

Annual Report
for
Orlen Capital AB (publ)

556974-3114

Financial year

2020

(Office translation)

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The Board of Directors and the Managing Director for Orlen Capital AB (publ) hereby submit the annual financial statement for the financial year 2020.

All amounts in the annual report are presented in EUR. Unless otherwise stated, all amounts are posted in EUR. Data in parentheses refer to the previous year.

Directors' Report

Information about the operations

The company was registered on 12 June 2014. The objective of the company is to carry out financial operations, mainly through borrowing of funds by issuing bonds or other financial instruments to private or institutional investors, direct lending of such means to companies within the same group, offer bonds and credits, or carry out other thereby related businesses. No financial services regulated in the Banking and Financing Business act (2004:297) are carried out.

The company has issued senior bonds with nominal value of EUR 1,250,000,000 in total. On 30 June 2014 the company issued bonds with a nominal value of EUR 500,000,000 with issue price of 99,135%. On 7 June 2016 the company issued bonds with nominal value of EUR 750,000,000 with issue price of 98,727%. The bonds are listed on the Irish Stock Exchange (ISE - XS1082660744/XS1429673327) and the bases of the prospectuses were approved by the Central Bank of Ireland. The bond issued in 2016 is also listed on the Warsaw Stock Exchange. The first issued bonds have a maturity date on 30 June 2021 and is carried with an interest rate of 2,50% as of issuance. The second issued bonds have a maturity date on 7 June 2023 and is carried with an interest rate of 2,50% as of issuance. Interest is paid annually in arrears with payment on 7 June.

The company's liabilities from issuing of bonds (including the obligation for payment of the nominal value of bonds and interest on the bonds) are secured with two guarantees provided by the parent entity Polski Koncern Naftowy ORLEN SA ("PKN ORLEN") to all bondholders. The maximum value of both guarantees is EUR 2,100,000 and they expire upon the expiry of the repayments towards Orlen Capital AB.

The company is headquartered in Stockholm.

Significant events during the financial year

Deferred tax liability

During 2018 the company has acknowledged that there exists a deferred tax liability due to the possible exchange gain that may arise if the company's financial fixed assets, a long-term receivable towards the parent company, is disposed. The capital gain is calculated based on the exchange rate at year end compared to the exchange rate at acquisition date of the receivable. The deferred tax that exists is calculated to 20,6 % of the capital gain and effects the Company's financial statements negative. The company have used the same process for 2020 as previous year.

The Tax Ruling Board determined during 2019 whether there is a discrepancy between Swedish law in relation to accounting for a realization in companies with EUR as functional currency, wherein deductibility for loss of capital debt is not accepted, towards cases whereby SEK is the functional currency wherein full deductibility for loss of realized capital debts are accepted. The decision (issued for another entity) was presented in March 2019, which was not to the company's advantage and even though it was revoked later by Supreme Administrative Court, the approach of Tax Agency is uncertain and still there is a risk of the additional taxation on exchange rates differences. In such circumstances the company has chosen to again for report a deferred tax liability in the balance sheet.

COVID-19

The COVID-19 pandemic caused disruptions in both the economic and administrative system and contributed to significant changes in the market environment. However, the outbreak of the SARS-Cov-2 coronavirus causing the COVID-19 disease did not affect the Company's financial situation in 2020.

Expected future prospects and significant risks and uncertainties

The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the company.

The Board has the overall responsibility for establishing and monitoring the company's risk management.

For further information on the company's financial risk management, see note 1.

Ownership

Orlen Capital AB is a fully owned subsidiary to Polski Koncern Naftowy Orlen SA (reg no KRS 0000028860), Ul. Chemikow 7, 09-411 Plock, Poland.

Multi-year overview (Teur)	2020	2019	2018	2017	2016
Net turnover	0	0	0	0	0
Profit/loss after financial items	617	2 736	-2 722	512	494
Balance sheet total	1 313 569	1 311 047	1 306 273	1 259 869	1 257 430
Equity/assets ratio (%)	2,2	1,5	1,6	0,3	0,2
Return on assets (%)	2,7	2,8	2,4	2,7	2,0
Return on equity (%)	2,1	13,8	neg	15,7	17,2

For definitions of key ratios, see Accounting and Valuation Principles.

Proposals for profit allocation

The Board of Directors recommends that the profit and brought forward profits available for disposition (EUR):

profit carried forward	19 771 632
profit for the year	9 461 156
	29 232 788
be distributed so that they are: carried over	29 232 788

Corporate Governance Report

The Board assures quality of all financial statements prepared by Orlen Capital AB.

Reports to be published - Annual Report constituted according to the Annual Accounts Act and so called legally restricted IFRS - examined in addition to the elected auditors.

In the Board's apprehension and in light of Orlen Capital limited activity and few transactions, the above control system of the financial reporting are regarded as adequate.

Orlen Capital AB (publ) is a fully owned subsidiary of PKN Orlen SA, which represent all shares in the company and there is no limitation regarding the number of shares the shareholders may submit at a general meeting. As the company is a public, unlisted company, there is no authorization for the board to decide that the company should issue new or acquire own shares. Furthermore, there are no specific provisions about appointment and resignation of the board member in the Article of Association. There is neither any specific provision in the Articles of Association regarding amendment of the Articles of Association.

The company's earnings and financial position in general are indicated in the following income statement and balance sheet as well as the cash flow analysis with notes.

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Income Statement	Note	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Operating revenues			
Other operating income	2	-8 512 299	0
		-8 512 299	0
Operating expenses			
Other external costs	3	-150 195	-171 842
Personnel costs	4, 5	-1 445	-1 559
Other operating expenses	6	8 512 299	0
		8 360 659	-173 401
Operating profit/loss		-151 640	-173 401
Profit/loss from financial items			
Profit/loss from participations in group companies	7	-1 105 141	2 171 134
Other interest income and similar profit/loss items	8	35 562 906	34 583 798
Interest expense and similar profit/loss items	9	-33 689 314	-33 845 434
		768 451	2 909 498
Profit/loss after financial items		616 811	2 736 097
Tax on profit for the financial year	10	8 844 345	-4 334 870
Net profit/loss for the year		9 461 156	-1 598 773

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Balance Sheet

	Note	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
<i>Financial assets</i>			
Receivables from group companies	11, 12	736 493 411	1 232 100 014
		736 493 411	1 232 100 014
Total fixed assets		736 493 411	1 232 100 014
Current assets			
<i>Current receivables</i>			
Receivables from group companies	11, 12	576 149 541	77 763 226
Other receivables		51 466	41 095
Deferred expenses and accrued income	13	755 303	1 038 759
		576 956 310	78 843 081
<i>Cash and bank balances</i>		119 444	106 984
Total current assets		577 075 754	78 950 065
TOTAL ASSETS		1 313 569 165	1 311 050 079

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Orlen Capital AB (publ)
Corporate ID No. 556974-3114

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Balance Sheet

	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted reserves</i>			
Share capital		60 000	60 000
		60 000	60 000
<i>Non-restricted equity</i>			
Retained earnings or losses		19 771 632	21 370 405
Profit/loss for the year		9 461 156	-1 598 773
		29 232 788	19 771 632
Total equity		29 292 788	19 831 632
Provisions			
Deferred tax liability	14	21 052 584	30 276 054
Total provisions		21 052 584	30 276 054
Long-term liabilities			
Bond loans	12	746 555 862	1 244 413 125
Total long-term liabilities		746 555 862	1 244 413 125
Current liabilities			
Accounts payable	15	0	23 359
Bond loans	12	499 581 617	0
Current tax liabilities		242 461	2 808
Other liabilities		116	59
Accrued expenses and deferred income	16	16 843 737	16 503 042
Total current liabilities		516 667 931	16 529 268
TOTAL EQUITY AND LIABILITIES		1 313 569 165	1 311 050 079

Statement of changes in equity

	Restricted equity		Non-restricted equity	
	Share capital	Balanced result	Profit/loss this year	Total equity
Opening equity 2019-01-01	60 000	50 295 507	-28 925 102	21 430 405
Profit allocation, AGM decision		-28 925 102	28 925 102	0
Profit/loss for the year			-1 598 773	-1 598 773
Outgoing equity 2019-12-31	60 000	21 370 405	-1 598 773	19 831 632
Profit allocation, AGM decision		-1 598 773	1 598 773	0
Profit/loss for the year			9 461 156	9 461 156
Closing equity 2020-12-31	60 000	19 771 632	9 461 156	29 292 788

Number of shares: 500 000
Quotient value: 0,12 EUR

A statement of comprehensive income has not been prepared as no transactions that requires presentation under the item other comprehensive income has occurred. The comprehensive income corresponds to the net profit of the year.

Orlen Capital AB (publ)
Corporate ID No. 556974-3114

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Cash Flow Analysis

	Note	2020-01-01 -2020-12-31	2019-01-01 -2019-12-31
Current activities			
Profit/loss after financial items		616 811	2 736 097
Tax paid		-134 075	-127 714
Cash flow from operating activities before change in working capital		482 736	2 608 383
Cash flow from change in the working capital			
Change in current receivables		-42 198	-2 390 845
Change in accounts payable		-23 359	-12 250
Change in current liabilities		-2 059 709	2 181 364
Cash flow from operating activities		2 476 888	4 572 587
Financing activities			
Shareholders' contributions received		0	50 000 000
Cash flow from financing activities		0	50 000 000
Annual cash flow		2 476 888	52 386 652
Liquid assets, opening balance			
Liquid assets, opening balance		60 958 477	8 571 825
Liquid assets, closing balance		63 435 365	60 958 477

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Notes

Note 1 Accounting and Valuation principles

General Information

Orlen Capital AB (publ), with corporate identity number 556974-3114, is a limited liability company registered in Sweden having its registered office at Sveavägen 9, 111 57 Stockholm. The objective of the company's business is to conduct financial operations as well as any other business activities related thereto, including issuing bonds as well as loans and deposits to investors.

The parent company of the largest group which Orlen Capital AB (publ) is a subsidiary of is Polski Koncern Naftowy Orlen SA, corporate identity number KRS 0000028860, Ul. Chemikow 7, 09-411 Plock, Poland. The consolidated report of Polski Koncern Naftowy ORLEN Spolka Akcyjna is available at the following address: Polski Koncern Naftowy ORLEN Spolka Akcyjna, ul. Chemikow 7, 09 - 411 Plock, e-mail address ir@orlen.pl.

Accounting and valuation principles

The annual report of Orlen Capital AB (publ) has been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Application of RFR 2 means that the company as far as possible applies all EU-approved International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRIC) as part of the Annual Accounts Act and Security Act and considered the relationship between accounting and taxation.

In the report, valuations of items are at cost. The following describes the principal accounting policies adopted.

IFRS 9

The implementation of IFRS 9 has affected the company's financial reports as long term financial receivables has been revalued to an accrued acquisition value which means that the receivables were subject to impairment. The company monitors changes in the level of credit risk associated with a given financial asset by analyzing changes in debtor's rating, occurrence of serious financial problems of debtor, as well as significant negative changes in the economic or legal market environment. For the purpose of estimating the expected credit loss, the company applies default probability levels, implied from market credit quotes of derivatives, for entities with a given rating and from a given sector. The company has not identified changes such as i) rating compared to the original rating when the loans were granted, ii) repayment delay of more than 30 days, iii) reduction of the borrower's free cash flow, which would classify the loans to PKN Orlen for a higher risk level. This allows for the company to estimate and calculate the expected credit loss on financial assets. As a result of the implementation of IFRS 9 the company has recognized an impairment of the loan amounts granted to PKN Orlen SA by December 31, 2020 of the following amounts (please also refer to note 7).

	2020-12-31	2019-12-31
<i>Financial fixed assets</i>		
Loan granted 2014 (EUR 495 675 000)	1 173 538	1 615 226
Loan granted 2016 (EUR 740 452 500)	3 959 089	2 412 260
	<u>5 132 627</u>	<u>4 027 486</u>

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IFRIC 23

IFRIC 23, which applies uncertainty regarding income tax management: The interpretative statement deals with how uncertainty regarding amounts for income tax is to be reported. For example, how a current tax claim should be reported when the amount e.g. is appealed, and a discussion is held with the tax authority. IAS 12 Income Tax deals with the accounting and valuation of tax receivables and tax liabilities, but not how uncertainties regarding amounts are to be taken into account. According to IASB application fr.o.m. January 1, 2019. The EU approved the interpretative statement during the third quarter of 2018.

New and changed standards and interpretations not yet has taken effect

Changes to IFRS to be applied as of January 1, 2020 have not had any significant effect on the company's accounting.

Foreign currency

The company's reporting currency and the functional currency is euro. Receivables and liabilities in foreign currencies are converted according to the rate of exchange on the closing date rate. Exchange differences are recognized in the income statement.

Income taxes

The tax expense represents the sum of current and deferred tax.

Current tax

The current tax is calculated on the taxable profit for the period. The taxable profit differs from the reported results in the income statement when it is adjusted for non-taxable income and non-deductible expenses and income and expenses that are taxable or deductible in other periods. The company's current tax is calculated using tax rates that have been determined or announced at the balance sheet date.

Deferred tax

Deferred tax is reported on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax value used in calculating taxable income. Deferred tax is reported according to the so-called balance sheet method. Deferred tax liabilities are reported for in principle all taxable temporary differences, and deferred tax assets are reported in principle for all deductible temporary differences to the extent that it is probable that the amounts can be utilized against future taxable surpluses.

Loan receivables and debts

For accounting of financial instruments, the company applies a method based on cost according to the Annual Accounts Act. Capital discount and direct issuing costs in raising loans are accrued, but not later than the time until the debt becomes due. Loan debts are reported initially to the received amount after transaction costs have been deducted. If the reported amount differs from the amount to be repaid at the due date the difference is accrued as interest cost or interest income over the term of the loan. Loan debts are no longer reported when the loans have been settled through repayment or when they have been waived. Loan receivables from group companies and bonds are reported in accordance with the effective interest method. The effective interest rate is the rate that discounts estimated future cash receipts and payments during the fixed interest rate period to equal the carrying amount of the receivable. The Company's bond loans are measured at amortized cost, which means that the difference between the discounted value and the loan's respective bond loan's face value is amortized over the respective loan. The amortizations are recognized as interest expense and interest income. Accrued transaction costs related to loans are amortized over the term of the loan and reported net as interest income / expense. At each reporting date, the Company assesses whether there is fair evidence that the loans are impaired.

Objective evidence consists of observable events that have occurred and have a negative impact on the ability to recover the cost. If fair evidence exists for this, expected future cash flows are discounted, using the original effective interest rate. If the presented value is lower than the carrying amount, the impairment loss is recognized.

Fixed assets

Fixed assets and long term-liabilities are expected to be regained or repaid after more than twelve months from the balance sheet date. Current assets short term liabilities are expected to be regained or repaid within twelve months from the balance sheet date.

Current assets

Current assets are reported at the lower of acquisition cost and the lower of cost and net realizable value. Acquisition cost is defined as expenditures for the asset plus costs directly attributable to the acquisition. Net realizable value is defined as the sales value less estimated selling expenses.

Cash and cash equivalents

Cash and cash equivalents include cash and bank deposits and other short-term highly liquid investments that are readily convertible to cash and are subject to an insignificant risk of changes in value. To be classified as cash and cash equivalents duration may not exceed three months from the date of acquisition. The company's cash balance at the cash pool account is presented as "other current investments".

Provisions

Provisions are recognized when the company has an existing obligation (legal or informal), as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. The sum represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date, considering the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the expenditures expected to be required to settle the obligation, the carrying value is equal to the present value of these payments.

Shareholders contribution

Shareholders contribution received by the company is accounted for directly into equity.

Contingent liabilities

A contingent liability is a possible obligation arising from past events and whose existence will only be confirmed by one or more uncertain future events not wholly within the control of the company that may occur or does not occur, or a present obligation arising from past events, but not recognized as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation or the obligation cannot be measured with sufficient reliability. Contingent liabilities are presented in note 16.

Cash flow statement

The cash flow statement shows the company's changes in the company's cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The reported cash flow shows only transactions which have resulted in in- and outgoing payments.

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Financial instruments

A financial asset or financial liability is recognized in the balance sheet when the Company becomes a party to the instrument's contractual terms. A receivable is recognized when the company has performed and a contractual obligation exists for the counterparty to pay, even if the invoice has not been sent. Liabilities are recognized when the counterparty has performed and there is contractual obligation to pay, even if the invoice has not been received. Accounts payable are recognized when an invoice is received. A financial asset is derecognized when the contractual rights are realized, expire or the company loses controller over them. A financial liability is derecognized from the statement of financial position when the contractual obligation is fulfilled or otherwise extinguished.

The company's financial assets consist mainly of bonds and receivables from Group Companies.

Loans and bonds are recognized at amortized cost using the effective interest method and interest income and expenses are recognized using the effective interest method. The effective interest rate is the rate that discounts estimated future payments during a financial instrument's expected duration of the financial asset or liability's net value. The calculation includes all paid or received fees by contractors, such as transaction costs and all premiums and discounts. At each reporting date the Company assesses based on objective evidence whether there is a need to test the loan for recoverability. Objective evidence consists of observable circumstances that have occurred and have a negative impact on the ability to recover the acquisition cost. If objective evidence exists, expected future cash flows are discounted using the original effective interest rate. If the present value of cash flows related to financial instrument is lower than its carrying amount, the impairment charge is presented in profit/loss for the year.

Financial risk management

The Company's business activities are exposed to various types of financial risks, including market, liquidity and credit risks. Market risks primarily consist of interest rate risk. The Company's Board of Directors is ultimately responsible for exposure management and monitoring of the company's financial risks.

The company is exposed to the following risks by conducting business activities related to financial instruments:

Market risk

A market risk can be a change in the market price that affects the company's income or the value of the financial instruments. The company's market risk is mainly related to interest rate risk.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows will fluctuate as a result of changes in market interest rates.

The company's interest rate risk profile of the interest-bearing financial instruments was:

	2020-12-31	2019-12-31
<i>Fixed interest rate</i>		
Receivables from Group companies	1 249 327 031	1 249 011 749
Bond loans	1 266 741 781	1 266 429 098

The company has minimized the interest rate risk by matching the loan obligations with the obligations of the bonds.

Currency risk

Currency risk is the risk that the fair value or future cash flows will fluctuate due to changes in exchange rates. Orlen Capital AB is exposed to a currency risk due to the possible exchange gain that may arise if the company's financial fixed assets, a long-term receivable towards the parent company, is disposed. Due to the possible currency risk exposure Orlen Capital AB has accounted a deferred tax liability. Regarding currency risks in relation to other financial assets this is addressed in the following sensitivity analysis.

Division of receivables and debts between currencies

	EUR	SEK	Total in EUR
Financial receivables with related companies	1 230 994 874	-	1 230 994 874
Short term receivables with related companies	63 315 921	-	63 315 921
Accrued interest receivables	18 332 157	-	18 332 157
Other accrued costs	755 303	-	755 303
Other receivables	716	509 249	51 466
Cash and Bank	-	1 198 539	119 444
	1 313 398 971	1 707 788	1 313 569 166

	EUR	SEK	
Bond loans	1 246 137 479	-	1 246 137 479
Accrued interest	16 741 781	-	16 741 781
Other accrued expenses	242 461	-	242 461
Other	102 073	-	102 073
	1 263 223 794	0	1 263 223 794

Sensitivity analysis to changes in currency rates

	Assumed variation 2020-12-31	Effect on P&L 2020
SEK/EUR	15%	-22 199

Given the intangible nature of the effect of changes in currency risk no additional analysis is presented.

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Credit and counterpart risk

Credit risk refers to the risk that the counterparty to a transaction causes the company a loss by not fulfilling their contractual obligations. Orlen Capital AB (public) limits their risk exposure by only granting intercompany loans. The total value of financial assets represents the maximum credit risk exposure.

The maximum credit risk exposure by the end of the period was as follows:

	2020-12-31	2019-12-31
Receivables Group Companies	1 249 327 031	1 249 011 748
Other short term receivables	63 315 921	60 851 493
Cash and bank	119 444	106 984
	1 312 762 396	1 309 970 225

The credit risk involves short term investments and cash and bank.

Liquidity and finance risk

Liquidity risk can be the risk that a company will encounter difficulty in meeting obligations arising from its financial liabilities. Liquidity risk can be the risk that a company encounter difficulty in raising liquid funds to meet cash payment obligations arising from its financial liabilities. The main objective for the company in meeting the liquidity risk exposure is to maintain financial stability by matching maturity and due dates for receivables and liabilities. The Group of companies that the company is part of have a cash-pool system in place to mitigate the risks and handle liquidity and financial costs.

2020

	within 1 year	within 5 years	after 5 years	Total
<i>Financial debts due for payments</i>				
Bonds	499 581 617	746 555 862	-	1 246 137 479
Accrued interest	18 332 157	-	-	18 332 157
Current tax liabilities	242 461	-	-	242 461
Other	102 073	-	-	102 073
	518 258 308	746 555 862	-	1 264 814 170

2019

	within 1 year	within 5 years	after 5 years	Total
<i>Financial debts due for payments</i>				
Bonds	1 981 786	1 246 394 911	-	1 248 376 697
Accrued interest	16 429 098	-	-	16 429 098
Accounts payable	23 359	-	-	23 359
Other	74 002	-	-	74 002
	18 508 245	1 246 394 911	-	1 264 903 156

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There are no liabilities with a maturity date over five years.

Orlen Capital AB (publ) obligations towards its bond holders consist of annual interest payments and final repayment on the maturity date.

The bond is warranted by the parent entity PKN Orlen SA, mitigating any liquidity risks.

The financing risk is the risk that the company cannot raise enough funds at a reasonable cost. There are no conditions in the loan agreements that can cause a significantly earlier redemption date than what is stipulated in note 14 regarding Maturity Date.

Operational risk

Operational risk can be the risk of direct or indirect loss arising from a variety of occasions associated with a company's processes, personnel, and infrastructure and from external factors other than credit, market and liquidity risks such as those derived from regulations and generally accepted customs. Operational risks arise from all of a company's activities.

Orlen Capital AB (publ) was formed with the purpose to engage in the activities described in the previous paragraph on the company's operations.

The operational risk of the company is reduced by the boards continuous monitoring of the company's financial statements and general and continuous business knowledge.

Capital risk management

The company's objectives for managing capital are to safeguard the company's ability to continue its operations to generate reasonable returns for shareholders and benefits for other stakeholders.

The Company monitors its capital structure on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as liabilities to credit institutions less cash. Total capital consists of total equity and net debt.

At the end of the financial year the debt/equity ratio is:

	2020-12-31	2019-12-31
Debt as bonds	1 266 741 781	1 266 429 098
Decreased by cash equivalents	-63 435 366	-60 958 477
Net debt	1 203 306 415	1 205 470 621
Total equity	29 292 788	19 831 632
Total equity & liabilities	1 232 599 203	1 225 302 253
Debt/equity ratio	97,6%	98,4%

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Definition of Key Business Ratios

Equity/assets ratio (%)

Adjusted equity (equity and untaxed reserves with deductions for deferred tax) as a percent of the balance sheet total.

Return on assets (%)

Operating profit plus financial revenues as a percent of the balance sheet total.

Return on equity (%)

Profits after financial items as a percent of adjusted equity (equity and untaxed reserves with deductions for deferred taxes).

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Note 2 Items interference with comparison

	2020	2019
OTHER OPERATING INCOME-BOND 2	-8 512 299	0
	-8 512 299	0

Derives from a credit invoice to the parent entity during 2018.

No other sales or purchases has occurred within the group of companies during the financial year or the previous financial year.

Note 3 Remuneration to Auditors

Audit assignment refers to inspection of the annual report and the accounting as well as the reports of the Board of Directors and the CEO, other tasks fulfilled by the company auditor as well as counselling or other assistance deriving from observations made in the course of the inspection or fulfilment of such other tasks.

	2020	2019
Deloitte AB		
Audit engagement	7 105	15 690
	7 105	15 690

Note 4 Employees and Personnel Costs

	2020	2019
Average number of employees		
Women	1	1
	1	1
Salaries and other remunerations		
Other employees	1 145	1 192
	1 145	1 192
Social security expenses		
Other social security expenses pursuant to law and contracts	299	366
	299	366
Total salaries, remunerations, social security expenses and pension costs	1 444	1 558
Sex distribution among leading clerks		
Proportion of women in the board of directors	33 %	67 %
Proportion of men in the board of directors	67 %	33 %

Note 5 Employees and Personnel Costs distributed per Country

	2020		2019	
Average number of employees distributed per country				
Sweden	1	(1)	1	(1)
	1	(1)	1	(1)
The average number of women is indicated in parenthesis				
Sweden				
Salaries and other remunerations				
Other employees		1 445		1 559
		1 445		1 559

Note 6 Other operating expense

	2020		2019	
Refund of Polish withholding tax expensed in 2018, see also Note 2		8 512 299		0
		8 512 299		0

Note 7 Profit/loss from Participation in Group Companies

	2020		2019	
Write-downs		0		-2 171 134
Reversal of write-downs		1 105 141		0
		1 105 141		-2 171 134

Note 8 Other Interest Income and Similar Profit/Loss Items

	2020		2019	
Interest revenues from Group companies		35 562 906		34 583 798
		35 562 906		34 583 798

Note 9 Other interest income and similar profit/loss items

	2020		2019	
Interest expenses to bond loans		31 562 683		31 466 330
Other interest expenses		80		25
Exchange differences		4 863		9 586
Accrual of set-up costs		280 587		387 707
Accrual of discount provided on bond loans		1 841 101		1 981 786
		33 689 314		33 845 434

Note 10 Current and deferred tax

	2020	2019
Tax on profit for the financial year		
Current tax	-379 125	-134 075
Adjustment for the previous year	9 223 470	-4 200 795
Total tax expense	8 844 345	-4 334 870

Reconciliation of effective tax

	2020		2019	
	Percent	Amounts	Percent	Amounts
Reported profit before tax		616 811		2 736 097
Tax at applicable tax rate	21,40	-131 998	21,40	-585 525
Non-deductible expenses		-129		-6 740
Non-taxable income		0		1 496
Adjustment for taxes for the previous year		-10 498		-6 150
Accounting for asset relating to prior year tax loss carryforwards		-236 500		464 623
Tax loss carryforwards which value is no longer recognized as an asset		0		-1 779
Other		9 223 470		-4 200 795
Reported effective tax		8 844 345		-4 334 870

Note 11 Receivables from Group Companies

	2020-12-31	2019-12-31
Provided loans, incl set up expenses	1 230 994 874	1 232 100 014
Accrued interest income	18 332 157	16 911 734
	1 249 327 031	1 249 011 748
Credit on account included in a cash pool structure	63 315 921	60 851 493
Book value, closing balance	1 312 642 952	1 309 863 241

The loan deriving from 2014 with maturity date June 1, 2021 has been reclassified as a short-term receivable.

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Note 12 Reported value

Receivables	2020-12-31	2020-12-31	2019-12-31	2019-12-31
	Receivables	Fair value*	Receivables	Fair value*
Loan Receivables	1 230 994 874	1 230 994 874	1 232 100 014	1 232 100 014
Accrued interest revenues	18 332 157	18 332 157	16 911 734	16 911 734
Other current investments	63 315 921	63 315 921	60 851 493	60 851 493
Cash and bank balances	119 444	119 444	106 984	106 984
Total	1 312 762 396	1 312 762 396	1 309 970 225	1 309 970 225
	2020-12-31	2020-12-31	2019-12-31	2019-12-31
Bond loans	1 246 137 479	1 286 917 500	1 244 413 125	1 321 002 500
Accrued interest costs	16 741 781	16 741 781	16 429 098	16 429 098
Accounts payable - trade	0	0	23 359	23 359
Total	1 262 879 260	1 303 659 281	1 260 865 582	1 337 454 957

* Level 2 of the fair value hierarchy.

** The noted price as of December 31st (Level 1 of the fair value hierarchy).

Note 13 Deferred Expenses and Accrued Income

	2020-12-31	2019-12-31
Other prepaid Expenses	755 303	1 038 759
	755 303	1 038 759

Note 14 Deferred tax liability

	2020-12-31	2019-12-31
Balance at beginning of year	30 276 054	26 075 259
Provisions for the year	0	4 200 795
Reversed amount during the year	-9 223 470	0
Balance at the end of the year	21 052 584	30 276 054

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Note 15 Liabilities related to several records

The company's bond loans of EUR 1 246 137 479 are disclosed under the following balance sheet items.

The bond issued 2014 matures in June 2021 why this has been classified as a short-term-liability.

The bond which are issued by the copmany is guaranteed by the parent company Polski Koncern Naftowy Orlen SA. The bond bears 2,5 % interest. The interest is paid annually in arrears in the month of June.

	2020-12-31	2019-12-31
Long-term liabilities		
Other liabilities to credit institutions	746 555 862	1 244 413 125
	746 555 862	1 244 413 125

No part of the liability has a maturity time exceeding 5 years.

Current liabilities

Other liabilities to credit institutions	499 581 617	0
	499 581 617	0

Note 16 Accrued expenses and deferred income

	2020-12-31	2019-12-31
Accrued audit fees	12 333	19 611
Accrued interest bond	16 741 781	16 429 098
Accrued vacation salaries	0	34
Other items	89 624	54 298
	16 843 738	16 503 041

Note 17 Pledged Assets

The company does not have any pledged assets or contingent liabilities.

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Note 18 Significant events after the financial year

Regarding COVID-19, the group has taken several measures to adapt to ever-changing business environments and to prevent the spread of COVID-19 infections both among its employees and the outside world. The Group will continuously analyze the situation in the markets and incoming signals from entrepreneurs that may indicate a deterioration in the financial situation and, if necessary, update assumed estimates for ECL calculation during future reporting periods.

The group currently does not identify, and not within the next 12 months, any liquidity problem. The group also does not see a risk of default on loans and other financing agreements. The group takes optimization measures and assumes to maintain a secure level of net debt and financial terms included in the financing agreements.

Nor have any other significant events occurred after the end of the financial year.

Stockholm 2021 – 06 -21

Michał Perlik
Chairman



Iren Falsafi
Managing Director



Krzysztof Berliński
Director



Our audit report was submitted 2021 – 06 - ____

Deloitte AB

Anders Linné
Authorized Public Accountant

