

**Predicted accounting one-offs which impact significantly on financial data for the 2 quarter 2020 presented in ORLEN Group financial statement for the 1 half 2020
Regulatory announcement no 47/2020 dated 27 July 2020**

PKN ORLEN S.A. („Company”) informs that it predicts that following accounting one-offs, which affected significantly the financial data for the 2 quarter 2020 will be included in consolidated financial statement for the 1 half 2020:

- reversal of a impairments on inventories to the level of net realizable value in the amount of ca. PLN 2 103 m (i.e. ca PLN 1 207 m acc. to LIFO). The reason of reversal of impairments is an increase of crude oil prices in the second quarter of 2020 and increase of products sales prices due to gradual improvement of demand situation in connection with unfreezing of world economies. The estimated value of reversal of a impairments on inventories will increase consolidated EBITDA of ORLEN Group for the 1 half of 2020 and the 2 quarter 2020.
- recognition of profit on bargain purchase in the amount of ca. PLN 3 690 m in connection with acquisition on 30 April 2020 of Energa S.A. shares representing ca. 80% of the share capital of Energa S.A. and corresponding to ca. 85% of the total number of votes at the General Meeting of that company. Profit on bargain purchase will be recognized under temporary settlement of Energa S.A. share purchase transaction and it is an excess of PKN ORLEN share in the net fair value of the acquired identifiable assets, liabilities and conditional liabilities of Energa Group over the shares purchase price. That amount will increase the level of EBITDA of ORLEN Group for the 1 half of 2020 and the 2 quarter 2020.
- recognition of impairments of assets in ORLEN Upstream Sp. z o.o. with the total value of ca. PLN (133) m. The estimated value of impairments results from decision to resign from the discovering, exploration and production of crude oil and natural gas concession on the Bieszczady area and will decrease the consolidated EBITDA of ORLEN Capital Group for the 1 half of 2020 and the 2 quarter 2020.

Moreover, in the unconsolidated financial statement for the 1 half 2020, the Company predicts also reversal of impairment on inventories to the level of net realizable value in the amount of ca. PLN 989 m (no impairment in results acc. to LIFO), resulting from increase of crude oil prices and products sales prices in the 2 quarter 2020. Estimated value of reversal of impairments on inventories will increase the unconsolidated EBITDA of PKN ORLEN for the 1 half of 2020 and the 2 quarter 2020.

Table below presents the summary of accounting events described above:

Impact on:	Reversal of a impairments on inventories	Profit on bargain purchase	Impairments on assets	Total
ORLEN Capital Group consolidated EBITDA	ca. PLN 2 103 m (ca. PLN 1 207 m acc. to LIFO)	ca. PLN 3 690 m	ca. PLN (133) m	ca. PLN 5 660 m (ca. PLN 4 764 acc. to LIFO)
PKN ORLEN unconsolidated EBITDA	ca. PLN 989 m	-	-	ca. PLN 989 m

PKN ORLEN will publish ORLEN Group consolidated half-yearly financial statements for the 1 half 2020 containing consolidated condensed half-yearly financial statements, unconsolidated condensed half-yearly financial statements and management board report on the ORLEN Group operation on 30 July 2020.