liabilities	5.8	194	218
		16 501	**20 719**
Current liabilities			
Trade and other liabilities		29 961	25 500
Lease liabilities		412	353
Liabilities from contracts with customers		445	277
Loans, borrowings and bonds	5.7	225	5 513
Provisions	5.9	2 602	4 374
Current tax liabilities		-	4 165
Derivatives	5.8	3 437	11 969
Other liabilities	5.8	7 777	5 789
		44 859	**57 940**
Total liabilities		**61 360**	**78 659**
Total equity and liabilities		**190 358**	**197 578**

The accompanying notes disclosed on pages 65 – 97 are an integral part of these half-year condensed separate financial statements.

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS (in PLN million)

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	-	-	-	-	-	11 570	11 570
Items of other comprehensive income	-	-	-	4 895	2	-	4 897
Total net comprehensive income	**-**	**-**	**-**	**4 895**	**2**	**11 570**	**16 467**
Equity resulting from merger under common control	-	-	-	-	-	(3)	(3)
Dividends	-	-	-	-	-	(6 385)	(6 385)
30/06/2023	**1 974**	**46 405**	**(2)**	**9 434**	**12**	**71 175**	**128 998**
(unaudited)							
01/01/2022	1 058	1 227	-	(423)	11	36 582	38 455
Net profit	-	-	-	-	-	3 229	3 229
Items of other comprehensive income	-	-	-	(202)	(2)	8	(196)
Total net comprehensive income	**-**	**-**	**-**	**(202)**	**(2)**	**3 237**	**3 033**
Dividends	-	-	-	-	-	(1 497)	(1 497)
30/06/2022	**1 058**	**1 227**	**-**	**(625)**	**9**	**38 322**	**39 991**
(unaudited)							

The accompanying notes disclosed on pages 65 – 97 are an integral part of these half-year condensed separate financial statements.

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS (in PLN million)

Separate statement of cash flows

	NOTE	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2022 (unaudited) (restated data)
Cash flows from operating activities					
Profit before tax		**13 868**	**4 558**	**4 076**	**3 641**
Adjustments for:					
Depreciation and amortisation	5.2	1 594	802	1 080	540
Foreign exchange (profit)/loss		(385)	(399)	(61)	1
Net interest		(814)	(399)	49	21
Dividends	5.6	(1 221)	(1 221)	(488)	(488)
Loss on investing activities		614	168	2 250	2 207
recognition/(reversal) of impairment allowances of property, plant and equipment, intangible assets and other assets	5.5	*543*	*19*	*2 126*	*2 102*
Change in provisions		2 027	971	1 690	865
Change in working capital		13 050	288	(3 913)	(1 789)
inventories		*12 199*	*2 662*	*(4 055)*	*(1 794)*
receivables		*2 897*	*1 720*	*(3 083)*	*(980)*
liabilities		*(2 046)*	*(4 094)*	*3 225*	*985*
Other adjustments, incl.:		353	(2 051)	(1 255)	(345)
settlement of grants for property rights		*(1 062)*	*(576)*	*(712)*	*(373)*
security deposits	5.8	*6 890*	*2 175*	*(2 146)*	*(388)*
derivatives		*(5 550)*	*(3 528)*	*1 294*	*169*
Income tax (paid)		(4 803)	(4 521)	(735)	(68)
Net cash from/(used in) operating activities		**24 283**	**(1 804)**	**2 693**	**4 585**
Cash flows from investing activities					
Acquisition of property, plant and equipment, intangible assets and right-of-use asset		(10 799)	(4 906)	(4 102)	(2 217)
Acquisition of shares		(176)	(176)	(590)	(269)
Acquisition of bonds		(3 978)	(923)	-	-
Non-returnable payments to equity for subsidiaries		(680)	(431)	(108)	(57)
Non-returnable payments to equity for Baltic JV		(521)	-	-	-
Disposal of property, plant and equipment, intangible assets and right-of-use asset		1 254	1 090	881	855
Proceeds from the sale of shares in connection with the implementation of REMEDIES		340	340	-	-
Interest received		1 022	545	90	55
Dividends received		332	332	481	481
Sale of bonds		3 000	3 000	-	-
Acquisition of petrochemical assets less cash		(212)	6	-	-
Expenses from loans granted		(11 919)	(583)	(1 256)	(820)
Proceeds from loans granted		13 216	6 633	1 345	711
Net flows within cash-pool system		(2 421)	1 934	-	(199)
Other		(167)	(168)	3	1
Net cash from/(used in) investing activities		**(11 709)**	**6 693**	**(3 256)**	**(1 459)**
Cash flows from financing activities					
Proceeds from loans and borrowings received	5.7	23	23	7 836	-
Repayments of loans and borrowings	5.7	(6 852)	(3 254)	(8 050)	(3 550)
Redemption of bonds		-	-	(400)	(400)
Interest paid from loans, borrowings, bonds and cash pool		(451)	(290)	(204)	(181)
Interest paid on lease		(87)	(32)	(52)	(11)
Net flows within cash-pool system		2 120	(87)	1 064	308
Payments of liabilities under lease agreements		(202)	(89)	(176)	(85)
Other		(91)	(45)	(18)	(10)
Net cash (used) in financing activities		**(5 540)**	**(3 774)**	**-**	**(3 929)**
Net increase/(decrease) in cash		**7 034**	**1 115**	**(563)**	**(803)**
Effect of changes in exchange rates		3	15	3	(2)
Cash, beginning of the period		7 939	13 846	1 521	1 766
Cash, end of the period		**14 976**	**14 976**	**961**	**961**
including restricted cash		*689*	*689*	*83*	*83*

The accompanying notes disclosed on pages 65 – 97 are an integral part of these half-year condensed separate financial statements.

EXPLANATORY NOTES TO THE HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS

1. Principal activity of ORLEN

ORLEN Spółka Akcyjna with its headquarters in Płock, 7 Chemików Street ("Company", "ORLEN", "Issuer", "Parent Company") was funded by incorporation of Petrochemia Płock S.A. with Centrala Produktów Naftowych S.A., on 7 September 1999. 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 Company is the processing of crude oil and the production of fuel, petrochemical and chemical goods, as well as, retail and wholesale of fuel products. ORLEN generates, distributes and trades of electricity and heat.
Since 26 November 1999 ORLEN shares are quoted on the main market of the Warsaw Stock Exchange in the continuous trading system.

2. Information on principles adopted in the preparation of the half-year condensed separate financial statements

2.1. Statement of compliance and general principles of preparation

These half-year condensed separate 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 provided by issuers of securities and terms of deeming information required by the regulations of a non-member state equivalent (Official Journal 2018, item 757) and present the ORLEN financial position as at 30 June 2023 and as at 31 December 2022 , financial results and cash flows for the 6 and 3-month period ended 30 June 2023 and 30 June 2022.

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

As part of the assessment of the Company's ability to continue as a going concern, the Management Board analyzed 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 Company's operations, as described in more detail in note 3.1.

The Company has unlimited period of operations.

These half-year condensed separate financial statements, except for the separate 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 half-year condensed separate financial statements, the significant accounting policies applied by the Company and significant values based on judgments and estimates were the same as described in individual explanatory notes in the Separate Financial Statements for 2022.

2.2.2. Restated of comparative data

The following events had an impact on the comparative data presented in the Financial Statements for 2022 and in the Consolidated Quarterly Report for the 1st half of 2022:

- by the date of approval of these half-year condensed financial statements, the Company completed the process of settling the merger with Grupa LOTOS. 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 Company has reviewed the comparative information for the previous periods presented in these half-year condensed 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 3.4.2;

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS (in PLN million)

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 Grupa LOTOS	31/12/2022 (restated data)
ASSETS			
Non-current assets			
Property, plant and equipment	35 719	(268)	35 451
Intangible assets	3 420	(17)	3 403
Right-of-use asset	2 639	193	2 832
Shares in subsidiaries and jointly controlled entities	49 268	3 849	53 117
Deferred tax assets	2 297	87	2 384
Derivatives	1 252	-	1 252
Long-term lease receivables	20	-	20
Other assets	12 845	-	12 845
	107 460	**3 844**	**111 304**
Current assets			
Inventories	34 255	-	34 255
Trade and other receivables	22 459	129	22 588
Current tax assets	455	-	455
Cash	7 939	-	7 939
Derivatives	2 094	-	2 094
Other assets	17 725	-	17 725
Non-current assets classified as held for sale	1 218	-	1 218
	86 145	**129**	**86 274**
Total assets	**193 605**	**3 973**	**197 578**
EQUITY AND LIABILITIES			
EQUITY, incl.:	**115 122**	**3 797**	**118 919**
Retained earnings	62 196	3 797	65 993
LIABILITIES			
Non-current liabilities			
Loans, borrowings and bonds	10 088	-	10 088
Provisions	2 707	150	2 857
Derivatives	5 091	-	5 091
Lease liabilities	2 465	-	2 465
Other liabilities	218	-	218
	20 569	**150**	**20 719**
Current liabilities			
Trade and other liabilities	25 523	(23)	25 500
Lease liabilities	353	-	353
Liabilities from contracts with customers	277	-	277
Loans, borrowings and bonds	5 513	-	5 513
Provisions	4 325	49	4 374
Current tax liabilities	4 165	-	4 165
Derivatives	11 969	-	11 969
Other liabilities	5 789	-	5 789
	57 914	**26**	**57 940**
Total liabilities	**78 483**	**176**	**78 659**
Total equity and liabilities	**193 605**	**3 973**	**197 578**

– the Company has changed in Financial statements for 2022 presentation of the valuation and settlement of derivative financial instruments not designated as hedge accounting purposes 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 the 1st half of 2022

	6 MONTHS ENDED 30/06/2022 (unaudited)	Change in presentation of valuation and settlement of derivatives not designated as hedge accounting	6 MONTHS ENDED 30/06/2022 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2022 (unaudited)	Change in presentation of valuation and settlement of derivatives not designated as hedge accounting	3 MONTHS ENDED 30/06/2022 (unaudited) (restated data)
Cash flows from operating activities						
Loss on investing activities	5 556	(3 306)	2 250	2 820	(613)	2 207
Other adjustments	(2 630)	1 375	(1 255)	(231)	(114)	(345)
Net cash from/(used in) operating activities	**4 624**	**(1 931)**	**2 693**	**5 312**	**(727)**	**4 585**
Cash flows from investing activities						
Settlement of derivatives not designated as hedge accounting	(1 931)	1 931	-	(727)	727	-
Net cash from/(used in) investing activities	**(5 187)**	**1 931**	**(3 256)**	**(2 186)**	**727**	**(1 459)**

2.3. Functional currency and presentation currency of financial statements

The functional currency and presentation currency of these half-year condensed separate 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 is presented in PLN million in the separate financial statements, unless otherwise stated.

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

The sale of natural gas and the production and sale of electricity and heat during the year are subject to seasonal fluctuations. The volume of natural gas and energy sold, and thus sales revenues, increase in the winter months and decrease in the summer months. It depends on the ambient temperature and the length of the day. 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 individual recipients to a much greater extent than recipients from the production/industrial sector.
In the period of 6 and 3 months ended 30 June 2023, there is no significant seasonality or cyclicality of operations in other segments of ORLEN.

3. Financial situation of ORLEN and settlement of business combination transactions

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

In the Company'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_2 emission allowances and currency quotations, with the direction of impact on margins currently difficult to definehich will translate into the future financial position of the Company, its operating activities, as well as its financial results in the future. This impact on the operating and financial activities of the Company 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 Company's achievements and factors having a significant impact on the financial data presented by the Company as at 30 June of 2023 is presented in note 3.2.
So far, there have been no significant disruptions in the operational processes carried out within the Company, and there were no significant restrictions on the availability of raw materials, including crude oil, in any of the Company's operating areas. Terminals, storage depots and refineries in ORLEN operate in the same scope, and fuel deliveries to all filling stations are carried out all the time. The Company believes that it has adequate stocks of raw materials, including crude oil and fuels to ensure the continuity of production processes. In addition, the Company 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. 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 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 companies. 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).
Considering the above, in the period of 12 months after the balance sheet date, the Company does not identify the risk of shortages of crude oil operating inventories.
Nevertheless, the Company 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 Company 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 Company makes reservations for additional transmission capacities on interconnectors and supplementary gas purchases.
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 half-year condensed separate financial statements, gas transmission to the Company's customers 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 Group has a wide range of purchasing alternatives.
In connection with the ongoing war in Ukraine, the Company 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 Company 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 Company has sufficient financial resources to enable it to settle its current liabilities and to continue planned investment and acquisition projects.
Moreover, the Company constantly adjusting its derivative transactions portfolio to the changing market conditions in order to reduce their negative impact on the liquidity situation and the Company's results.
In the opinion of the Company, the ongoing conflict in Ukraine does not change the risk with regard to the guarantees issued as at 30 June 2023. The Company has made a detailed analysis of sales on the Ukrainian and Russian markets.
The Company has no subsidiaries, jointly controlled entities or associates in Russia and Belarus. As at 30 June 2023, the Company 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 Company's sales revenues).
Despite the ongoing conflict in Ukraine and the related volatility in the markets and macroeconomic situation, in 1st quarter of 2023 the Company 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 Company 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 June 2023, which are due in the coming months, will remain at a materially unchanged level. In connection with the above, as at 30 June 2023, the Company 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 Company 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 Company 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 Company's operations, both in terms of organization and liquidity.
ORLEN 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_2 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 Company 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 Company's estimates of the net realizable value of inventories.
In addition, changes in the prices of raw materials, CO_2 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 Company.
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 Company'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 June 2023, the Company 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 Company. Depending on the further course of the war in Ukraine, if necessary, the Company 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 June 2023, the Company 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 Company 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. ORLEN achievements and factors that have a significant impact on the half-year condensed separate financial statements

Profit or loss

Sales revenues of the ORLEN for the 6 months of 2023 amounted to PLN 121,402 million and was higher by PLN 47,651 million (y/y). The increase of sales revenues (y/y) reflects higher by 26% volume sales in tonnes in all segments and the effect of inclusion in 2023 volumes sales of natural gas in the amount of 234.6 TWh and CNG gas in the amount of 13.1 million m3. The increase in volumes results mainly from the merger with Grupa LOTOS and PGNiG.

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 (-) 26% (y/y). In the 6-months period of 2023, compared to the corresponding period of 2022, the prices of gasoline decreased by (-) 19%, diesel oil by (-) 25%, aviation fuel by (-) 26%, heavy fuel oil by (-) 28 %, ethylene by (-) 18% and propylene by (-) 25%.

The operating expenses totally increased by PLN (46,943) million (y/y) to PLN (111,405) million, mainly as a as a result of including the costs of the companies of the former Grupa LOTOS and PGNiG in the amount of PLN (7,146) million and PLN (40,453) million, respectively.

The result of other operating activities amounted to PLN 632 million and was higher by PLN 6,106 million (y/y) mainly due to 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 3,858 million and the lack of negative impact of recognition in the 1st half of 2022 of net impairment allowances of property, plant and equipment and intangible assets and other assets in the amount of PLN 1,583 million.

As a result, profit from operations for the 6 months of 2023 amounted to PLN 10,571 million and was higher by PLN 6,751 million (y/y).

Net finance income in the described period amounted to PLN 3,198 million and included mainly dividend income in the amount of PLN 1,221 million, foreign exchange gain in the amount of PLN 716 million and net interest income in the amount of PLN 1,348 million.

After the deduction of tax charges in the amount of PLN (2,298) million, the net profit of the ORLEN for the 6 months of 2023 amounted to PLN 11,570 million and was higher by PLN 8,341 million (y/y).

Statement of financial position

As at 30 June 2023 the total assets of ORLEN amounted to PLN 190,358 million and was lower by PLN (7,220) million in comparison with 31 December 2022.

As at 30 June 2023, the value of non-current assets amounted to PLN 112,665 million and was higher by PLN 1,361 million in comparison with the end of the previous year, mainly due to increase in property, plant and equipment and intangible assets by PLN 4,254 million and a decrease in the deferred tax asset by PLN (2,384) million.

The value of current assets as at 30 June 2023 decreased by PLN (8,581) million in comparison with the end of the previous year, mainly as:

- decrease in inventories by PLN (12,137) 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 (1,617) million,
- an increase in balance of cash by PLN 7,037 million
- decrease in other assets by PLN (3,995) million, which mainly related to the decrease in margin deposits by PLN (6,890) million due to hedging transactions traded with financial institutions and on commodity exchanges (detailed information in note 5.8) and an increase in the cash pool balance by PLN 2,364 million and the balance of purchased securities by PLN 978 million,
- an increase in the balance of non-current assets held for sale by PLN 2,637 million which related to the purchased CO_2 allowances.

As at 30 June 2023, total equity amounted to PLN 128,998 million and was higher by PLN 10,079 million in comparison with the end of 2022, mainly as a result of net result for the 6 months of 2023 in the amount of PLN 11,570 million, impact of the change in hedging reserve in the amount of PLN 4,895 million and dividends liabilities from previous years' profits in the amount PLN (6,385) million.

The value of trade and other liabilities increased by PLN 4,461 million in comparison to the end of 2022 mainly due to increase of tax liabilities by PLN 1,506 million, ORLEN's shareholder dividend liabilities by PLN 6,385 million by decrease of trade liabilities by PLN (3,004) million. The decrease in trade liabilities resulted mainly from lower oil and gas prices on the markets. 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.

Value of provisions as at 30 June 2023 amounted to PLN 5,519 million and was lower by PLN (1,712) million in comparison to the end of 2022. The decrease in provisions resulted mainly from the recognition and updating of the net provision for estimated CO_2 emissions and energy certificates in the amount of PLN 2,301 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 (3,943) million.

As at 30 June 2023, net financial indebtedness of the ORLEN Group amounted to PLN (6,737) million and was lower by PLN (14,399) million in comparison with the end of 2022 mainly. The change in net financial debt included a decrease in cash and cash equivalents by PLN (7,037) million, net impact of negative exchange differences from revaluation, debt valuation and interest in the amount of PLN (533) million and net outflows including inflows and repayments of loans, borrowings and bonds in the amount PLN (6,829) million.

Statement of cash flows

Proceeds of net cash from operating activities for the 6 months of 2023 amounted to PLN 24,283 million and comprised mainly result from operations increased by depreciation and amortisation (EBITDA) in the amount of PLN 12,165 million adjusted by:

- the positive impact of increase in a net working capital by PLN 13,050 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 (4,803) million,

- gain on investing activities in the amount of PLN 614 million,
- change in provisions in the amount of PLN 2,027 million mainly as a result of creation of provision for CO_2 emission,
- other adjustments in the amount of PLN 353 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 6,890 million, settlement and valuation of derivatives in the amount of PLN (5,550) million and settlement of grants for property rights in the amount of PLN (1,062) million.

Net cash used in investing activities for the 6 months of 2023 amounted to PLN (11,709) 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 (9,545) million and the net purchase of bonds in the amount of PLN (978) million and net proceeds from loans granted in the amount PLN 1,297 million .

Net cash flows used in financing activities for the 6 months of 2023 amounted to PLN (5,540) million and comprised mainly the net repayment of loans and borrowings in the amount of PLN (6,829) million, interest paid in the amount of PLN (538) million, net flows within cash-pool system in the amount of PLN 2,120 million and liabilities under lease agreements in the amount of PLN (202) million.

Following inclusion of the revaluation of cash due to exchange differences, the cash balance in the 6-month period of 2023 increased by PLN 7,037 million and as at 30 June 2023 amounted to PLN 14,976 million.

Factors and events which may influence future results

The key factors that will affect future financial results of the Company 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,
- 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,
- EU's climate policy and prices of rights and CO_2 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,
- synergies resulting from the Grupa LOTOS and PGNiG acquisition.

3.3. Settlement of business combination transactions

3.3.1. Combinations of units under common control

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.

The merger took place pursuant to Art. 492 §1 point 1 of the Commercial Companies Code by transferring all assets of the acquired company LOTOS SPV 5 Sp. z o.o. to the acquiring company ORLEN S.A. by universal succession. Due to the fact that the acquiring company had 100% of shares in the acquired company, the merger took place using a simplified procedure.

LOTOS SPV 5 as a special purpose vehicle, it was appointed to take over a separated part of the retail activity of LOTOS Paliwa not covered by the remedies set by the European Commission in the conditional consent to the merger of ORLEN S.A. and Grupa LOTOS S.A., which took place on 1 August 2022.

On 2 November 2022, after splitting to LOTOS SPV 5 parts of retail activity of LOTOS Paliwa, LOTOS SPV 5 commenced business activity using these assets, consisting of leasing or subleasing them to ORLEN S.A., which in turn sold fuels at these stations under its logo. LOTOS SPV 5 itself did not carry out activities related to trading in liquid fuels and was not a holder of fuel concessions. Purpose of the merger of ORLEN S.A. with LOTOS SPV 5 was simplification of ownership structure of the ORLEN Group, as well as optimisation of management, streamlining of operational processes and reduction of operating costs of the Group.

The merger of ORLEN with LOTOS SPV 5 is a merger of entities under common control, therefore, in accordance with the adopted accounting principles in the Group, it was settled by adding up individual items of assets and liabilities as well as revenues and costs of the combined companies in the book values resulting from the consolidated financial statements of the ORLEN Group as at the date of the merger (the so-called predecessor method). The Company presented difference between the book value of the shares held in LOTOS SPV 5, and the book value of the acquired assets and liabilities of LOTOS SPV 5 in the item Capital resulting from a business combination under common control within retained earnings.

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS (in PLN million)

The impact of the merger on the statement of financial position of ORLEN as at the date of the merger is presented below.

	01/06/2023
Non-current assets	***7***
Property, plant and equipment	422
Right-of-use asset	71
Shares in subsidiaries and jointly controlled entities	(486)
Current assets	***65***
Cash	65
Total assets	**72**
Retained earnings	***(28)***
Capital resulting from business combination under common control	***(3)***
Non-current liabilities	***91***
Deferred tax liabilities	48
Lease liabilities	43
Current liabilities	***12***
Trade and other liabilities	12
Total liabilities	***103***
Total equity and liabilities	**72**

Share of LOTOS SPV 5 in generated by the Company revenues and result for 2023, as well as for 2022, was immaterial. In connection with the merger, the Company did not restate comparative data.
If the merger between ORLEN and LOTOS SPV 5 took place at the beginning of the previous financial year, the property, plant and equipment presented by ORLEN S.A. as at the end of 2022 would be higher by PLN 442 million, right-of-use assets and lease liabilities would be higher by PLN 67 million and PLN 58 million, respectively, and shares in subsidiaries and jointly controlled entities would be lower by PLN 486 million. The impact on other items of assets and liabilities in the Company's statement of financial position for 2022 would be insignificant.

3.4. Settlement of business combinations in accordance with IFRS 3 Business Combinations

3.4.1. Acquisition of petrochemical assets

On 1 January 2023 the Company 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 Company. The Company 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 half-year 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 Company, and therefore may still change. The Company plans to make the final settlement of the purchase transaction within 12 months from the merger date.

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS (in PLN million)

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

		01/01/2023
Assets acquired	**A**	**261**
Non-current assets		***125***
Property, plant and equipment		110
Intaginable assets		3
Right-of-use asset		3
Deferred tax assets		9
Current assets		***136***
Inventories		62
Trade and other receivables		1
Cash		73
Assumed liabilities	**B**	**2**
Non-current and current liabilities		***2***
Trade and other liabilities		2
Total temporary net assets	**C = A - B**	**259**
Fair value of the consideration transferred (Cash paid)	D	285
The value of pre-existing connections	E	71
Goodwill	**F = D - C + E**	**97**

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 212 million.
As part of the ongoing process of verifying the work of external experts by the Company, the provisional net asset values presented above have not changed significantly compared to the values presented in the 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 Company,
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 June 2023, the Company did not identify any impairment in relation to the recognised provisional goodwill.

3.4.2. 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 7.1 to the Separate 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 through the merger transaction on 1 August 2022.
As at the date of preparation of these half-year condensed separate financial statements, ORLEN 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 Grupa LOTOS, resulting from regulatory, legal, environmental and other risks.
Therefore, in these half-year condensed separate financial statements ORLEN presents the final fair values of the acquired assets and liabilities and makes the final settlement of the merger with Grupa LOTOS.

The fair values of the main identifiable assets and liabilities acquired in connection with the merger with Grupa LOTOS as at the acquisition date are as follows.

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS (in PLN million)

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
Assets acquired	A	**28 634**	**6 118**	**34 752**
Non-current assets		**3 350**	**3 888**	**7 238**
Property, plant and equipment		161	52	213
Intangible assets		28	91	119
Right-of-use assets		57	62	119
Financial assets		2 947	3 683	6 630
Other assets		157	-	157
Current assets		**25 284**	**2 230**	**27 514**
Inventories		*7 540*	*1 670*	*9 210*
Trade and other receivables		5 493	-	5 493
Cash		3 235	-	3 235
Assets classified as held for sale		5 280	381	5 661
Derivatives		90	-	90
Other assets		3 646	179	3 825
Assumed liabilities	B	**9 201**	**452**	**9 653**
Non-current liabilities		**1 132**	**438**	**1 570**
Loans, borrowings and bonds		371	-	371
Provisions		11	186	197
Deferred tax liabilities		713	252	965
Lease liabilities		27	-	27
Other liabilities		10	-	10
Current liabilities		**8 069**	**14**	**8 083**
Trade and other liabilities		5 891	-	5 891
Lease liabilities		4	-	4
Loans, borrowings and bonds		369	-	369
Provisions		114	14	128
Current tax liabilities		1 087	-	1 087
Other liabilities		64	-	64
Derivatives		434		434
Security deposits		106		106
Total net assets	**C = A - B**	**19 433**	**5 666**	**25 099**
The fair value of the payment *	D	15 124	-	15 124
The value of pre-existing connections	E	147	-	147
Gain on bargain purchase of Grupa Lotos S.A.	**F = C - D + E**	**4 456**	**5 666**	**10 122**

** 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 Grupa LOTOS in the separate 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:

1. long-term financial assets which fair value as part of the final settlement amounted to PLN 6,630 million (the provisional value amounted to PLN 2,947 million). As a result of the finalization of the fair value measurement of shares in the subsidiaries of the former Grupa LOTOS, an adjustment to the previously presented provisional values in the amount of PLN 3,683 million was recognised, which concerned the revaluation of shares in the following companies: LOTOS Upstream Sp. z o.o., LOTOS Petrobaltic S.A., LOTOS Oil Sp. z o. o. and LOTOS Kolej Sp. z o. o.;
2. inventories which fair value as part of the final settlement increased to PLN 9,210 million (the provisional value amounted to PLN 7,540 million) and resulted mainly from the revaluation to fair value of acquired finished and semi-finished products and work in progress;
3. assets held for sale, under which the Company presented the acquired shares in Rafineria Gdańska Sp. z o. o. Estimated fair value of shares in Rafineria Gdańska sp. z o.o. as part of the final settlement amounted to PLN 5,661 million and increased by PLN 381 million compared to the presented provisional values. The final fair value was determined primarily 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 Company as a joint arrangement constituting a joint operation;
4. other assets in the part of current assets, within which ORLEN 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 3,825 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;
5. long-term and short-term provisions, which fair value as part of the final settlement increased by PLN 200 million to PLN 325 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.

Other adjustments concerned items of property, plant and equipment, intangible assets and assets due to rights of use and resulted mainly from the completed work of property appraisers related to their valuation.
As a result of the above changes related to the fair value measurement, there was also a significant change in the amount of deferred tax liability, which value as part of the final settlement was set at PLN 965 million (temporary values amounted to PLN 713 million). 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 Grupa LOTOS 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 Grupa LOTOS, as well as on the date of approval of these half-year condensed financial statements, the proceedings of the Energy Regulatory Office regarding the implementation by Grupa LOTOS 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 Grupa LOTOS 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 and the former Grupa LOTOS were settled at the fair value of PLN 147 million, which corresponded to the net value of unsettled as at 1 August 2022 items of mutual receivables and liabilities between ORLEN and Grupa LOTOS, 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 5,493 million as at the acquisition date, with the gross value of these receivables resulting from the concluded agreements amounted to PLN 5,564 million as at that date. According to the best estimate, the Company considers the repayment of the reported trade receivables and other receivables in the amount of PLN 5,493 million as probable.
As at the acquisition date, the ORLEN's share in the net 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 10,122 million, which was recognised in the separate statement of profit or loss and other comprehensive income for the period of 12 months 2022 as a gain on a bargain purchase under other operating income.
As a result of changes in the fair value of Grupa LOTOS net assets described above, the gain on a bargain purchase as part of the final settlement of the transaction increased by PLN 5,666 million compared to the provisional value of PLN 4,456 million presented in the separate 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, ORLEN 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 Company's opinion, to the occurrence of a profit on a bargain purchase was mainly from the recently observed before combination underestimation of the market value of the shares of 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 Grupa LOTOS on ORLEN's revenues and net results for the 2022 amounted to PLN 23,232 million and 1,823 million, respectively. If the merger had taken place at the beginning of 2022 the ORLEN's sales revenues would have amounted to PLN 234,015 million and net profit (decreased by the bargain purchase of Grupa LOTOS) would have been PLN 26,528 million.

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

Merger with PGNiG S.A.

On 2nd 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 7.2 to the Separate Financial Statements for 2022. As at the date of preparation of these half-year condensed separate 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 Company is still ongoing. Thus, as at the date of preparation of these half-year condensed separate financial statements, the provisional net asset values acquired by the Company as part of the merger with PGNiG did not change compared to the values presented in the Separate Financial Statements for 2022. The Company plans to make the final settlement of the purchase transaction within 12 months from the merger date.

4. Segment's data

As at 30 June 2023 the operations of the Company are 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,
- the Upstream segment, which includes activity related to exploration and extraction of mineral resources
- the Gas segment, which is a new operating segment separated as a result of the merger in 4th 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;
- and Corporate Functions, which include activities related to management, administration and remaining activities not allocated to separate operating segments i.e. reconciling items.

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

for the 6-month period ended 30 June 2023

	NOTE	Refining Segment (unudited)	Petrochemical Segment (niebadane)	Energy Segment (unudited)	Retail Segment (unudited)	Upstream Segment (unudited)	Gas Segment (unudited)	Corporate Functions (unudited)	Adjustments (unudited)	Total (unudited)
External revenues	5.1	52 443	3 153	4 028	16 277	1 795	43 591	115	-	121 402
Inter-segment revenues		16 797	1 908	1 467	-	3 402	3 959	114	(27 647)	-
Sales revenues		69 240	5 061	5 495	16 277	5 197	47 550	229	(27 647)	121 402
Operating expenses		(66 863)	(5 333)	(5 458)	(15 920)	(7 908)	(36 525)	(1 045)	27 647	(111 405)
Other operating income	5.5	2 209	253	34	13	161	1 857	25	-	4 552
Other operating expenses	5.5	(1 949)	(85)	(7)	(19)	(750)	(1 000)	(110)	-	(3 920)
(Loss)/reversal of loss due to impairment of trade receivables		-	-	-	-	(63)	3	2	-	(58)
Profit/(Loss) from operations		**2 637**	**(104)**	**64**	**351**	**(3 363)**	**11 885**	**(899)**	**-**	**10 571**
Net finance income and costs	5.6									3 198
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables										99
Profit before tax										**13 868**
Tax expense										(2 298)
Net profit										**11 570**
Depreciation and amortisation	5.2	**373**	**267**	**144**	**284**	**291**	**122**	**113**	**-**	**1 594**
EBITDA		**3 010**	**163**	**208**	**635**	**(3 072)**	**12 007**	**(786)**	**-**	**12 165**
Increases in non-current assets		**2 137**	**1 704**	**237**	**513**	**735**	**117**	**74**	**-**	**5 517**

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for the 3-month period ended 30 June 2023

	NOTE	Refining Segment (unudited)	Petrochemical Segment (niebadane)	Energy Segment (unudited)	Retail Segment (unudited)	Upstream Segment (unudited)	Gas Segment (unudited)	Corporate Functions (unudited)	Adjustments (unudited)	Total (unudited)
External revenues	5.1	24 542	1 470	1 866	8 286	753	12 119	66	-	49 102
Inter-segment revenues		8 038	933	694	-	1 228	1 590	63	(12 546)	-
Sales revenues		32 580	2 403	2 560	8 286	1 981	13 709	129	(12 546)	49 102
Operating expenses		(32 184)	(2 506)	(2 676)	(7 987)	(3 684)	(10 441)	(549)	12 546	(47 481)
Other operating income	5.5	732	138	9	5	44	959	17	-	1 904
Other operating expenses	5.5	(669)	(83)	(2)	(12)	(147)	(316)	(78)	-	(1 307)
(Loss)/reversal of loss due to impairment of financial instruments		-	-	-	-	(46)	(11)	(1)	-	(58)
Profit/(Loss) from operations		**459**	**(48)**	**(109)**	**292**	**(1 852)**	**3 900**	**(482)**	**-**	**2 160**
Net finance income and costs	5.6									2 381
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables										17
Profit before tax										**4 558**
Tax expense										(612)
Net profit										**3 946**
Depreciation and amortisation	5.2	**187**	**127**	**72**	**158**	**134**	**66**	**58**	**-**	**802**
EBITDA		**646**	**79**	**(37)**	**450**	**(1 718)**	**3 966**	**(424)**	**-**	**2 962**
Increases in non-current assets		**1 100**	**1 177**	**160**	**183**	**434**	**31**	**52**	**-**	**3 137**

for the 6-month period ended 30 June 2022

	NOTE	Refining Segment (unudited)	Petrochemical Segment (unudited)	Energy Segment (unudited)	Retail Segment (unudited)	Corporate Functions (unudited)	Adjustments (unudited)	Total (unudited)
External revenues	5.1	46 643	5 431	2 573	19 040	64	-	73 751
Inter-segment revenues		22 158	2 516	1 501	-	66	(26 241)	-
Sales revenues		68 801	7 947	4 074	19 040	130	(26 241)	73 751
Operating expenses		(59 998)	(7 590)	(3 872)	(18 530)	(713)	26 241	(64 462)
Other operating income	5.5	668	314	150	11	27	-	1 170
Other operating expenses	5.5	(5 103)	(751)	(664)	(18)	(108)	-	(6 644)
(Loss)/reversal of loss due to impairment of trade receivables		-	-	-	-	5	-	5
Profit/(Loss) from operations		**4 368**	**(80)**	**(312)**	**503**	**(659)**	**-**	**3 820**
Net finance income and costs	5.6							306
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables								(50)
Profit before tax								**4 076**
Tax expense								(847)
Net profit								**3 229**
Depreciation and amortisation	5.2	**374**	**235**	**155**	**225**	**91**	**-**	**1 080**
EBITDA		**4 742**	**155**	**(157)**	**728**	**(568)**	**-**	**4 900**
Increases in non-current assets		**648**	**2 064**	**142**	**321**	**64**	**-**	**3 239**

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS (in PLN million)

for the 3-month period ended 30 June 2022

	NOTE	Refining Segment (unaudited)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
External revenues	5.1	24 818	2 885	1 395	11 138	41	-	40 277
Inter-segment revenues		12 644	1 477	756	-	36	(14 913)	-
Sales revenues		37 462	4 362	2 151	11 138	77	(14 913)	40 277
Operating expenses		(31 847)	(4 011)	(2 100)	(10 798)	(372)	14 913	(34 215)
Other operating income	5.5	131	109	28	5	19	-	292
Other operating expenses	5.5	(2 970)	(3)	(3)	(8)	(42)	-	(3 026)
(Loss)/reversal of loss due to impairment of financial instruments		-	-	-	-	(1)	-	(1)
Profit/(Loss) from operations		**2 776**	**457**	**76**	**337**	**(319)**	**-**	**3 327**
Net finance income and costs	5.6							347
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables								(33)
Profit before tax								**3 641**
Tax expense								(799)
Net profit								**2 842**
Depreciation and amortisation	5.2	**187**	**117**	**77**	**113**	**46**	**-**	**540**
EBITDA		**2 963**	**574**	**153**	**450**	**(273)**	**-**	**3 867**
Increases in non-current assets		**334**	**932**	**73**	**151**	**19**	**-**	**1 509**

EBITDA *– profit/(loss) from operations increased by depreciation and amortisation*
Increase of non-current assets *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

	30/06/2023 (unaudited)	31/12/2022 (restated data)
Refining Segment	85 179	58 307
Petrochemical Segment	13 126	11 558
Energy Segment	8 913	7 826
Retail Segment	7 273	6 829
Upstream Segment	8 983	9 069
Gas Segment	61 495	33 123
Segment assets	**184 969**	**126 712**
Corporate Functions	99 658	98 618
Adjustments	(94 269)	(27 752)
	190 358	**197 578**

Operating segments include all assets except for financial assets, tax assets and cash. Assets used jointly by the operating segments are allocated 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 Company expects - it will be entitled in exchange for these goods or services.
This principle the Company 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 Company considers that the transfer of an asset occurs when the customer obtains control of the asset. The following circumstances indicate the transfer of control in accordance with IFRS 15: the current right of the seller to consideration for an asset, the legal ownership of the asset by the customer, physical possession of the asset, transfer of risks and rewards and acceptance of the asset by the customer. Revenues include received and due payments for delivered finished goods, merchandise, 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 ie the transfer of control of goods or services promised to the customer. The Company uses both the outcome method and

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the input-based method to measure the degree of fulfilment of the performance obligation. The Company excludes the impact of those expenditures that do not reflect the service provided by the Company which involves the transfer of control of goods or services to the customer. Applying the outcome method the Company 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 Company is entitled for the goods and services already provided to the customer.
There is no significant financing component in the Company's contracts with customers.

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Revenues from sales of finished goods and services, net	93 039	35 696	45 589	26 282
revenue from contracts with customers	*92 686*	*35 522*	*45 559*	*26 270*
excluded from scope of IFRS 15	*353*	*174*	*30*	*12*
Revenues from sales of merchandise and raw materials, net	28 363	13 406	28 162	13 995
revenue from contracts with customers	*28 363*	*13 406*	*28 162*	*13 995*
Sales revenues, incl.:	**121 402**	**49 102**	**73 751**	**40 277**
revenue from contracts with customers	*121 049*	*48 928*	*73 721*	*40 265*

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

Performance obligations

As part of the concluded contracts, the Company undertakes to transfer to customers mainly refining and petrochemical products and goods, electricity and heat, crude oil, natural gas, energy distribution and gas transmission services.Under these agreements, the Company 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 that provide for significant reimbursements of remuneration and other similar obligations. The Company does not identify the rights to remuneration, the receipt of which is conditional and therefore the Company does not present the item Assets under contracts with customers.

The warranties provided under the contracts are warranties that provide a customer with assurance that the product complies with agreed-upon specification. They do not consist of a separate service.

There are mainly sales with deferred payment in the Company. Additionally, cash sales occurs in the Retail segment. 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 upon delivery of the good or upon completion of the service.

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

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 Company. In the Refining, Petrochemicals and Gas segment, in continuous sales, when goods are transferred using pipelines, ownership over the transferred good passes to the customer at a specific point on the installation. This point is considered as the date of sale. Revenue is recognised on the basis of the result method for the units of goods delivered. Within the Retail segment, in Fleet Program settlements with customers take place mostly in two-week 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 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 Company analyses revenues based on the type of contract, date of transfer, contract duration and sales channels.

In the Company, 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 Company 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. Revenues from contracts with a variable amount are presented in the Corporate Functions segment.
As part of the Refining, Petrochemical and Gas segments, with respect to sales of refinery and petrochemical and gas products, the Company 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 Company as seller is responsible for arranging transport. When the control of good is transferred to the customer before the transport service is provided, these constitute separate performance obligations. The delivery of a good is a service provided at a point in time, while a transport is a continuous service (provided over time), where the customer simultaneously receives and consumes benefits from the service. Revenues are recognized on the basis of the output method with respect to the rendered services.
In the Retail segment, the moment of fulfilment of the performance obligation and revenue recognition is the moment of release of good, except for sales of fuels in the Fleet Program using Fleet Cards.
Revenue recognised over time within the Refining, Petrochemical and Energy segment mainly relate to the sale of crude oil, petrochemical products, energy and heat. Revenues generated by the Company over time are recognised using the output method and the time and expenditures 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 within Retail segment and the sale of crude oil and petrochemical products within the Refining, Petrochemical segment.

Contracts accounted for on the basis of time and effort consumed include mainly IT services and media sales within the Capital Group.
The duration of most contracts within the Company 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 June 2023 the Company analysed the value of the transaction price allocated to unfulfilled performance obligations.The unfulfilled or partially unfulfilled performance obligations as at 30 June 2023 mainly concerned contracts for the sale of electricity and power media that will end during 2023 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 fulfilment of performance obligation under these contracts are recognised in the amount that the Company has the right to invoice, the Company applied a practical exception, according to which it does not disclose information about the total amount of the transaction price allocated to the performance obligation.

The Company realizes sales directly to end customers in the Retail segment managing the network nearly 1,919 fuel stations: 1,480 own stations and 439 stations operated under franchise agreement.
The Company's sales to customers in the Refining and Petrochemical 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 using mostly third-party distribution infrastructure.

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5.1.1. Sales revenues of operating segments according to product type

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Refining Segment				
Revenue from contracts with customers IFRS 15	**52 430**	**24 536**	**46 635**	**24 814**
Crude oil	18 726	9 138	22 459	10 785
Light distillates	5 341	2 666	3 496	2 124
Medium distillates	19 889	8 665	17 900	10 289
Heavy fractions	3 169	1 736	2 350	1 386
Other*	5 305	2 331	430	230
Excluded from scope of IFRS 15	**13**	**6**	**8**	**4**
	52 443	**24 542**	**46 643**	**24 818**
Petrochemical Segment				
Revenue from contracts with customers IFRS 15	**3 152**	**1 469**	**5 430**	**2 884**
Monomers	1 644	761	2 903	1 574
Polymers	161	70	-	-
Aromas	346	168	604	321
PTA	748	372	1 421	745
Other**	253	98	502	244
Excluded from scope of IFRS 15	**1**	**1**	**1**	**1**
	3 153	**1 470**	**5 431**	**2 885**
Energy Segment				
Revenue from contracts with customers IFRS 15	**4 028**	**1 866**	**2 573**	**1 395**
Excluded from scope of IFRS 15	**-**	**-**	**-**	**-**
	4 028	**1 866**	**2 573**	**1 395**
Retail Segment				
Revenue from contracts with customers IFRS 15	**16 254**	**8 274**	**19 024**	**11 133**
Light distillates	5 798	3 120	6 554	3 964
Medium distillates	8 261	3 928	10 619	6 120
Other***	2 195	1 226	1 851	1 049
Excluded from scope of IFRS 15	**23**	**12**	**16**	**5**
	16 277	**8 286**	**19 040**	**11 138**
Upstream Segment				
Revenue from contracts with customers IFRS 15	**1 795**	**753**	**-**	**-**
NGL ****	38	17	-	-
Crude oil	668	291	-	-
Natural Gas	794	295	-	-
LNG *****	53	17	-	-
Other	242	133	-	-
	1 795	**753**	**-**	**-**
GAS Segment				
Revenue from contracts with customers IFRS 15	**43 290**	**11 969**	**-**	**-**
Natural Gas	39 349	10 737	-	-
LNG *****	333	115	-	-
Electricity	3 531	1 082	-	-
Other	77	35	-	-
Excluded from scope of IFRS 15	**301**	**150**	-	-
	43 591	**12 119**	**-**	**-**
Corporate Functions				
Revenue from contracts with customers IFRS 15	**100**	**61**	**59**	**39**
Excluded from scope of IFRS 15	**15**	**5**	**5**	**2**
	115	**66**	**64**	**41**
	121 402	**49 102**	**73 751**	**40 277**

* *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*

During the 6-month period ended 30 June 2023, the Company generated sales revenues that individually exceeded 10% of total sales revenues from one customers of finished goods and merchandise mainly operating in the Refining, Energy and Upstream segment, in the total amount of PLN 13,735 million.
However, during the period of 6 months ended 30 June 2022, the Company generated sales revenues that individually exceeded 10% of total sales revenues from three customers of finished goods and merchandise, mainly operating in the Refining and Petrochemical segments, in the total amount of PLN 20,035 million. These recipients were entities of the ORLEN Group.

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

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 31/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Revenue from contracts with customers				
Poland	93 083	35 660	45 164	25 753
Germany	1 451	498	1 731	1 035
Czech Republic	7 591	3 651	11 130	6 534
Lithuania, Latvia, Estonia	11 582	5 675	12 015	4 609
Other countries, incl.:	7 342	3 444	3 681	2 334
Switzerland	*1 901*	*760*	*1 253*	*589*
Ireland	*1 297*	*542*	*541*	*411*
Ukraine	*1 253*	*541*	*944*	*890*
United Kingdom	*573*	*336*	*354*	*220*
Singapore	*565*	*435*	-	-
Finland	*338*	*127*	*11*	*7*
	121 049	**48 928**	**73 721**	**40 265**
excluded from scope of IFRS15 - Poland	353	174	30	12
	121 402	**49 102**	**73 751**	**40 277**

5.2. Operating expenses

Cost by nature

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Materials and energy	(38 096)	(17 975)	(32 733)	(18 347)
Cost of merchandise and raw materials sold	(27 000)	(12 698)	(27 135)	(13 339)
External services	(4 127)	(2 001)	(1 738)	(936)
Employee benefits	(1 390)	(684)	(623)	(309)
Depreciation and amortisation	(1 594)	(802)	(1 080)	(540)
Taxes and charges	(9 984)	(4 778)	(2 156)	(1 109)
write-off for the Fund for the Payment of Price Differences	(6 854)	(3 149)	-	-
Gas costs	(28 203)	(7 021)	-	-
Other	(501)	(293)	(215)	(111)
	(110 895)	**(46 252)**	**(65 680)**	**(34 691)**
Change in inventories	(888)	(1 207)	1 128	452
Cost of products and services for own use	378	(22)	90	24
Operating expenses	**(111 405)**	**(47 481)**	**(64 462)**	**(34 215)**
Distribution expenses	4 119	2 200	2 687	1 355
Administrative expenses	1 135	544	662	351
Cost of sales	**(106 151)**	**(44 737)**	**(61 113)**	**(32 509)**

The increase in the line taxes and charges in the 6 and 3-months period ended 30 June 2023 by PLN (7,828) million and PLN (3,669) million, resulted mainly from write-off for the Fund for the Payment of Price Differences in the amount of PLN (6,854) million and PLN (3,149) 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_2 emissions for 2022 and the recognition of a provision for the estimated costs of CO_2 emissions for 6 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 (1,109) million and (538) million, respectively.

5.3. Impairment allowances of inventories to net realizable value

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Increase	(205)	(135)	(33)	(6)
Decrease	457	15	30	29

Decrease in impairment losses of inventories to net realizable value in the 6 and 3 months ended 30 June 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 Company 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, right-of-use assets and shares in subsidiaries and jointly-controlled entities

As at 30 June 2023 ORLEN identified indications that necessitate impairment testing in accordance with IAS 36 Impairment of Assets in the ORLEN Petrochemical segment in connection with:

- changes in the business environment,
- changes of the macroeconomic assumptions,
- update of discount rates.

5.4.1. Recognition and reversal of impairment losses on property, plant and equipment, intangible assets, goodwill and rights-of-use assets

In the 6 and 3-months period ended 30 June 2023 the total effect of net impairment losses recognised on the ORLEN non-current assets for the period of 6 months and 3 months was PLN (543) million and PLN (19) million respectively.

Segment (PLN million)	6 MONTHS ENDED 30/06/2023	3 MONTHS ENDED 30/06/2023	31/12/2022 (restated data)
Refining	(16)	(16)	(3 193)*
Energy	(1)	(1)	(4)
Retail	-	-	(2)
Upstream	(522)	2	(588)
Gas	(4)	(4)	(6)
Corporate Functions	-	-	(6)
Total	**(543)**	**(19)**	**(3 799)**

** 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 Company verified comparative information for previous periods, including comparing the changed book values of assets as at 31 December 2022 with the determined recoverable amount in as part of the impairment tests carried out at the end of last year. As a result of this process, the Company made changes to the impairment losses recognized as at 31 December 2022. The value of net impairment losses on property, plant and equipment, intangible assets, goodwill and right-of-use assets increased by PLN (590) million and related to the Refining segment.*

<u>ORLEN Refining</u>

Net impairment losses of PLN (16) million recognised in the 2nd quarter of 2023 related mainly to impairment of property, plant and equipment under construction on HOG installation.

In the 2nd quarter of 2023 ORLEN did not identify impairment indications and did not carry out any impairment tests for the remaining assets of the Refining segment. Valuations as at 31 December 2022 remain valid.

<u>ORLEN Petrochemical</u>

In the 2nd 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 Olefiny III, as well as changes in macroeconomic assumptions including quotations of main petrochemical products and sales volumes. The discount rates and macro assumptions presented below were used in the estimates. The performed tests did not confirm the impairment of the assets of the Petrochemicals segment.

Assumptions used in asset impairment tests as at 30 June 2023.

As at 30 June 2023, there were estimated the following after-tax discount rates for the years 2023-2029 for assets of Petrochemicals (the fixed discount rate calculated for 2029 was used for the subsequent years):

Country	*Segment / CGU*	*2023*	*2024*	*2025*	*2026*	*2027*	*2028*	*2029+*
Poland	Petrochemical	9.54%	9.64%	9.18%	9.08%	9.08%	9.12%	8.30%

The main macroeconomic assumptions for the years 2023-2033 used in the impairment tests as at 30 June 2023:

		2023	*2024*	*2025*	*2026*	*2027*	*2028*	*2029*	*2030*	*2031*	*2032*	*2033*
Brent	USD/bbl	85.73	87.34	88.72	89.91	92.67	93.56	95.03	96.90	98.83	100.80	102.77
Natural gas	EUR/MWh	51.50	59.59	51.64	40.56	37.72	36.97	36.31	35.78	36.09	36.28	37.13
crack Kerosene	USD/t	35.27	70.00	71.49	72.80	74.10	75.40	76.70	78.00	79.30	81.25	82.55
crack Ethylene	EUR/t	599.20	615.16	630.85	639.63	663.90	686.64	699.76	713.80	721.41	728.94	732.97
crack Propylene	EUR/t	492.06	528.30	540.48	544.02	577.61	606.48	620.47	634.98	647.81	660.74	669.15
CO2 emission allowances	EUR/t	89.10	99.10	103.60	107.20	109.90	114.20	117.20	132.60	148.10	163.50	178.90

Assumptions used in asset impairment tests as at 31 December 2022.

As at 31 December 2022, there were estimated the following after-tax discount rates for the years 2023-2028 for assets of Petrochemicals (the fixed discount rate calculated for 2028 was used for the subsequent years):

Country	*Segment / CGU*	*2023*	*2024*	*2025*	*2026*	*2027*	*2028+*
Poland	Petrochemical	10.61%	10.99%	11.10%	11.05%	10.93%	8.64%

The main macroeconomic assumptions for the years 2023-2033 used in the impairment tests as at 31 December 2022:

		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Brent	USD/bbl	94.86	88.50	88.00	91.00	93.40	94.38	95.96	97.91	99.89	101.87	103.93
Natural gas	EUR/MWh	131.02	84.85	65.13	49.56	45.58	44.67	42.79	41.23	37.08	33.42	30.97
crack Kerosene	USD/t	94.86	101.49	108.60	117.54	127.77	133.91	136.72	141.00	147.31	150.83	154.42
crack Ethylene	EUR/t	691.54	587.84	603.43	625.10	638.81	652.97	663.94	674.72	684.72	689.71	694.72
crack Propylene	EUR/t	623.57	480.84	502.43	540.10	577.81	601.97	627.94	643.72	653.72	663.71	668.72
CO2 emission allowances	EUR/t	70.00	99.00	107.00	112.00	117.00	122.00	127.00	132.00	137.00	142.00	147.00

ORLEN Upstream

In the period of 6 and 3 months ended 30 June 2023 the total net effect of impairment loss on non-current assets of the Upstream segment amounted to PLN (522) million and PLN 2 million respectively.

In the 2nd quarter of 2023 ORLEN did not identify any indications of impairment and did not carry out any impairment tests for the assets of the Upstream segment. The valuations as at 31 March 2023 remain valid.

In the 1st quarter of 2023 as part of the analyses carried out, a significant impact of updated forecast of natural gas prices on the assets of the Upstream segment was identified and the net assets impairment of PLN (525) million was recognised in ORLEN. The net impairment 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).
In the 1st quarter of 2023 impairment tests in Upstream segment for production assets of ORLEN located in Poland resulted in recognised net impairment of PLN (538) million. Value in use of production assets in Poland estimated as at 31 March 2023 and as at 31 December 2022 amounted to PLN 21 355 million and PLN 36 298 million, respectively, and were calculated using discount rates calculated for Poland Upstream Production.
The main factors with negative impact on valuation of domestic production assets are updated forecasts of natural gas prices and the statutory obligation for 2023 to make a gas levy payment to the Price Difference Payment Fund by companies extracting natural gas, as the levy is expensed.

Sensitivity analysis of impairment of value in use for ORLEN's Upstream segment production assets located in Poland as part of the test performed as at 31 March 2023

DISCOUNT RATE	in PLN million	EBITDA		
	change	-5%	0%	5%
	- 1 p.p.	*increase in allowance* (103)	*decrease in allowance* 954	*decrease in allowance* 954
	0,0 p.p.	*increase in allowance* (1 073)	-	*decrease in allowance* 954
	+ 1 p.p.	*increase in allowance* (1 964)	*increase in allowance* (938)	*decrease in allowance* 89

In the 1st quarter of 2023 impairment test of production assets of ORLEN located in Pakistan resulted in reversal of impairment losses of PLN 37 million. Value in use of assets located in Pakistan as at 31 March 2023 as well as at 31 December 2022 amounted to PLN 455 million and PLN 424 million respectively and were calculated at discount rates dedicated to Pakistan Upstream Development and Exploitation. The main factors with positive impact for valuation of the production assets is update of cash flows resulting from decrease in Branch service costs and increase in the number of wells.

Sensitivity analysis of impairment in value in use in the Upstream segment for ORLEN production assets located in Pakistan as part of tests carried out as at 31 March 2023

DISCOUNT RATE	in PLN million	EBITDA		
	change	-5%	0%	5%
	- 1 p.p.	*increase in allowance* (15)	*decrease in allowance* 8	*decrease in allowance* 32
	0,0 p.p.	*increase in allowance* (23)	-	*decrease in allowance* 23
	+ 1 p.p.	*increase in allowance* (30)	*increase in allowance* (8)	*decrease in allowance* 14

In the 1st quarter of 2023 impairment test of property, plant, and equipment under construction located in Poland resulted in net impairment losses of PLN (24) million. Values in use of property, plant, and equipment under construction as at 31 March 2023 and as at 31 December 2022 amounted to PLN 3 979 million and PLN 4 559 million, respectively and were calculated using discount rates calculated for Poland Upstream Exploration. The impairment results mainly from updating assumptions for the tests and discontinuation of work on wells due to failure to obtain commercial flow.

Sensitivity analysis of impairment in value in use in the segment Upstream Exploration for fixed assets under construction ORLEN located in Poland as part of tests carried out as at 31 March 2023

in PLN million		EBITDA		
	change	-5%	0%	5%
DISCOUNT RATE	- 1 p.p.	*increase in allowance* (35)	*decrease in allowance* 64	*decrease in allowance* 64
	0,0 p.p.	*increase in allowance* (251)	-	*decrease in allowance* 64
	+ 1 p.p.	*increase in allowance* (450)	*increase in allowance* (210)	*decrease in allowance* 30

As of 31 March 2023, the following main after-tax discount rates were estimated for the years 2023-2029 (for the subsequent years it was applied the constant discount rate calculated for 2029):

Country	*Segment / CGU*	*2023*	*2024*	*2025*	*2026*	*2027*	*2028*	*2029+*
Poland	Upstream Exploration	11.09%	10.99%	10.90%	10.87%	10.89%	10.90%	9.48%
Poland	Upstream Production	10.46%	10.35%	10.27%	10.24%	10.26%	10.27%	8.85%
Pakistan	Upstream Development & Exploitation	22.55%	23.49%	22.43%	22.19%	22.27%	22.29%	21.90%

As of 31 December 2022, the following main after-tax discount rates were estimated for the years 2023-2028 (for the subsequent years it was applied the constant discount rate calculated for 2028):

Country	*Segment / CGU*	*2023*	*2024*	*2025*	*2026*	*2027*	*2028+*
Poland	Upstream Exploration	11.40%	11.77%	11.88%	11.83%	11.71%	9.47%
Poland	Upstream Production	10.77%	11.14%	11.24%	11.20%	11.08%	8.84%
Pakistan	Upstream Development & Exploitation	23.63%	23.03%	22.62%	22.64%	22.69%	21.90%

Comparison of the natural gas prices in the years 2023-2033 used in the tests as at 31 March 2023 and 31 December 2022:

As at	*Unit*	*2023*	*2024*	*2025*	*2026*	*2027*	*2028*	*2029*	*2030*	*2031*	*2032*	*2033*
31 March 2023*	EUR/MWh	51.50	59.59	51.64	40.56	37.72	36.97	36.31	35.78	36.09	36.28	37.13
31 December 2022	EUR/MWh	131.02	84.85	65.13	49.56	45.58	44.67	42.79	41.23	37.08	33.42	30.97

* The natural gas price forecasts adopted for analysis as at 30 June 2023 are the same as those of 31 March 2023.

The remaining net impairment losses of net assets in the ORLEN in the 6 and 3-month periods as at 30 June 2023 in the amount of PLN (5) million and PLN (5) million, respectively, related mainly to assets of the Gas segment PLN (4) million and PLN (4) million and assets of Energy segment PLN (1) million and PLN (1) million.
The respective 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 5.5).

5.4.2. Recognition and reversal of impairment losses on stocks and shares in subsidiaries and jointly controlled entities

As at 30 June 2023, no indications were identified and no impairment tests were performed on stocks and shares in subsidiaries and jointly controlled entities.

5.5. Other operating income and expenses

Other operating income

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Profit on sale of non-current non-financial assets	15	2	16	12
Reversal of provisions	33	7	24	14
Reversal of impairment allowances of property, plant and equipment, intangible assets and other assets	90	22	4	2
Penalties and compensations	46	6	14	7
Derivatives	4 241	1 798	1 094	246
not designated for hedge accounting purposes - settlement and valuation	*3 335*	*1 032*	*938*	*163*
hedging cash flows - ineffective part concerning measurement and settlement	*656*	*627*	*3*	*2*
hedging cash flows - settlement of hedging costs	*250*	*139*	*153*	*81*
Other	127	69	18	11
	4 552	**1 904**	**1 170**	**292**

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Other operating expenses

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Loss on sale of non-current non-financial assets	(97)	(91)	(24)	(18)
Recognition of provisions	(18)	(11)	-	-
Recognition of impairment allowances of property, plant and equipment, intangible assets and other assets	(633)	(41)	(2 130)	(2 104)
Penalties, damages and compensations	(11)	(6)	(9)	(5)
Derivatives	(2 922)	(981)	(4 378)	(868)
not designated for hedge accounting purposes - settlement and valuation	*(2 914)*	*(847)*	*(4 375)*	*(867)*
hedging cash flows - ineffective part concerning measurement and settlement	*(6)*	*(134)*	*(3)*	*(1)*
hedging cash flows - settlement of hedging costs	*(2)*	*-*	*-*	*-*
Other, incl.:	(239)	(177)	(103)	(31)
donations	*(59)*	*(56)*	*(81)*	*(20)*
	(3 920)	**(1 307)**	**(6 644)**	**(3 026)**

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

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Valuation of derivative financial instruments	(287)	(284)	(980)	8
commodity futures	*(149)*	*1*	*(632)*	*80*
CO2 emission allowances	*(149)*	*1*	*(647)*	*65*
diesel oil	*-*	*-*	*15*	*15*
commodity forwards	*(95)*	*(73)*	*-*	*-*
electricity	*(99)*	*(74)*	*-*	*-*
natural gas	*4*	*1*	*-*	*-*
commodity swaps	*(43)*	*(213)*	*(348)*	*(72)*
foreign currency swap	*-*	*1*	*-*	*-*
Settlement of derivative financial instruments	708	469	(2 457)	(712)
commodity futures	*327*	*6*	*(1 037)*	*(25)*
CO2 emission allowances	*303*	*5*	*(1 012)*	*-*
diesel oil	*24*	*1*	*(25)*	*(25)*
commodity swaps	*381*	*463*	*(1 420)*	*(687)*
	421	**185**	**(3 437)**	**(704)**

During the 6 and 3-month period ended 30 June 2023 and 30 June 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 of timing mismatches on crude oil purchases, purchase and sale of natural gas, the refining margin and CO_2 forward contracts as a part of "transaction" portfolio as well as electricity. Moreover this line recognised the ineffective part in terms of hedge accounting of valuation and settlement of commodity swaps for hedging, 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 Company 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 Company on the sale of a physical position.

The Company applies hedge accounting to hedge the purchase and sale of natural gas, oversize reserves and bitumen as well as to hedge the physical sale of finished products purchased by sea and to hedge the currency risk in operating activities. In connection with the above, the measurement and settlement of commodity swaps and currency forwards 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 Company also applies hedge accounting for purchases to hedge risk of change of market prices of CO_2 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 June 2023 the value from the valuation of CO_2 hedging instruments presented in the item Hedging reserve amounted to PLN 3 million.

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5.6. Finance income and costs

Finance income

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Interest calculated using the effective interest rate method	1 642	829	110	65
Other interest	1	1	-	-
Net foreign exchange gain	716	541	-	-
Dividends	1 221	1 221	488	488
Derivatives not designated as hedge accounting - settlement and valuation	199	82	537	249
Other	124	70	800	189
	3 903	**2 744**	**1 935**	**991**

Finance costs

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Interest calculated using the effective interest rate method	(214)	(105)	(115)	(63)
Interest on lease	(72)	(40)	(37)	(19)
Other interest	(9)	(4)	(24)	(7)
Net foreign exchange loss	-	-	(151)	(147)
Derivatives not designated as hedge accounting - settlement and valuation	(130)	(29)	(406)	(157)
Recognition of impairment allowances of shares in subsidiaries	-	-	(67)	(67)
Other	(280)	(185)	(829)	(184)
	(705)	**(363)**	**(1 629)**	**(644)**

Borrowing costs capitalized during the 6 and 3-month period ended 30 June 2023 and 30 June 2022 amounted to PLN (175) million and PLN (94) million, PLN (52) million and PLN (31) million, respectively.

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

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Valuation of derivative financial instruments	45	44	(7)	44
currency forwards	*46*	*45*	*(29)*	*15*
other, incl.:	*(1)*	*(1)*	*22*	*29*
currency interest rate swap	*-*	*-*	*22*	*-*
currency swap	*(1)*	*-*	*-*	*-*
Settlement of derivative financial instruments	24	9	138	48
currency forwards	*24*	*9*	*157*	*68*
other, incl.:	*-*	*-*	*(19)*	*(20)*
currency interest rate swap	*-*	*-*	*(19)*	*(20)*
	69	**53**	**131**	**92**

During the 6 and 3-month period ended 30 June 2023 and 30 June 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 in 2023 the depreciation of PLN against EUR and USD currency.

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5.7. Loans, borrowings and bonds

	Non-current		Current		Total	
	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022
Loans	963	3 401	89	1 828	1 052	5 229
Borrowings	2 845	2 363	124	3 659	2 969	6 022
Bonds	4 206	4 324	12	26	4 218	4 350
	8 014	**10 088**	**225**	**5 513**	**8 239**	**15 601**

During the 6-month period of 2023, as a part of cash flows from financing activities ORLEN has made drawings and repayments of borrowings and loans from available credit lines in the total amount of PLN 23 million and PLN (6,852) million. As at 30 June 2023 the decrease in debt level results mainly from:

- partial repayment of the intercompany borrowing granted from ORLEN Capital AB in the amount of EUR (607) million, which corresponds to PLN (2,743) million; the repayment of the borrowing was related to the redemption of Eurobonds by ORLEN Capital AB in June 2023
- net repayments of the loans in the amount of PLN (4,087) million.

Additional information on active bond issues is presented in note 5.12.

As at 30 June 2023 and as at 31 December 2022 the maximum possible indebtedness due to loans and borrowings amounted to PLN 26,823 million and PLN 43,601 million, respectively. As at 30 June 2023 and as at 31 December 2022 PLN 25,067 million and PLN 34,799 million, respectively, remained unused. Decrease in the value of the maximum possible indebtedness and open credit lines are mainly due to changes in credit agreements, which as at 30 June 2023 include in particular the termination of funding:

- at Bank Pekao S.A. in the total amount of PLN 9,400 million,
- syndicated loans in the amount of EUR 335 million and USD 220 million, which as at 30 June 2023 corresponds to the total amount of PLN 2,394 million,
- SMBC loans in the total amount of EUR 470 million which as at 30 June 2023 corresponds to the amount of PLN 2,092 million

In the period covered by these half-year condensed separate 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.

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5.8. Derivatives and other assets and liabilities

Derivatives and other assets

	Non-current		Current		Total	
	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022
Cash flow hedging instruments	845	547	714	1 176	1 559	1 723
currency forwards	*778*	*210*	*258*	*332*	*1 036*	*542*
commodity swaps	*67*	*291*	*282*	*816*	*349*	*1 107*
currency swaps	*-*	*43*	*165*	*11*	*165*	*54*
commodity futures (CO2 emission allowances)	*-*	*3*	*9*	*17*	*9*	*20*
Derivatives not designated as hedge accounting	26	103	317	565	343	668
currency forwards	*26*	*9*	*63*	*15*	*89*	*24*
commodity swaps	*-*	*-*	*83*	*125*	*83*	*125*
commodity futures (CO2 emission allowances)	*-*	*94*	*-*	*59*	*-*	*153*
commodity forwards (electricity)	*-*	*-*	*167*	*288*	*167*	*288*
commodity forwards (natural gas)	*-*		*4*		*4*	*-*
currency swaps	*-*	*-*	*-*	*78*	*-*	*78*
Derivatives under centralization	758	602	343	326	1 101	928
commodity swaps	*-*	*-*	*50*	*72*	*50*	*72*
currency forwards	*758*	*602*	*293*	*254*	*1 051*	*856*
Fair value hedging instruments	5	-	15	27	20	27
commodity swaps	*5*	*-*	*15*	*27*	*20*	*27*
Derivatives	**1 634**	**1 252**	**1 389**	**2 094**	**3 023**	**3 346**
Other financial assets	10 925	12 698	13 730	17 725	24 655	30 423
loans granted	*9 810*	*11 767*	*4 013*	*3 329*	*13 823*	*15 096*
cash pool	*-*	*-*	*6 687*	*4 323*	*6 687*	*4 323*
receivables on settled derivatives	*-*	*-*	*163*	*1 006*	*163*	*1 006*
receivables on settled derivatives under centralization	*-*	*-*	*42*	*93*	*42*	*93*
financial assets measured at fair value through other comprehensive income	*280*	*278*	*-*	*-*	*280*	*278*
financial assets measured at fair value through profit or loss	*6*	*6*	*-*	*267*	*6*	*273*
hedged item adjustment	*3*	*-*	*13*	*7*	*16*	*7*
security deposits	*-*	*-*	*1 761*	*8 651*	*1 761*	*8 651*
purchased securities	*389*	*394*	*991*	*8*	*1 380*	*402*
restricted cash	*212*	*219*	*41*	*41*	*253*	*260*
assets related to financing	*213*	*-*	*19*	*-*	*232*	*-*
other	*12*	*34*	*-*	*-*	*12*	*34*
Other non-financial assets	139	147	-	-	139	147
investment property	*134*	*132*	*-*	*-*	*134*	*132*
other	*5*	*15*	*-*	*-*	*5*	*15*
Other assets	**11 064**	**12 845**	**13 730**	**17 725**	**24 794**	**30 570**

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 deposits.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, presented – due to its long-term nature – under 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 on the use of this cash (it may only be applied towards specific long-term objectives), the assets accumulated in the Extraction Facilities Decommissioning Fund are recognised in the Group's statement of financial position as other assets under non-current assets.

As at 30 June 2023 and as at 31 December 2022, the Company has security deposits that do not meet the definition of cash equivalents concerning mainly securing settlement of transactions hedging commodity risk traded with financial institutions and on commodity exchanges in the total amount of PLN 1,761 million and PLN 8,651 million. 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 (6,890) 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 June 2023, the position loans granted amounted to PLN 13,823 million and related mainly to intra-group loans granted to ORLEN Group companies for corporate-wide and investment purposes and loans granted under the employee loan program.

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Derivatives and other liabilities

	Non-current		Current		Total	
	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022
Cash flow hedging instruments	974	4 433	2 728	8 233	3 702	12 666
commodity swaps	*963*	*4 190*	*2 694*	*8 134*	*3 657*	*12 324*
commodity futures (CO2 emission allowances)	*-*	*3*	*7*	*39*	*7*	*42*
currency forwards	*11*	*240*	*27*	*60*	*38*	*300*
Derivatives not designated as hedge accounting	9	56	373	3 376	382	3 432
commodity futures (CO2 emission allowances)	*-*	*1*	*-*	*3*	*-*	*4*
currency forwards	*5*	*28*	*83*	*71*	*88*	*99*
commodity swaps	*-*	*-*	*290*	*3 228*	*290*	*3 228*
foreign currency swap	*-*	*-*	*-*	*74*	*-*	*74*
commodity forwards (electricity)	*4*	*27*	*-*	*-*	*4*	*27*
Derivatives under centralization	758	602	321	351	1 079	953
commodity swaps	*-*	*-*	*28*	*96*	*28*	*96*
currency forwards	*758*	*602*	*293*	*255*	*1 051*	*857*
Fair value hedging instruments	4	-	15	9	19	9
commodity swaps	*4*	*-*	*15*	*9*	*19*	*9*
Derivatives	**1 745**	**5 091**	**3 437**	**11 969**	**5 182**	**17 060**
Other financial liabilities	124	145	6 597	5 678	6 721	5 823
liabilities on settled derivatives	*-*	*-*	*379*	*1 361*	*379*	*1 361*
liabilities on settled derivatives under centralization	*-*	*-*	*81*	*191*	*81*	*191*
investment liabilities	*69*	*84*	*-*	*-*	*69*	*84*
cash pool	*-*	*-*	*6 115*	*4 093*	*6 115*	*4 093*
hedged item adjustment	*6*	*1*	*15*	*28*	*21*	*29*
refund liabilities	*-*	*-*	*2*	*-*	*2*	*-*
other	*49*	*60*	*5*	*5*	*54*	*65*
Other non-financial liabilities	70	73	1 180	111	1 250	184
deferred income	*70*	*73*	*1 180*	*111*	*1 250*	*184*
Other liabilities	**194**	**218**	**7 777**	**5 789**	**7 971**	**6 007**

Description of changes of derivatives not designated as hedge accounting is presented in notes 5.5 i 5.6.

The line receivables 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 June 2023, these line include the value of matured commodity swaps hedging mainly the refining margin and natural gas.
The decrease in the balance of liabilities was a consequence of the decrease in the prices of crude oil,refinery products and gas and the strengthening of PLN against EUR and USD.

Additionally, as at 30 June 2023, the line deferred income also includes the unsettled value of CO_2 property rights received free of charge for 2023 in the amount of PLN 1,118 million as at the reporting date.

5.9. Provisions

	Non-current		Current		Total	
	30/06/2023 (unaudited)	31/12/2022 (restated data)	30/06/2023 (unaudited)	31/12/2022 (restated data)	30/06/2023 (unaudited)	31/12/2022 (restated data)
For decommissioning and environmental costs	2 402	2 277	74	108	2 476	2 385
Jubilee bonuses and post-employment benefits	400	400	92	88	492	488
CO_2 emissions, energy certificates	-	-	1 955	3 662	1 955	3 662
Other	115	180	481	516	596	696
	2 917	**2 857**	**2 602**	**4 374**	**5 519**	**7 231**

Detailed information in note 3.2.

5.10. Methods applied in determining fair value (fair value hierarchy)

As compared to the previous reporting period the Company did not change the valuation methods concerning financial instruments.
Methods applied in determining the fair value were described in the Separate Financial Statements for 2022 in note 15.3.
In the position Financial assets at fair value through other comprehensive income, quoted/unquoted shares not held for trading are presented.

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Fair value hierarchy

	30/06/2023		Fair value hierarchy		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at fair value through profit or loss	6	6	-	-	6
Financial assets measured at fair value through other comprehensive income	280	280	25	-	255
Loans granted	13 823	13 776	-	13 776	-
Purchased securities	1 380	1 378	-	1 378	-
Derivatives, incl.:	3 023	3 023	-	3 023	-
Derivatives under centralization	*1 101*	*1 101*	-	*1 101*	-
	18 512	**18 463**	**25**	**18 177**	**261**
Financial liabilities					
Loans	1 052	1 052	-	1 052	-
Borrowings	2 969	2 930	-	2 930	-
Bonds	4 218	3 907	2 899	1 008	-
Derivatives, incl.:	5 182	5 182	-	5 182	-
Derivatives under centralization	*1 079*	*1 079*	-	*1 079*	-
	13 421	**13 071**	**2 899**	**10 172**	**-**

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).
During the reporting period and comparative period there were no reclassifications in the Company between levels of the fair value hierarchy during the reporting and comparative period.

5.11. Future commitments resulting from signed investment contracts

As at 30 June 2023 and as at 31 December 2022 the value of future commitments resulting from investment contracts signed until that day amounted to PLN 12,244 million and PLN 12,249 million, respectively.

5.12. Issue and redemption of debt securities

The balance of debt securities liabilities as at 30 June 2023 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 with a nominal value of EUR 500 million remains 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.

5.13. 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.

5.14. Contingent assets

In accordance with the information published in the Financial Statements of ORLEN and ORLEN Group for 2019,2020,2021, 2022 and 1st quarter of 2023 PERN S.A. (PERN) informed ORLEN 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. At the same time, 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 maintains that the reason for the change in operating stocks is 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. As at 30 June 2023, according to received confirmation from PERN, ORLEN's operating stock of crude oil REBCO-type amounted to 248,873 net metric tons. The difference in the quantity of stocks increased by 787 net metric tons in comparison compared to the status as at 31 December 2022 and amounted to 92,623 net metric tons.

ORLEN does not agree with PERN position, because in its opinion it remains unfounded, unproven and inconsistent with the agreements binding ORLEN and PERN, and the existing 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 is correct and has never been questioned before.

In the opinion of ORLEN the amount of adjustment of inventories recognised in 2019-2022 totally in the amount of PLN (156) million is also a contingent asset of ORLEN.

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 demands 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. PERN questions the effectiveness of the deductions made by ORLEN. On 31 January 2022, ORLEN responded to PERN's claim, demanding that PERN's claim be dismissed. ORLEN does not agree with PERN's position presented in the lawsuit filed by PERN. ORLEN disagrees with the position of PERN presented in the lawsuit filed by PERN. In the opinion of ORLEN, PERN's claims are groundless and do not exist, as the amount of PLN 156 million claimed by PERN was effectively deducted from ORLEN's claim for compensation. Court proceedings are pending.

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, PERN received a request for payment along with a debit note for the disclosed further oil loss in the system. PERN did not make the payment resulting from the debit note, and therefore 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.
As at 31 December 2022, in accordance with the document "Balance of crude oil as at 31.12.2022" provided by PERN.
PERN made another one-sided adjustment in minus the inventory records of crude oil belonging to ORLEN in amount of 1,921 tons net. As a consequence, a loss of REBCO oil in the volume of 146 tonnes was disclosed, which is the difference between the total volume of loss covered by the debit notes of 24 July 2020 and 21 January 2022 and the REBCO oil loss reported as at 31 December 2022. ORLEN will take further legal steps to secure claims arising from the loss disclosed by PERN at the end of 2022.
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. 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 issued a debit note to PERN for PLN 31.5 million for compensation for the loss by PERN of 18,270 net metric tons of REBCO belonging to GRUPA LOTOS (currently ORLEN), which PERN was obliged to store. PERN has not made the payment, 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.

5.15. Contingent liabilities

Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of administration bodies:

Claim of Warter Fuels S.A. (before: OBR S.A.) against ORLEN for compensation

On 5 September 2014, OBR S.A. (currently: Warter Fuels S.A.) filled 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.

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 S.A. 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 S.A. 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.

Within last six months of 2022 and in the 1st 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 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 June 2023 in connection with the pending proceedings with Elektrobudowa amounted to PLN 69 million.

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 2014. 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 June 2023, the company disclosed a provision for tax risk in the amount of PLN 33 million.

Contingent liabilities acquired as a result of merger transactions with PGNiG

The following is a description of the material contingent liabilities relating to the former PGNiG 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 half-year 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.

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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 June 2023 disputes arising during the term of the Yamal Contract are pending.

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. A further hearing date was not scheduled.

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

5.16. Related parties transactions

5.16.1. Related parties transactions of the ORLEN Group

As at 30 June 2023 and 31 December 2022 and in the 6 and 3-month period ended 30 June 2023 and 30 June 2022 there were no transactions of related parties with Members of the Management Board and the Supervisory Board of the Company, other key executive personnel of the Company and their relatives.

5.16.2. Remuneration of key executive personnel of the Company

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Short-term employee benefits	44.9	26.4	27.7	14.6
Post-employment benefits	0.1	0.1	-	-
Termination benefits	0.5	0.5	0.6	0.6
	45.5	**27,0**	**28.3**	**15.2**

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

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS (in PLN million)

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

	Subsidiaries		Jointly- controlled entities		Total	
	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Sales	44 849	20 079	1 575	750	46 424	20 829
Revenues under centralization of derivative financial instruments	1 340	150	-	-	1 340	150
Purchases	(27 060)	(12 602)	(22)	(12)	(27 082)	(12 614)
Costs under centralization of derivative financial instruments	(2 016)	(298)	-	-	(2 016)	(298)
Finance income, incl.:	2 159	1 615	100	100	2 259	1 715
Dividends	*1 121*	*1 121*	*100*	*100*	*1 221*	*1 221*
Finance costs (mainly interest)	(297)	-	-	-	(297)	-

	Subsidiaries		Jointly- controlled entities		Total	
	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Sales	38 142	19 852	2 507	1 361	40 649	21 213
Revenues under centralization of derivative financial instruments	4 434	1 695	-	-	4 434	1 695
Purchases	(5 923)	(2 944)	(29)	(17)	(5 952)	(2 961)
Costs under centralization of derivative financial instruments	(1 831)	(221)	(3)	(16)	(1 834)	(237)
Finance income, incl.:	405	364	190	190	595	554
Dividends	*298*	*298*	*190*	*190*	*488*	*488*
Finance costs (mainly interest)	(61)	(35)	-	-	(61)	(35)

	Subsidiaries		Jointly- controlled entities		Total	
	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022	30/06/2023 (unaudited)	31/12/2022
Trade and other receivables	8 104	9 055	557	611	8 661	9 666
Other assets	20 294	19 252	-	-	20 294	19 252
Loans granted	*13 565*	*14 853*	-	-	*13 565*	*14 853*
Cash pool	*6 687*	*4 323*	-	-	*6 687*	*4 323*
Receivables on settled derivatives under centralization	*42*	*76*	-	-	*42*	*76*
Lease receivables	22	22	-	-	22	22
Derivatives under centralization	84	233	-	-	84	233
Trade and other liabilities	3 453	4 770	10	25	3 463	4 795
Borrowings	2 970	6 021	-	-	2 970	6 021
Other liabilities, incl.:	6 182	4 222	-	-	6 182	4 222
Cash pool	*6 097*	*4 090*	-	-	*6 097*	*4 090*
Liabilities on settled derivatives under centralization	*81*	*131*	-	-	*81*	*131*
Lease liabilities	573	159	1	-	574	159
Derivatives under centralization	1 077	900	-	-	1 077	900

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

Additionally, during the 6 and 3-month period ended 30 June 2023, based on submitted declarations, there were transactions between entities, in which key positions were held by close relatives with the other key management personnel of the Parent Company and entities of the ORLEN Group.

In the 6 and 3-month period ended 30 June 2023 and as at 30 June 2023, the Group identified the following transactions:
- sales amounted to PLN 4 million and PLN 1 million, respectively;
- purchase amounted to PLN (5) million and PLN (3) million, respectively;
- balance of receivables amounted to PLN 2 million;
- balance of liabilities amounted to PLN 1 million.

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

Additionally, in the 6-month period ended 30 June 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

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS (in PLN million)

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

During the 6 and 3-month period ended 30 June 2023 and 30 June 2022, there were no related parties transaction in the Company concluded on other than as arm's length basis.

5.16.4. Transactions with entities related to the State Treasury

As at 30 June 2023 and 31 December 2022 the largest shareholder of the Company was the State Treasury with 49.9% of shares.
The Company 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 6 and 3-month period ended 30 June 2023 and 30 June 2022, the Company identified the following transactions:

	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2022 (unaudited)	3 MONTHS ENDED 30/06/2022 (unaudited)
Sales	2 959	1 138	3 512	1 625
Purchases	(1 604)	(817)	(6 971)	(3 716)

	30/06/2023 (unaudited)	31/12/2022 (restated data)
Trade receivables, other receivables	366	695
Trade, lease and other liabilities	187	821

Above transactions were concluded on an arm's length basis and were related to the Company's 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.

5.17. 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 June 2023 and as at 31 December 2022 amounted to PLN 3,664 million and PLN 3,552 million, respectively. As at 30 June 2022, the PN ORLEN assesses the materialisation of this type of liability as very low.

5.18. Information on loan sureties or guarantees granted by the ORLEN 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 June 2023 and as at 31 December 2022 amounted to PLN 12,563 million and PLN 25,546 million, respectively. They related mainly to security of:
- liabilities of PGNiG Supply&Trading GmbH and PGNiG Upstream Norway AS arising from operational activities in the total amount of PLN 6,674 million,
- realisation of investment projects of subsidiaries: CCGT Ostrołęka and CCGT Grudziądz in total amount of PLN 726 million,
- realisation of wind projects and other liabilities of jointly-controlled entity Baltic Power in amount of PLN 281 million,

as well as the timely payment of liabilities by subsidiaries.

As at 30 June 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. The above guarantee replaced: the guarantee issued by LOTOS Upstream Sp. z o.o., for the actions of LOTOS Exploration and Production Norge AS and guarantee issued by ex. PGNiG for PGNiG Upstream Norway AS. This change is a result of the acquisition of the mining assets in May 2023 of LOTOS Exploration and Production Norge AS by PGNiG Upstream Norway AS.

In addition, the value of guarantees regarding liabilities to third parties granted during ongoing operations as at 30 June 2023 and as at 31 December 2022 amounted to PLN 1,382 million and PLN 369 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.

5.19. Events after the end of the reporting period

1. 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.

2. ORLEN concluded agreement the execution of which will result in acquisition of petrol stations network in Austria

ORLEN announced that on 4 July 2023 the Company concluded the agreement with Doppler Beteiligungs GmbH with its registered office in Wels, Austria resulting with acquisition of 100% of shares in Doppler Energie GmbH with its registered office in Wels, Austria („Doppler Energie") ("Agreement").
Doppler Energie is the operator of the Austrian network of petrol stations under the Turmöl brand.
As a result of the Agreement execution, ORLEN Group will acquire 266 petrol stations, all located in Austria. Thanks to the transaction ORLEN is entering the new market in retail segment what is in line with expansion plans of the retail network provided in the Company's strategy to 2030. The terms and conditions of the Agreement (including payment mechanism and price settlement) do not deviate from the terms and conditions commonly applicable to this type of agreements.
The closing of the transaction will take place after fulfillment of the conditions described in the Agreement, including receiving approvals from the relevant antitrust authorities and is planned for the turn of 2023 and 2024.

After the end of the reporting period there were no other events apart from those disclosed in these half-year condensed separate financial statements, that would require recognition or disclosure.

MANAGEMENT BOARD REPORT ON THE OPERATIONS OF THE GROUP

FOR THE 1st HALF 2023

C. MANAGEMENT BOARD REPORT ON THE OPERATIONS OF THE GROUP

1. Financial situation

1.1. Major factors affecting EBITDA LIFO (profit on operations increased by depreciation and amortisation by LIFO method of inventory valuation)

Result from operations increased by depreciation and amortisation (so-called EBITDA) for the 1st half of 2023 amounted to PLN 23,695 million, compared to PLN 11,598 million in the same period of 2022.

Net impairment allowances on property, plant and equipment, intangible assets and other assets in the 1st half of 2023 amounted to PLN (606) 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.

In comparison, in 1st half of 2022, net impairment allowances amounted to PLN (2,887) million and were mainly related to refinery assets of the ORLEN 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 falling crude oil prices in the 1st half of 2023 on the valuation of inventories recognized in the EBITDA result amounted to PLN (1,555) 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 25,856 million and was higher by PLN 14,866 million (y/y).

Due to lack of consolidation of the former Grupa LOTOS and the former PGNIG results in the 1st half of 2022 the following business effects have been calculated on the comparable (y/y) organizational structure of the ORLEN Group. The results of the former LOTOS and the former PGNIG Groups and their impact on the ORLEN Group's EBITDA LIFO growth in the 1st half of 2023 are presented in other business factors.

Positive impact of macroeconomic factors amounted to PLN 6,372 million (y/y) and included mainly lack of the negative impact of the valuation and settlement of the CO_2 futures contracts from the 1st half of 2022 in the amount of PLN 1,723 million and hedging transactions in the amount of PLN 5,141 million and depreciation of PLN against USD. The above positive effects were partially limited by the weakening of margins on light and medium distillates, olefins, polyolefins, fertilizers, PVC and PTA areas.

The so-called volume effect in ORLEN Group amounted to PLN (4,940) million (y/y). Higher sales volume by 21% (y/y), i.e. to 23,451 thousand tonnes, were achieved mainly due to the recognition of the former LOTOS Group volumes of 4,567 thousand tonnes in the refining segment and the former LOTOS and the former PGNIG Group's volumes of 811 thousand tonnes in the upstream and gas segments. After the elimination of volumes of the acquired groups, total volume sales were down by (7)%, i.e. by (1,361) thousand tonnes.

In the refining segment, sales volume amounted to 15,468 thousand tonnes and was higher by 31% (y/y) and after the elimination of volumes of the former LOTOS Group, sales decreased by (8)% (y/y) to 10,902 thousand tonnes. The decrease in comparable segment sales (y/y) is due to high fuel purchases in 1st half of 2022 following the outbreak of war in Ukraine as well as ongoing maintenance shutdowns of production facilities at ORLEN especially in the 2nd quarter of 2023 (DRW III, Hydrocracking, FKK II and HOG). Additionally, negative volume effect in the refining segment of PLN (3,215) million (y/y) was affected by the change in the structure of crude processed due to the reduction of Rebco crude processing by 31 pp. (y/y) and its replacement with more expensive crude grades. Also, production facility shutdowns described above, particularly at ORLEN and ORLEN Unipetrol in the 1st half of 2023, 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 2,260 thousand tonnes and decreased by (18)% in all operating markets, i.e. Poland by (18)%, the Czech market by (18)% (y/y) and Lithuania by (40)% (y/y).

Total fuel volumes in the retail segment amounted to 4,620 thousand tonnes and increased by 2% (y/y) thanks to higher sales on the Czech market by 56% (y/y) and on the Lithuanian market by 6% (y/y), with lower fuel sales on the Polish market by (3)% (y/y) and on the German market by (2)% (y/y).

The volume of the upstream segment increased by 207% (y/y) due to the recognition in the consolidation of the volumes of LOTOS Upstream Group, LOTOS Petrobaltic Group and the former PGNiG Group (PGNiG Upstream Norway and former PGNiG company).

Volume sales of the gas segment reached 62 thousand tonnes and included sales volumes of the ex-PGNIG Group.

The impact of other factors amounted to PLN 13,434 million (y/y) and included mainly the effect of consolidating the operating results of the former LOTOS Group in the amount of PLN 2,057 million and the former PGNiG Group in the amount of PLN

14,113 million, higher (y/y) wholesale margins with a decline in retail margins, an increase in overhead and labour costs, and a negative impact from the use of historical inventory layers (y/y).

1.2. 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.orlen.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.orlen.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 m, 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 incurred 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 today 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 Płock, 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 realization 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.

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 realized 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.

1.3. Significant risk factors influencing current and future financial results

As part of its operations the ORLEN Group monitors and assesses risk and undertakes activities in order to minimise their impact on the financial situation on an ongoing basis.
The ORLEN Group applies a consistent set of rules for managing the financial risk defined in the policy for risk management and under the control and supervision of the Financial Risk Committee, the Management Board and the Supervisory Board.
Main financial risks in respect of the ORLEN Group`s operations include:

- market risk: commodity risk, exchange rates risk and interest rates risk;
- credit and liquidity risk.

The above risks are described detailed in the Consolidated Financial Statements for 2022 in note 16.5 and in point 5.8 of the Management Board Report on the Operations of the Group for 2022.

1.4. Hedge accounting

As part of hedging strategies, the ORLEN Group mainly hedges its cash flows from sales of the Group's products and purchase of crude oil and gas and also changes in operating inventories.

MANAGEMENT BOARD REPORT ON THE OPERATIONS OF THE GROUP (in PLN million)

Net carrying amount of financial instruments hedging cash flows

Type of instrument / type of risk	*Hedging strategies within the cash flows hedge related to exposure to:*	30/06/2023 (unaudited)	31/12/2022
currency forwards / risk of exchange rates changes currency swaps / risk of exchange rates changes	*operating activities from sales of finished goods and purchase of crude oil and gas*	2 081	977
commodity swaps / commodity risk	*volatility of refinery margin and prices of raw materials or finished goods constituting oversized operating inventories, time mismatch occurring on purchases of crude oil and sale gas*	(3 319)	(11 317)
commodity futures/commodity risk	*securing the prices of CO2 emission allowances*	2	(22)
		(1 236)	**(10 362)**

Net carrying amount of instruments hedging fair value

Type of instrument / type of risk	*Hedging strategies within the cash flows hedge related to exposure to:*	30/06/2023 (unaudited)	31/12/2022
commodity swaps / commodity risk	*offers for which pricing formulas are based on fixed price*	1	20
		1	**20**

2. Forecasted development of the ORLEN Group

The ORLEN Group's development directions are in line with the ORLEN Group's Strategy until 2030, which was published in February 2023, after the completion of mergers with the Energa Group, Grupa LOTOS and PGNiG. A process that created a European multi-utility group with diversified revenue streams and sufficient resources to lead the energy transition in the region. The updated strategy assumes maximising value in the segments and business areas in which ORLEN already enjoys a strong strategic position, major capital expenditure projects in new growth areas (such as renewable energy), and investing in the future by exploring new promising areas. The current strategy sets more ambitious green targets for decarbonisation and installed renewable energy capacity, which align with ORLEN's ambitions as the region's energy transition leader, reflect global trends, and put the Group on a path to achieve carbon neutrality by 2050.

Our 2030 aspirations

In response to trends and challenges facing the energy sector, the ORLEN Group intends to become the leader of the energy transition in Central Europe. In 2030, the ORLEN Group will be:

- a leading player in Europe with a presence along the value chain and cumulative EBITDA in excess of PLN 400 billion in 2023–2030;
- a leader of the energy transition in the region, with more than 9 GW of installed renewable energy capacity;
- a provider of integrated services for customers that meets their fuel, energy and convenience shopping needs, relying on existing and new channels and
- on digital technologies;
- a responsible corporate citizen investing in sustainable development, energy transition, decarbonisation, recycling and community initiatives;
- a stable source of value creation stemming from a responsible financial policy and a focus on maximising returns on investments combined with efforts to
- maintain a stable balance sheet.

Strategic logic behind ORLEN Group's growth

By 2030, we plan to spend a total of PLN 320 billion on investment projects. The Group's growth is based on a diversified portfolio of investments in its existing and future business areas.

Maximising value in the segments and business areas in which the ORLEN Group already has a strong strategic position: refining, gas-fired power generation, conventional power generation, gas distribution, fuel retail and oil production. These strategic directions will account for approximately 35% of total capex.

The key investment directions in this strategic field will be: emissions reduction through the use of carbon capture, utilisation and storage (CCUS) technologies and energy efficiency projects, expansion of CCGT units to balance the Polish electric power system and replace high-emission coal-fired power plants and CHP plants and extension of gas source connections (including biogas and biomethane plants).

Strategic development

Most of the capital expenditure will be allocated to segments that align with the Company's strategic ambitions. Around PLN 180–200 billion will be spent on new prospective growth areas, including mainly renewable energy and advanced petrochemicals.

The key investment directions in this strategic field will be: increasing the share of advanced and speciality products in the product portfolio, including through projects implemented with international partners and growth of the share of olefins, implementation of onshore wind power, solar PV and hydropower projects, expansion of the biogas and biomethane plants portfolio and expanding the EV charging network to 10 thousand points in Poland, the Czech Republic and Germany.

Investing in the future
Growth directions where the ORLEN Group plans to strategically position itself to prepare for market challenges expected to have a major impact after 2030: hydrogen technologies, synthetic fuels, CCUS (for own needs and as a service for third-party clients), SMR, recycling.
The key investment directions in this strategic field are: development of renewable hydrogen production and distribution assets, construction of assets for the production of synthetic fuels and construction of a 300 MW small nuclear reactors.

Under the new strategy, the ORLEN Group's growth is based on key pillars of business segment management.

New energy: investment in renewable generation capacities as the main growth area.
Looking ahead, a key area of focus for the ORLEN Group over the next decade will be new energy, with a particular emphasis on renewables. By 2030, we aim to have more than 9 GW of installed renewable capacities in onshore and offshore wind farms and solar photovoltaic projects, both in Poland and abroad. By 2030, we expect to be a major biogas producer in Central Europe with an annual output of 1 bcm of biogas.

Petrochemicals: petrochemical capacity expansion, specialty products and recycling.
Expansion of the existing portfolio and entry into new business areas will help entrench our position as a leading petrochemical producer in Central Europe. We intend to take steps to maximise petrochemical yields (from cracking, FCC, etc.). We will ramp up our capacities in olefins and other base products.
We will also solidify our position in polymers – a business line with attractive growth potential – by extending the value chain and entering into compounding and concentrates. Concurrently, the share of specialty high-margin products in the Group's portfolio will grow from 16% to approximately 25%. Recycling and biomaterials will be new branches of the petrochemical segment. By 2030, we will expand our recycling capacities (mainly in plastics) up to 0.3 million tonnes. Additionally, we plans to implement advanced circular economy technologies.

Refining: maintaining the position of a leading regional refiner with major investment into biofuels.
Until 2030, refining will remain an important segment of our business. Its transformation will be driven by energy efficiency improvements and increased crude conversion rates. Expansion of the biofuel output will be another vital driver. Within the coming decade, the Group will emerge as the region's leading producer of biofuels, with an annual capacity of 3 million tonnes (FAME, HVO).

Retail: expansion of the retail network and non-fuel segment.
Our strategic vision is to vigorously develop the Group's retail arm, based on the network expansion and significant additions to the retail offering.
By 2030, the number of the ORLEN Group's service stations operating throughout the region will be at least 3.5 thousand. We intend to support the development of electric mobility, including by building at least 10 thousand EV charging points by the end of the decade. Our broad, integrated offering, including electricity, natural gas and liquid fuels, will keep attracting new customer groups.

Upstream: sustainable portfolio growth, with a focus on natural gas assets.
To ensure energy security for Poland, our strategy involves continuing exploration efforts and maintaining stable levels of gas production in Poland, while also investing increased production in Norway. This strategy will result in a significant increase in gas output volumes, from 8 bcm to 12 bcm.

Gas trading
We are committed to guaranteeing the security of natural gas supply to Poland (LNG deliveries and supply by pipelines) by maintaining a diversified range of supply sources. We will seek to maximise value from other activities, e.g. by strengthening the trading function to optimise sales margins.

Conventional power and networks: supporting stable electricity and gas supplies in Poland; investing in power generation sources and network upgrades and expansion
In an effort to reduce the carbon footprint of power and heat generation while ensuring the continuity of energy supply, we will develop a range of CCGT units to balance the Polish electric power system and replace high-emission coal-fired power plants and CHP plants. We also intend to enter into partnerships to develop and operate small modular reactors (SMR) as another potential source of zero-carbon electricity and heat. To enable the energy transition, we will upgrade and expand the electricity and gas distribution network.

Sustainable development of the ORLEN Group

The ORLEN Group's Strategy 2030 sets the long-term objective of achieving a net zero carbon footprint by 2050. By 2030, we intend to reduce CO_2 emissions by 25% (absolute emission volumes in Refining, Petrochemicals and Upstream), CO_2/MWh emissions in the Energy segment by 40%, and net carbon intensity (NCI – emissions intensity of energy products sold, measured as gCO_2e/MJ for all emission scopes) by 15%. The ORLEN Group intends to spend PLN 120 billion on green investments in the following areas:

- Development of renewable power generation;
- Expansion of biogas and biomethane capacities;
- Electric mobility;
- Expansion of biofuel and biomaterial capacities;
- Development of recycling capabilities;
- Development of hydrogen capabilities.

Major R&D and digital transformation projects

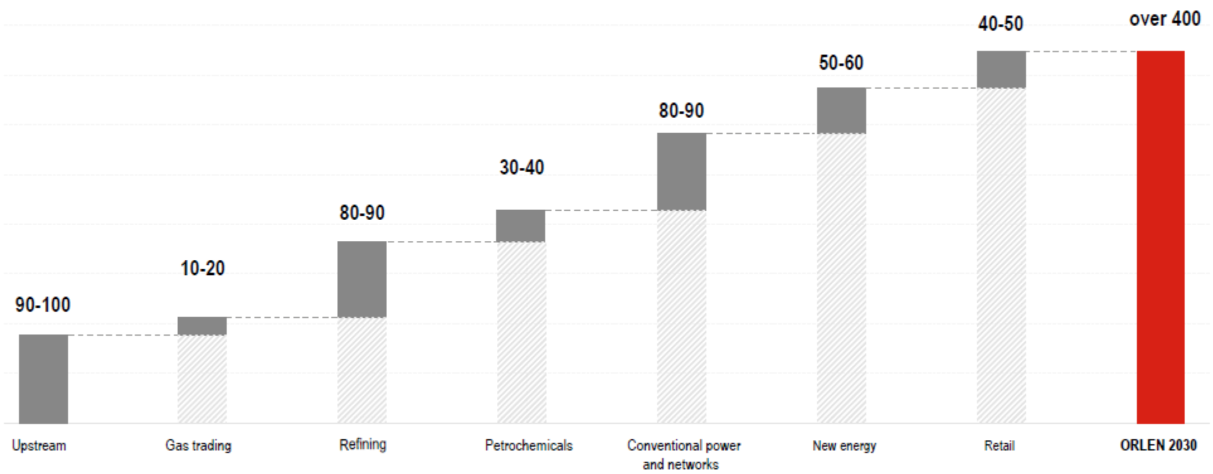
Pursuit of our strategic objectives will also require changes within the organisation. Over the next decade, we will spend approximately PLN 3 billion on research, development and innovation as a key area of the necessary transformation. Another essential element will be the digital transformation, driving efficiency gains in production and distribution, helping mitigate the environmental footprint and strengthening customer relations. We will put in place a new management model, tailored to the scale of the Group's operations and taking into account the ongoing acquisition processes. We will be an organisation relying on knowledge and versatile competences, investing in talent and human capital.

Further growth of the Group from stable financial foundations

The strategy is also designed to ensure stable financial foundations for our business. Our value is built by profitable investment projects, sustainable funding sources, and a robust balance sheet. Having capped our net debt/EBITDA ratio at 2.5x, we will align the Group's CAPEX plans with its current financing capabilities. We will rely on a balanced mix of funding sources with current cash flows supported by an additional debt capacity. We also use alternative funding sources, such as project finance, EU funding for innovation and energy transition projects, and engaging with external partners who co-fund selected projects. Initiatives aligned directly with the Group's carbon neutrality goal are partly financed with green and sustainable bonds issued on the European capital market.

The financial effect of the strategy will be delivery of cumulative EBITDA of around PLN 400 billion by 2030. The key contributors will be Upstream, Refining, and Conventional Power and Networks (cumulative EBTIDA of PLN 80-90 billion for each), as well as the New Energy segment (PLN 50-60 billion).

Cumulative EBITDA in 2023–2030 after implementation of the strategy by business area [PLN billion]



Detailed description of the ORLEN Group Strategy in particular areas and the main parameters of financial operations are presented on the ORLEN website: https://www.orlen.pl/en/about-the-company/strategy-2030.

Additionally, in Chapter 2.3 of the Management Board Report on the Operations of the Group and ORLEN S.A. for 2022, the implementation of strategic goals in 2022 was described: https://www.orlen.pl/en/investor-relations/reports-and-publications/financial-results/2022.

MANAGEMENT BOARD REPORT ON THE OPERATIONS OF THE GROUP (in PLN million)

3. Other information

3.1. Composition of the Management Board and the Supervisory Board

On the date of preparation of these Consolidated half-year report, the composition of the management and supervisory bodies of ORLEN 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 Kapała – 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 to the submission date of this report

	Percentage share in total voting rights at Shareholder's Meeting as at submission date			Number of shares as at submission date		
Shareholder	foregoing half-year report*	change p.p.	previous quarterly report**	foregoing half-year report*	change	previous quarterly report**
State Treasury *	49.90%	-	49.90%	579 310 079	-	579 310 079
Nationale-Nederlanden OFE*	5.40%	0.34%	5.06%	62 655 000	3 907 000	58 748 000
Other	44.70%	(0.34)%	45.04%	518 976 970	(3 907 000)	522 883 970
	100.00%	**-**	**100.00%**	**1 160 942 049**	**-**	**1 160 942 049**

** according to the information from the Extraordinary General Shareholders' Meeting of ORLEN of 21 June 2023*
*** according to information from the Extraordinary General Meeting of ORLEN from 22 March 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 half-year 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 half-year report filling *	Acquisition	Disposal	Number of shares. options as at the date of the prior quarterly report filling **
Supervisory Board	**925**	**-**	-	**925**
Roman Kusz	925	-	-	925

** According to the confirmations received as at 17 August 2023*
*** According to the confirmations received as at 18 May 2023*

In the period covered by these half-year 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 realize previously published forecasts of current year results

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

D. STATEMENTS OF THE MANAGEMENT BOARD

In respect of the reliability of preparation of the half-year condensed consolidated and separate financial statements
The Management Board of ORLEN hereby declares that to the best of its knowledge these half-year condensed consolidated and separate financial statements and comparative data were prepared in compliance with the accounting principles applicable to the ORLEN Group and ORLEN in force and that they reflect true and fair view of the economic condition, financial position and financial result of the ORLEN Group and ORLEN.

In respect of the half-year Management Board Report on the operations of the ORLEN Group
The Management Board of ORLEN herby declares that this half-year Management Board Report on the operations of the ORLEN Group gives a true view of the ORLEN Group development, achievements and position, and includes a description of key threats and risks.

This half-year report was approved by the Management Board of the Parent Company on 23 August 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
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Krzysztof Nowicki
Member of the Board

signed digitally on the Polish original
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Robert Perkowski
Member of the Board

signed digitally on the Polish original
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Michał Róg
Member of the Board

signed digitally on the Polish original
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Piotr Sabat
Member of the Board

signed digitally on the Polish original
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Jan Szewczak
Member of the Board

signed digitally on the Polish original
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Iwona Waksmundzka-Olejniczak
Member of the Board

signed digitally on the Polish original
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Józef Węgrecki
Member of the Board