



ORLEN

Polski Koncern Naftowy ORLEN
Spółka Akcyjna

ORLEN GROUP

CONSOLIDATED QUARTERLY REPORT

FOR THE 3rd QUARTER

2022

ORLEN GROUP - SELECTED DATA

	PLN million		EUR million	
	9 MONTHS ENDED 30/09/2022	9 MONTHS ENDED 30/09/2021 (restated data)	9 MONTHS ENDED 30/09/2022	9 MONTHS ENDED 30/09/2021 (restated data)
Sales revenues	176 247	90 427	37 595	19 837
Operating profit increased by depreciation and amortisation (EBITDA)	28 594	12 798	6 099	2 808
Operating profit increased by depreciation and amortisation (EBITDA) adjusted for the gain on bargain purchase of the LOTOS Group	22 671	-	4 836	-
EBITDA before net impairment allowances	31 534	12 890	6 727	2 828
Profit from operations (EBIT), incl.:	24 229	8 865	5 168	1 945
<i>gain on bargain purchase of the LOTOS Group</i>	5 923	-	1 263	-
Profit from operations adjusted for the gain on bargain purchase of the LOTOS Group	18 306	-	3 905	-
Profit before tax	23 132	8 572	4 934	1 880
Profit before tax adjusted for the gain on bargain purchase of the LOTOS Group	17 209	-	3 671	-
Net profit before net impairment allowances	22 217	7 136	4 739	1 565
Net profit adjusted for the gain on bargain purchase of the LOTOS Group	13 354	-	2 849	-
Net profit	19 277	7 044	4 112	1 545
Total net comprehensive income	20 874	7 400	4 453	1 623
Net profit attributable to equity owners of the parent	19 059	6 981	4 065	1 531
Total net comprehensive income attributable to equity owners of the parent	20 651	7 341	4 405	1 610
Net cash from operating activities	19 733	13 261	4 209	2 909
Net cash (used) in investing activities	(9 703)	(8 829)	(2 070)	(1 937)
Net cash (used) in financing activities	(1 594)	(2 763)	(340)	(606)
Net increase in cash	8 436	1 669	1 799	366
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN/EUR per share)	30.42	16.32	6.49	3.58
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Non-current assets	81 309	68 706	16 697	14 938
Current assets	87 345	38 048	17 936	8 272
Total assets	168 654	106 754	34 633	23 210
Share capital	1 306	1 058	268	230
Equity attributable to equity owners of the parent	85 966	51 707	17 653	11 242
Total equity	87 057	52 578	17 877	11 431
Non-current liabilities	23 444	23 883	4 814	5 193
Current liabilities	58 153	30 293	11 942	6 586
Number of shares	626 447 925	427 709 061	626 447 925	427 709 061
Carrying amount and diluted carrying amount per share attributable to equity owners of the parent (in PLN/EUR per share)	137.23	120.89	28.18	26.28



PKN ORLEN – SELECTED DATA

	PLN million		EUR million	
	9 MONTHS ENDED 30/09/2022	9 MONTHS ENDED 30/09/2021	9 MONTHS ENDED 30/09/2022	9 MONTHS ENDED 30/09/2021
Sales revenues	128 269	60 647	27 361	13 304
Profit from operations increased by depreciation and amortisation (EBITDA)	15 516	6 874	3 310	1 508
Operating profit increased by depreciation and amortisation (EBITDA) adjusted for the gain on bargain purchase of the Grupa LOTOS S.A.	11 112	-	2 370	-
Profit from operations (EBIT), incl.:	13 943	5 362	2 974	1 176
<i>gain on bargain purchase of the Grupa LOTOS S.A.</i>	4 404	-	939	-
Profit from operations adjusted for the gain on bargain purchase of the Grupa LOTOS S.A.	9 539	-	2 035	-
Profit before tax	14 087	5 989	3 005	1 314
Profit before tax adjusted for the gain on bargain purchase of the Grupa LOTOS S.A.	9 683	-	2 065	-
Net profit adjusted for the gain on bargain purchase of the Grupa LOTOS S.A.	7 893	-	1 684	-
Net profit	12 297	5 107	2 623	1 120
	12 021	5 013	2 564	1 100
Total net comprehensive income				
Net cash from operating activities	9 799	7 029	2 090	1 542
Net cash (used) in investing activities	(5 047)	(4 842)	(1 076)	(1 062)
Net cash (used) in financing activities	(262)	(1 001)	(56)	(220)
Net increase in cash	4 490	1 186	958	260
Net profit and diluted net profit per share (in PLN/EUR per share)	19.63	11.94	4.19	2.62

	30/09/2022	31/12/2021	30/09/2022	31/12/2021
Non-current assets	50 228	44 309	10 314	9 634
Current assets	65 637	26 644	13 479	5 793
Total assets	115 865	70 953	23 793	15 427
Share capital	1 306	1 058	268	230
Total equity	64 079	38 455	13 158	8 361
Non-current liabilities	10 274	13 110	2 110	2 850
Current liabilities	41 512	19 388	8 525	4 216
Number of shares	626 447 925	427 709 061	626 447 925	427 709 061
Carrying amount and diluted carrying amount per share (in PLN/EUR per share)	102.29	89.91	21.00	19.55

The above financial data for the 9-month period of 2022 and 2021 was translated into EUR using the following exchange rates:

- items in the statement of profit or loss and other comprehensive income and the statement of cash flows - by the arithmetic average of average exchange rates quoted by the National Bank of Poland as of the last day of each month during the reporting period: from 1 January to 30 September 2022 – 4.6880 EUR/PLN and from 1 January to 30 September 2021 – 4.5585 EUR/PLN;
- items of assets, equity and liabilities – by the average exchange rate published by the National Bank of Poland as on 30 September 2022 – 4.8698 EUR/PLN and as at 31 December 2021 – 4.5994 EUR/PLN.

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**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE 9 AND 3-MONTH PERIOD ENDED 30 SEPTEMBER

2022

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

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

	NOTE	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2021 (unaudited) (restated data)
Sales revenues	5.1	176 247	72 996	90 427	36 442
<i>revenues from sales of finished goods and services</i>		145 001	61 485	70 419	29 004
<i>revenues from sales of merchandise and raw materials</i>		31 246	11 511	20 008	7 438
Cost of sales	5.2	(140 913)	(60 347)	(75 221)	(30 427)
<i>cost of finished goods and services sold</i>		(113 654)	(51 204)	(57 890)	(24 009)
<i>cost of merchandise and raw materials sold</i>		(27 259)	(9 143)	(17 331)	(6 418)
Gross profit on sales		35 334	12 649	15 206	6 015
Distribution expenses		(7 830)	(2 999)	(6 082)	(2 214)
Administrative expenses		(2 283)	(849)	(1 927)	(597)
Other operating income, incl.:	5.5	8 230	7 324	4 048	1 232
<i>gain on bargain purchase of the LOTOS Group</i>	5.5	5 923	5 923	-	-
Other operating expenses	5.5	(9 464)	(673)	(2 709)	(657)
(Loss) due to impairment of trade receivables		(38)	(10)	(59)	(21)
Share in profit from investments accounted for using the equity method		280	36	388	100
Profit from operations		24 229	15 478	8 865	3 858
Finance income	5.6	1 816	962	527	228
Finance costs	5.6	(2 908)	(1 739)	(813)	(526)
Net finance income and costs		(1 092)	(777)	(286)	(298)
(Loss) due to impairment of loans and interest on trade receivables		(5)	(1)	(7)	(3)
Profit before tax		23 132	14 700	8 572	3 557
Tax expense		(3 855)	(1 951)	(1 528)	(629)
<i>current tax</i>		(4 240)	(2 077)	(1 270)	(650)
<i>deferred tax</i>		385	126	(258)	21
Net profit		19 277	12 749	7 044	2 928
Other comprehensive income:					
which will not be reclassified subsequently into profit or loss		57	(35)	(20)	10
<i>actuarial gains and losses</i>		69	(36)	(31)	10
<i>gains and losses on investments in equity instruments at fair value through other comprehensive income</i>		1	(6)	7	2
<i>deferred tax</i>		(13)	7	4	(2)
which will be reclassified into profit or loss		1 540	1 132	376	(42)
<i>hedging instruments</i>		(470)	(360)	(228)	(276)
<i>hedging costs</i>		380	612	39	(243)
<i>exchange differences on translating foreign operations</i>		1 611	929	533	385
<i>share in other comprehensive income of investments accounted for using the equity method</i>		2	1	-	-
<i>deferred tax</i>		17	(50)	32	92
Total net comprehensive income		20 874	13 846	7 400	2 896
Net profit attributable to		19 277	12 749	7 044	2 928
<i>equity owners of the parent</i>		19 059	12 677	6 981	2 909
<i>non-controlling interest</i>		218	72	63	19
Total net comprehensive income attributable to		20 874	13 846	7 400	2 896
<i>equity owners of the parent</i>		20 651	13 778	7 341	2 877
<i>non-controlling interest</i>		223	68	59	19
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN per share)		30.42	20.24	16.32	6.80

The accompanying notes disclosed on pages 10 – 55 are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of financial position

	NOTE	30/09/2022 (unaudited)	31/12/2021
ASSETS			
Non-current assets			
Property, plant and equipment		64 082	55 379
Intangible assets and goodwill		5 290	4 829
Right-of-use asset		6 582	5 586
Investments accounted for using the equity method		1 456	1 125
Deferred tax assets		811	718
Derivatives	5.8	719	343
Other assets	5.8	2 369	726
		81 309	68 706
Current assets			
Inventories		32 791	18 410
Trade and other receivables		29 549	15 041
Current tax assets		194	129
Cash		11 455	2 896
Derivatives	5.8	703	1 149
Assets classified as held for sale	5.9	6 906	-
Other assets, incl.:	5.8	5 747	423
<i>security deposits</i>	5.8	1 978	265
<i>financial assets measured at fair value through profit or loss</i>	5.8	3 585	-
		87 345	38 048
Total assets		168 654	106 754
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1 306	1 058
Share premium		16 079	1 227
Hedging reserve		(503)	(430)
Revaluation reserve		(19)	(20)
Exchange differences on translating foreign operations		3 722	2 111
Retained earnings		65 381	47 761
Equity attributable to equity owners of the parent		85 966	51 707
Non-controlling interests		1 091	871
Total equity		87 057	52 578
LIABILITIES			
Non-current liabilities			
Loans, borrowings and bonds	5.7	10 210	13 742
Provisions	5.10	3 253	1 905
Deferred tax liabilities		2 620	2 060
Derivatives	5.8	943	705
Lease liabilities		5 729	4 876
Other liabilities	5.8	680	586
Liabilities from contracts with customers		9	9
		23 444	23 883
Current liabilities			
Trade and other liabilities		34 485	19 811
Lease liabilities		931	679
Liabilities from contracts with customers		1 115	719
Loans, borrowings and bonds	5.7	6 174	1 429
Provisions	5.10	6 290	6 201
Current tax liabilities		5 237	855
Derivatives	5.8	1 331	461
Other liabilities	5.8	1 047	138
Liabilities directly associated with assets classified as held for sale	5.9	1 543	-
		58 153	30 293
Total liabilities		81 597	54 176
Total equity and liabilities		168 654	106 754

The accompanying notes disclosed on pages 10 – 55 are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to equity owners of the parent						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Hedging reserve	Revaluation reserve	Exchange differences on translating foreign operations	Retained earnings			
01/01/2022	1 058	1 227	(430)	(20)	2 111	47 761	51 707	871	52 578
Net profit	-	-	-	-	-	19 059	19 059	218	19 277
Components of other comprehensive income	-	-	(73)	1	1 611	53	1 592	5	1 597
Total net comprehensive income	-	-	(73)	1	1 611	19 112	20 651	223	20 874
Change in share structure	-	-	-	-	-	5	5	(5)	-
Dividends	-	-	-	-	-	(1 497)	(1 497)	(1)	(1 498)
Issue of merger shares	248	14 852	-	-	-	-	15 100	-	15 100
Other	-	-	-	-	-	-	-	3	3
30/09/2022	1 306	16 079	(503)	(19)	3 722	65 381	85 966	1 091	87 057
(unaudited)									
01/01/2021	1 058	1 227	(16)	(37)	1 328	38 036	41 596	793	42 389
Net profit	-	-	-	-	-	6 981	6 981	63	7 044
Components of other comprehensive income	-	-	(158)	6	533	(21)	360	(4)	356
Total net comprehensive income	-	-	(158)	6	533	6 960	7 341	59	7 400
Liquidation of company	-	-	-	-	17	-	17	-	17
Acquisition of company	-	-	-	-	-	-	-	8	8
Dividends	-	-	-	-	-	(1 497)	(1 497)	(1)	(1 498)
30/09/2021	1 058	1 227	(174)	(31)	1 878	43 499	47 457	859	48 316
(unaudited)									

The accompanying notes disclosed on pages 10 – 55 are an integral part of these interim condensed consolidated financial statements.



Consolidated statement of cash flows

	NOTE	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)
Cash flows from operating activities					
Profit before tax		23 132	14 700	8 572	3 557
Adjustments for:					
Share in profit from investments accounted for using the equity method		(280)	(36)	(388)	(100)
Depreciation and amortisation		4 365	1 518	3 933	1 328
Foreign exchange (profit)/loss		275	298	(40)	160
Net interest		440	168	322	101
Dividends		(61)	(61)	(3)	-
(Profit)/Loss on investing activities, incl.:		667	(6 667)	(956)	(328)
<i>recognition/(reversal) of impairment allowances of property, plant and equipment, intangible assets, goodwill and other assets</i>		2 940	53	92	3
<i>settlement and valuation of derivative financial instruments</i>	5.5, 5.6	3 697	(803)	(959)	(388)
<i>(gain) on bargain purchase of the LOTOS Group</i>	5.5	(5 923)	(5 923)	-	-
Change in provisions		5 372	1 706	3 893	1 537
Change in working capital		(9 194)	(2 082)	(1 073)	(1 196)
<i>inventories, incl.:</i>		<i>(5 495)</i>	<i>2 346</i>	<i>(3 591)</i>	<i>(1 155)</i>
<i>impairment allowances of inventories to net realizable value</i>		<i>117</i>	<i>81</i>	<i>10</i>	<i>1</i>
<i>receivables</i>		<i>(8 057)</i>	<i>(3 543)</i>	<i>(3 412)</i>	<i>(1 438)</i>
<i>liabilities, incl.:</i>		<i>4 358</i>	<i>(885)</i>	<i>5 930</i>	<i>1 397</i>
<i>limitation period of liabilities towards minority shareholders of ORLEN UNIPETROL</i>		-	-	<i>(180)</i>	<i>(180)</i>
Other adjustments, incl.:		(3 252)	(167)	(19)	(358)
<i>settlement of grants for property rights</i>		(2 180)	(684)	(1 602)	(788)
<i>security deposits</i>	5.9	(1 837)	316	1 475	432
<i>change in settlements of settled cash flow hedging instruments</i>		(60)	(244)	(39)	(16)
<i>change in cash of Rafineria Gdańska classified as assets held for sale</i>		406	406	-	-
Income tax (paid)		(1 731)	(399)	(980)	(415)
Net cash from operating activities		19 733	8 978	13 261	4 286
Cash flows from investing activities					
Acquisition of property, plant and equipment, intangible assets and right-of-use asset		(11 561)	(4 331)	(7 562)	(2 023)
Acquisition of shares lowered by cash		(209)	(209)	(772)	-
Acquisition of financial assets in ORLEN VC		(35)	(17)	-	-
Disposal of property, plant and equipment, intangible assets and right-of-use asset		60	32	68	16
Short-term deposits		(49)	(34)	34	-
Change in the ownership structure in Baltic Power		-	-	(35)	-
Dividends received		381	191	152	-
Settlement of derivatives not designated as hedge accounting		(2 684)	(458)	(698)	(164)
Cash in the acquired LOTOS Group companies as at the merger date		4 350	4 350	-	-
Other		44	9	(16)	(33)
Net cash (used) in investing activities		(9 703)	(467)	(8 829)	(2 204)
Cash flows from financing activities					
Proceeds from loans and borrowings received		9 921	924	9 394	3 138
Bonds issued		-	-	3 225	-
Repayment of loans and borrowings		(9 756)	(493)	(10 534)	(3 122)
Redemption of bonds		(626)	(226)	(2 452)	(200)
Interest paid from loans, borrowings and bonds		(391)	(125)	(292)	(79)
Interest paid on lease		(143)	(43)	(119)	(27)
Dividends paid		-	-	(1 498)	(1 497)
<i>to equity owners of the parent</i>		-	-	(1 497)	(1 497)
<i>to non-controlling interest</i>		-	-	(1)	-
Payments of liabilities under lease agreements		(617)	(219)	(538)	(165)
Grants received		58	20	89	89
Other		(40)	(18)	(38)	(41)
Net cash (used) in financing activities		(1 594)	(180)	(2 763)	(1 904)
Net increase in cash		8 436	8 331	1 669	178
Effect of changes in exchange rates		123	78	49	5
Cash, beginning of the period		2 896	3 046	1 240	2 775
Cash, end of the period		11 455	11 455	2 958	2 958
<i>including restricted cash</i>		<i>613</i>	<i>613</i>	<i>380</i>	<i>380</i>

The accompanying notes disclosed on pages 10 – 55 are an integral part of these interim condensed consolidated financial statements.

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**1. Principal activity of the ORLEN Group**

The Parent Company of the Polski Koncern Naftowy ORLEN S.A. Capital Group is Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN", "Company", "Parent Company") with its headquarters in Plock, 7 Chemików Street.

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.

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).

In connection with the mergers between PKN ORLEN and Grupa LOTOS S.A. and with Polskie Górnictwo Naftowe i Gazownictwo S.A. as at the date of preparation of these interim condensed consolidated financial statements, the operations of the expanded ORLEN Group also included exploration and production of natural gas, import of natural gas, as well as storage, sale and distribution of gas and liquid fuels. Additional information on mergers is included in notes [3.4](#) and [5.20](#), respectively.

2. Information on principles adopted in the preparation of the interim condensed consolidated financial statements**2.1. Statement of compliance and general principles of preparation**

These interim condensed consolidated financial statements ("consolidated financial statements") were prepared in accordance with requirements of IAS 34 "Interim financial reporting" and in the scope required by the Minister of Finance Regulation of 29 March 2018 on current and periodical information to be published by issuers of securities and conditions of consideration of information required by the law of non-member country's law as equal (Official Journal 2018, item 757) and present the Polski Koncern Naftowy ORLEN S.A. Capital Group's ("Group", "ORLEN Group") financial position as at 30 September 2022 and as at 31 December 2021, financial results and cash flows for the 9 and 3-month period ended 30 September 2022 and 30 September 2021.

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

As part of the assessment of the Group's ability to continue as a going concern, the Management Board 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 Group's operations, as described in more detail in note [3.1](#).

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

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

2.2. Accounting principles and amendments to International Financial Reporting Standards (IFRS)**2.2.1. Accounting principles**

In these interim condensed consolidated financial statements, the significant accounting policies applied by the Group and significant values based on judgments and estimates were the same as described in individual explanatory notes in the Consolidated Financial Statements for 2021.

2.2.2. Restated of comparative data

The following events had an impact on the comparative data presented in these interim consolidated financial statements in relation to the Consolidated Quarterly Report for the 3rd quarter of 2021:

- in the 9 and 3-month period of 2021, as a result of the change in the presentation of transaction differences related to the settlement of derivatives with the ICE exchange introduced at the end of 2021, reclassification between:
 - a) other operating expenses and financial income in the amount of PLN 416 million and 64 PLN million, respectively;
 - b) other operating income and financial expenses in the amount of PLN (379) million and PLN (31) million, respectively;

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

	9 MONTHS ENDED 30/09/2021 (unaudited)		Change in presentation of transaction differences related to the settlement of derivatives with ICE stock exchange	9 MONTHS ENDED 30/09/2021 (unaudited) (restated data)		3 MONTHS ENDED 30/09/2021 (unaudited)		Change in presentation of transaction differences related to the settlement of derivatives with ICE stock exchange	3 MONTHS ENDED 30/09/2021 (unaudited) (restated data)	
Gross profit on sales	15 206	-		15 206		6 015	-		6 015	
Other operating income	4 427	(379)		4 048		1 263	(31)		1 232	
Other operating expenses	(3 125)	416		(2 709)		(721)	64		(657)	
Profit from operations	8 828	37		8 865		3 825	33		3 858	
Finance income	943	(416)		527		292	(64)		228	
Finance costs	(1 192)	379		(813)		(557)	31		(526)	
Net finance income and costs	(249)	(37)		(286)		(265)	(33)		(298)	
Profit before tax	8 572	-		8 572		3 557	-		3 557	
Net profit	7 044	-		7 044		2 928	-		2 928	

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

2.3.1. Functional currency and presentation currency

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

2.3.2. Methods applied to translation of financial data

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

- particular assets and liabilities – at spot exchange rate as at the end of the reporting period,
- items of the statement of profit or loss and other comprehensive income and the statement of cash flows - at the average exchange rate for the reporting period (arithmetic average of daily average exchange rates published by the National Bank of Poland 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.

CURRENCY	Average exchange rate for the reporting period				Exchange rate as at the end of the reporting period	
	9 MONTHS ENDED 30/09/2022	3 MONTHS ENDED 30/09/2022	9 MONTHS ENDED 30/09/2021	3 MONTHS ENDED 30/09/2021	30/09/2022	31/12/2021
	EUR/PLN	4.6711	4.7473	4.5478	4.5670	4.8698
USD/PLN	4.3962	4.7135	3.8015	3.8740	4.9533	4.0600
CZK/PLN	0.1898	0.1931	0.1767	0.1791	0.1980	0.1850
CAD/PLN	3.4259	3.6103	3.0380	3.0763	3.6224	3.1920

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

In the Energy segment sales and distribution of electricity and heat during the year are subject to seasonal fluctuations. The volume of 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 energy sales and distribution applies to a much greater degree to small individual customers than to the industrial sector clients.

In the 9-month period ended 30 September 2022 there is no significant seasonality or cyclicity of operations in the other segments of the ORLEN Group.

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

The outbreak of the war in Ukraine significantly deepened the shortages of natural gas, hard coal, crude oil and liquid fuels that appeared on the global markets of these commodities already at the beginning of the fourth quarter of last year. Subsequent sanctions imposed on the import of hydrocarbons from Russia resulted in the initial period an intensive increase in the prices of crude oil and petroleum products. The prices of gas and electricity also rose. At the same time, in the 9-month period of 2022, there was a very high volatility in the quotations of CO₂ emission allowances.

Since the beginning of the war the Group observed also an increase in refining margins caused mainly by the insufficient supply of fuels in relation to the demand, resulting from the structural shortage of refining capacities in the world, strongly reduced after the outbreak of the pandemic.

Dynamic changes in the macroeconomic environment and regulatory changes led to the weakening of the PLN currency in the 9-month period of 2022 and thus affected on the valuation and settlement of derivative instruments owned by the Group throughout the presented period.

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 CO₂ emission allowances and currency quotations, with the direction of impact on margins currently difficult to define. As a consequence, this may lead to a further increase in inflation and interest rates, which will translate into the economic situation in the countries in which the Group operates, including slowdown in economic growth or even a recession. On the other hand, the scale and impact of the war in Ukraine on the macroeconomic situation and, consequently, the future financial situation of the Group, its operating activities, as well as its future financial results are currently very difficult to estimate. This impact 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. Introduce sanctions or take other measures that significantly reduce the availability of oil from Russia may have a negative effect on the Group's operating activities and financial results.

The description of the Group's achievements and factors having a significant impact on the financial data presented by the Group as at 30 September of 2022 is presented in note [3.2](#).

So far, there have been no 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 in the event of REBCO oil availability constraints as a result of sanctions for the war in Ukraine. The Company monitors and forecasts the level of crude oil operating reserves on an ongoing basis and verifies the assumptions for the operational plan in a horizon of up to 3 months. Based on the contracted supply volumes and planned processing levels, purchasing decisions are made to ensure the continuity of production processes with the assumed structure of the raw material in subsequent periods and maintaining 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).

Moreover, despite the complete suspension, starting from 27 April 2022, of natural gas supplied by PAO Gazprom and OOO Gazprom Eksport to PGNiG, which was the main gas supplier to the ORLEN Group's companies operating on the Polish market, in the 3rd quarter of 2022, a framework agreement with PGNiG for gaseous fuel supply to the ORLEN system was fully implemented and there were no disruptions in supplies. As at the date of these interim condensed consolidated financial statements, gas transmission to the ORLEN Group is in line with the Group's demand. From the end of 2021, PKN ORLEN additionally implemented measures on the technological side reducing the dependence of the main plant in Plock on the availability of natural gas. PKN ORLEN has full contractual coverage of its needs, additionally through membership and active participation on the Polish Power Exchange and having a portfolio of OTC contracts, it has a wide range of purchasing alternatives.

In connection with the merger of PKN ORLEN and PGNiG on 2 November 2022, PKN 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. The Company started the heating season with natural gas storage in Poland in full nominal capacity of available installations. Thanks to the reserved transmission capacity, PKN ORLEN can supply natural gas from various directions, including the LNG Terminal in Świnoujście, Lithuania, as well as via the Baltic Pipe gas pipeline. Depending on the balancing needs, the ORLEN Group makes reservations for additional transmission capacities on interconnectors and supplementary gas purchases.

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. The dynamic changes in the prices of CO₂ emission allowances observed in the 1st quarter of 2022 and the depreciation of the PLN currency had an impact on the portfolio of derivative transactions held by the Group. Since the outbreak of the war, the Group has been 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. As a result of the increased demand for

working capital and to supplement security deposits, the Group also used additional funds in the 1st quarter of 2022 under the syndicated loan agreement. In the 2nd quarter of 2022, the Group used the cash surpluses generated in this period to repay overdraft facilities and a syndicated loan.

In the opinion of the Group, the ongoing conflict in Ukraine does not change the risk with regard to the guarantees issued as at 30 September 2022. The Group has made a detailed analysis of sales on the Ukrainian and Russian markets. Based on the analysis, due to the low volume of sales in these countries (less than 2% share in the Group's sales revenues) and insignificant balance of receivables from entities based in these countries as at the balance sheet date, the Group did not find a significant increase in the risk of defaults on receivables disclosed on the 30 September 2022.

Moreover, in connection with the ongoing war in Ukraine, the ORLEN Group companies were actively involved in pro-social activities in helping both refugees coming to Poland from across the eastern border and people fighting in Ukraine.

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.

On the basis of the analysis of the potential impact of changes in the macroeconomic situation in Europe and the world caused by the armed conflict in Ukraine and the sanctions imposed on Russia as at 30 September 2022, the Group has not identified any indications of the need to conduct impairment tests with respect to non-current assets, nor the need to modify significant assumptions and estimates made by the Group. Depending on the further course of the war in Ukraine, the Group will update the adopted estimates and assumptions in subsequent reporting periods, if necessary. Additional information is presented in note [5.4](#).

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

Profit or loss for the 9 months of 2022

Sales revenues of the ORLEN Group for the 9 months of 2022 amounted to PLN 176,247 million and was higher by PLN 85,820 million (y/y). The increase of sales revenues (y/y) reflects higher by 14% volume sales in all operating segments mainly as a result of recognition in consolidation the volumes of the former LOTOS Group and higher by 55% crude oil prices and, consequently, also the quotations of the main products. In the 9-month period of 2022 in comparison to the same period of 2021 the prices of the fuel increased by 68%, diesel oil by 93%, aviation fuel by 95%, heavy heating oil by 40%, ethylene by 38% and propylene by 41%.

The operating expenses totally increased by PLN (67,796) million (y/y) to PLN (151,026) million, mainly as a result of an increase in the prices of basic raw materials and energy as a result of the ongoing Russian-Ukrainian war and higher by 4.5 million tonnes (y/y) volume of crude oil processing due to the acquisition of Grupa LOTOS.

The result of other operating activities amounted to PLN (1,234) million and was lower by PLN (2,573) 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 (4,933) million and the recognition in the 2nd quarter of 2022 of net impairment allowances of property, plant and equipment and intangible assets, goodwill and other assets in the amount of PLN (2,940) million, which related mainly to the Refinery segment.

Moreover, in the 3rd quarter of 2022, the Group recognized a temporary gain on a bargain purchase of Grupa LOTOS in the amount of PLN 5,923 million, the value of which may change as a result of the fair value measurement of individual acquired assets and liabilities of the LOTOS Group carried out in accordance with IFRS 3. Additional information in note [3.4.1](#).

As a result, profit from operations amounted to PLN 24,229 million and was higher by PLN 15,364 million (y/y). An additional comment regarding the main reasons of the change in profit from operations increased by depreciation and amortisation (so-called EBITDA) is presented in point B1.

Net finance expenses in the described period amounted to PLN (1,092) million and included mainly net foreign exchange loss in the amount of PLN (1,180) million, net interest expenses in the amount of PLN (346) million and settlement and valuation of derivative financial instruments in the amount of PLN 401 million.

After the deduction of tax charges in the amount of PLN (3,855) million, the net profit of the ORLEN Group for the 9 months of 2022 amounted to PLN 19,277 million and was higher by PLN 12,233 million (y/y).

Profit or loss for the 3rd quarter of 2022

Sales revenues of the ORLEN Group in the 3rd quarter of 2022 amounted to PLN 72,996 million and were higher by PLN 36,554 million (y/y). The increase in sales revenues (y/y) reflects higher by 20% sales volume mainly due to recognition in consolidation the volumes of the former LOTOS Group (increase in the Refining, Retail and Upstream segments partially limited by lower volumes in the Petrochemical segment) and a 37% increase in crude oil prices and as a result, also the quotation of major products. In the 3rd quarter of 2022 in comparison to the same period of 2021 the prices of the fuel increased by 44%, diesel oil by 80%, light fuel oil by 78%, aviation fuel by 78%, heavy heating oil by 11%, ethylene by 22% and propylene by 19%.

Total operating expenses increased by PLN (30,957) million (y/y) to PLN (64,195) million mainly as a result of the higher cost of materials and energy consumption by 108% (y/y) as a result of rising crude oil prices by 27 USD/bbl (y/y) and natural gas and electricity, as well as of including the costs of the acquired former LOTOS Group in the consolidation.

The result of other operating activities amounted to PLN 6,651 million and was higher by PLN 6,076 million (y/y) mainly as a result of the recognition of a temporary gain on a bargain purchase of Grupa LOTOS in the amount of PLN 5,923 million and net positions of settlement and valuation of derivative financial instruments related to operating exposure (non-designated instruments for hedge accounting purposes) in the amount of PLN 436 million.

As a result, profit from operations amounted to PLN 15,478 million and was higher by PLN 11,620 million (y/y). An additional comment regarding the main reasons of the change in profit from operations increased by depreciation and amortisation (so-called EBITDA) is presented in point B1.

Net finance costs in the described period amounted to PLN (777) million and included mainly net foreign exchange loss in the amount of PLN (870) million, net interest expenses in the amount of PLN (58) million and net positive impact of settlement and valuation of derivative financial instruments in the amount of PLN 98 million.

After the deduction of tax charges in the amount of PLN (1,951) million, the net profit of the ORLEN Group amounted to PLN 12,749 million and was higher by PLN 9,821 million (y/y).

Statement of financial position

As at 30 September 2022, the total assets of the ORLEN Group amounted to PLN 168,654 million and was higher by PLN 61,900 million in comparison with 31 December 2021.

As at 30 September 2022, the value of non-current assets amounted to PLN 81,309 million and was higher by PLN 12,603 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 10,160 million mainly due to takeover of control of non-current assets of former LOTOS Group in the amount of PLN 4,865 million and other assets by PLN 1,643 million, mainly due to advances for construction in progress.

The change in balance of property, plant and equipment and intangible assets by PLN 9,164 million (y/y) comprised:

- investment expenditures in the amount of PLN 9,897 million including development of fertilizer production capacities in Anwil, construction of the Visbreaking and HVO (Hydrotreated Vegetable Oil) Installation in Plock, construction of the Bioetanol 2nd Gen installation in ORLEN Południe, construction of the new hydrocracking in Lithuania, expenditure of the production capacity of the Olefin installation in Plock, projects in the Energy segment related mainly to the modernization of existing assets and the connection of new customers, construction of CCGT Ostrołęka and projects in Retail and Upstream segment;
- depreciation and amortisation in the amount of PLN (3,811) million;
- purchase of CO₂ allowances and energy certificates in the amount of PLN 2,941 million;
- amortisation of CO₂ allowances and energy certificates in the amount of PLN (5,668) million;
- allowances received free of charge in the amount of PLN 3,372 million,
- recognition of net impairment allowances on assets mainly in the Refinery segment in the amount of PLN (2 940) million
- effect of recognition of new assets at the date of acquisition of former LOTOS Group in the amount of PLN 4,038 million,
- effect of differences in balance on translating foreign operations in the amount of PLN 1,546 million.

The change in the balance of right-of-use assets by PLN 996 million results mainly from the merger with Grupa LOTOS and taking control of companies from the former LOTOS Group in the amount of PLN 827 million.

The value of current assets as at 30 September 2022 increased by PLN 49,297 million in comparison with the end of the previous year, mainly as an increase:

- in inventories by PLN 14,381 million,
- trade and other receivables by PLN 14,508 million,
- balance of cash by PLN 8,559 million,
- assets held for sale by PLN 6,906 million mainly as a result of classification as assets held for sale acquired as part of the merger with Grupa LOTOS assets of Rafineria Gdańska related to bitumen and refining activities. Additional information in note [3.4](#) and [5.9](#).
- other assets by PLN 5,324 million, which mainly related to the increase in margin deposits in EUR and USD on the ICE exchange by PLN 1,224 million and the deposit paid in the amount of PLN 703 million in favour of PKO BP bank and investments in companies covered by the Remedies classified as financial assets at fair value through profit or loss at the estimated fair value of PLN 3,585 million (additional information in note [5.8](#)).

The increase in value of inventories is the result of an increase in crude oil and petroleum product prices and the recognition of the former LOTOS Group inventories in consolidation. The increase in trade receivables results mainly from higher sales in term of value and quantity and the recognition of the former LOTOS Group receivables in consolidation.

As at 30 September 2022, total equity amounted to PLN 87,057 million and was higher by PLN 34,479 million in comparison with the end of 2021, mainly due to recognition of net profit for the 9 months of 2022 in the amount of PLN 19,277 million, recognition of the effect of the surplus of the nominal value over the issue price of shares issued for the purpose of the merger with Grupa LOTOS in the amount of PLN 14,852 million, the impact of exchange differences on translating foreign operations in the amount of PLN 1,611 million,

resulting mainly from the increase in CZK, USD and CAD exchange rates with consideration dividends liabilities from previous years' profits to PKN ORLEN's shareholder in the total amount of PLN (1,497) million.

The value of trade and other liabilities increased by PLN 14,674 million compared to the end of 2021 mainly due to increase of trade liabilities by PLN 9,516 million, PKN ORLEN's shareholder dividend liabilities by PLN 1,497 million, tax liabilities by PLN 1,798 million and investment liabilities by PLN 1,480 million. The increase in trade liabilities results from the higher prices on the markets and the recognition of the former LOTOS Group liabilities in consolidation.

Value of provisions as at 30 September 2022 amounted to PLN 9,543 million and was higher by PLN 1,437 million in comparison to the end of 2021. The increase resulted mainly from:

- the recognition in the statement of financial position of the ORLEN Group provisions due to merger with Grupa LOTOS in the total amount of PLN 1,651 million (mainly environmental, jubilee bonuses and post-employment benefits and other provisions relating to disputes),
- settlement of the balance of the net provision for estimated CO₂ emissions and energy certificates in the total amount of PLN (190) million, mainly as a result of net creation of provisions in the amount of PLN 5,564 million based on the weighted average price of allowances and certificates held and their use due to redemption of rights for 2021 in the amount of PLN (5,754) million.

As at 30 September 2022, the increase in net deferred tax liabilities amounted to PLN (467) million and resulted mainly from the acquisition of net deferred tax liabilities of the former LOTOS Group in the amount of PLN (882) million and the recognition in the 2nd quarter of 2022 deferred tax asset from the impairment of refining assets in the amount of PLN 397 million.

Other short-term liabilities were higher by PLN 909 million in comparison to the end of 2021 and amounted to PLN 1,047 million, mainly due to the recognition of grants due to CO₂, the value of which to be settled as at 30 September 2022 amounted to PLN 735 million.

As at 30 September 2022, net financial indebtedness of the ORLEN Group amounted to PLN 4,870 million and was lower by PLN (7,405) million in comparison with the end of 2021 mainly due to the net outflows, including inflows and repayments of loans, and borrowings and redemption of bonds in the amount of PLN (461) million, an increase in balance of cash by PLN (8,559) million, short-term deposits in the amount of PLN (59) million and the net effect of valuation and revaluation of debt due to foreign exchange differences in the total amount of PLN 934 million and recognition of the debt resulting from the merger with Grupa LOTOS in the amount of PLN 740 million.

Statement of cash flows for the 9 months of 2022

Proceeds of net cash from operating activities for the 9 months of 2022 amounted to PLN 19,733 million and comprised mainly result from operations increased by depreciation and amortisation (EBITDA) in the amount of PLN 28,594 million adjusted by: share in profit from investments accounted for using the equity method in the amount of PLN (280) million, the negative impact of increase in a net working capital by PLN (9,194) 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 (1,731) million, loss on investing activities in the amount of PLN 667 million mainly related to recognition of a gain on a bargain purchase of Grupa LOTOS in the amount of PLN (5,923) million, settlement and valuation of derivative financial instruments in the amount of PLN 3,697 million and recognition mainly in 2nd quarter of 2022 of net impairment allowances of property, plant and equipment and intangible assets, goodwill and other assets in the amount of PLN 2,940 million, change in provisions in the amount of PLN 5,372 million mainly as a result of creation of provision for CO₂ emission and other adjustments in the amount of PLN (3,252) million related mainly to security deposits for the settlement of transactions with the ICE and IRGIT exchange in the amount of PLN (1,837) million and settlement of grants for property rights in the amount of PLN (2,180) million.

Net cash used in investing activities for the 9 months of 2022 amounted to PLN (9,703) 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 (11,501) million, cash in the acquired companies of the LOTOS Group at the time of the merger in the amount of PLN 4,350 million and settlement of derivatives not designated as hedge accounting in the amount of PLN (2,684) million.

Net cash flows used in financing activities for the 9 months of 2022 amounted to PLN (1,594) million and comprised mainly the net inflows of loans and borrowings in the amount of PLN 165 million, C and D series bond redemption in the amount of PLN (626) million under the second public retail bond issue program, interest paid in the amount of PLN (534) million and liabilities under lease agreements in the amount of PLN (617) million.

Following inclusion of the revaluation of cash due to exchange differences, the cash balance in the 9-month period of 2022 increased by PLN 8,559 million and as at 30 September 2022 amounted to PLN 11,455 million.

Statement of cash flows for the 3rd quarter of 2022

In the 3rd quarter of 2022 the net cash from operating activities amounted to PLN 8,978 million and comprised mainly of profit from operations increased by depreciation and amortisation (EBITDA) in the amount of PLN 16,996 million and the negative impact of increase in a net working capital by PLN (2,082) million, paid income tax in the amount of PLN (399) million, profit on investing activities in the amount of PLN (6,667) million mainly related to recognition of a gain on a bargain purchase of Grupa LOTOS in the amount of PLN (5,923) million and settlement and valuation of derivative financial instruments in the amount of PLN (803) million and change in provisions in the amount of PLN 1,706 million.

In the 3rd quarter of 2022 the net cash used in investing activities amounted to PLN (467) million and comprised mainly of net expenses for the acquisition and disposal of property, plant and equipment, intangible assets and right-of-use asset in the amount of PLN (4,299) million, cash in the acquired companies of the LOTOS Group at the time of the merger in the amount of PLN 4,350 million and settlement of derivatives not designated as hedge accounting in the amount of PLN (458) million.

In the 3rd quarter of 2022 net expenses of cash used in financing activities amounted to PLN (180) million and comprised mainly the net inflows of loans and borrowings in the amount of PLN 431 million, payments of liabilities under lease agreements in the amount of PLN (219) million, interest paid in the amount of PLN (168) million and redemption of bonds in the amount of PLN (226) million.

Following inclusion of the revaluation of cash due to exchange differences, the cash balance in the 3rd quarter of 2022 increased by PLN 8,409 million and as at 30 September 2022 amounted to PLN 11,455 million.

Factors and events which may influence future results

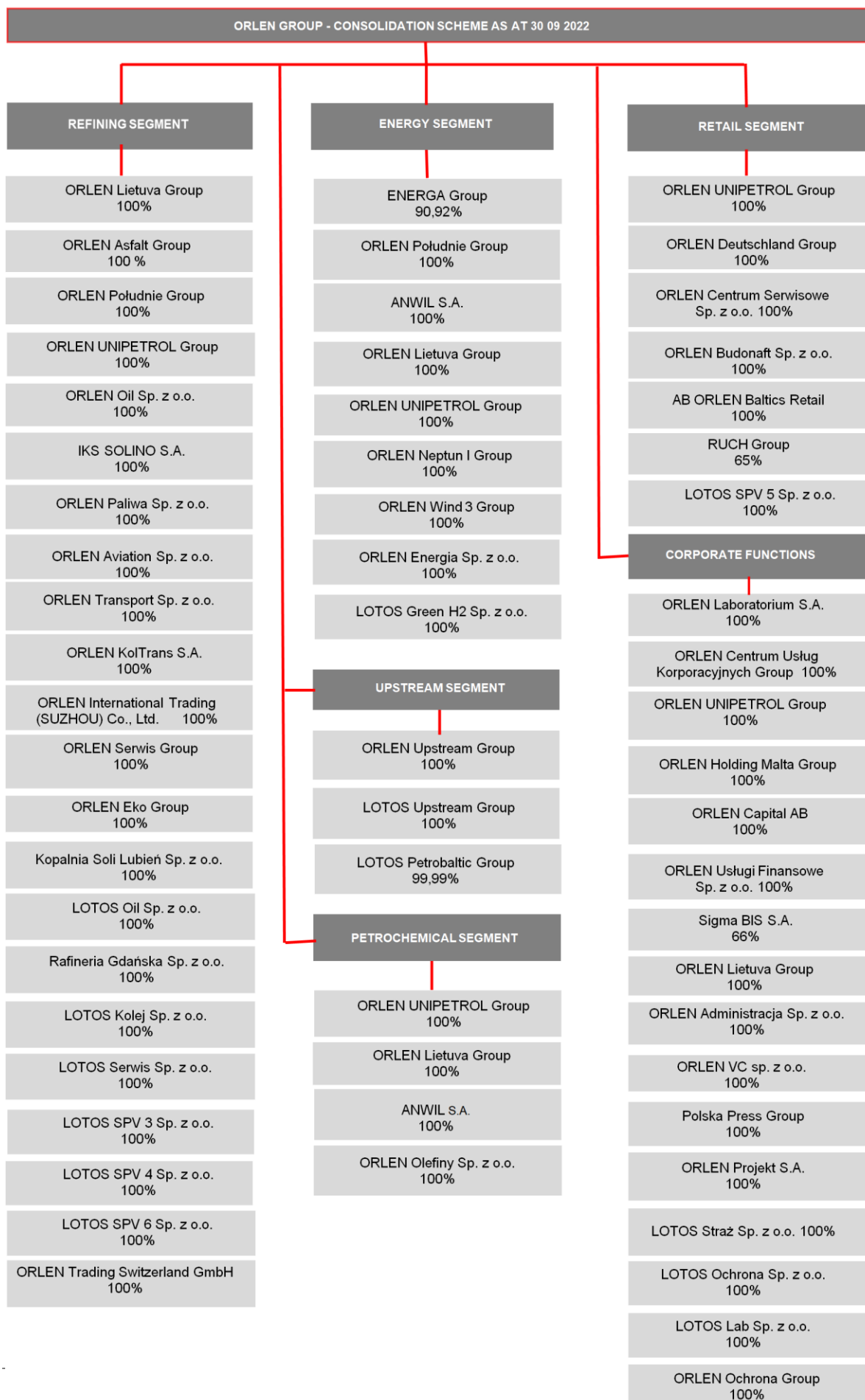
The key factors that will affect future financial results of the ORLEN Group include:

- 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 COVID-19 pandemic in China on the global economy,
- significant increase in inflation and market interest rates,
- the risk of a recession in the global economy,
- the depth and pace of reduction of the global demand for energy carriers,
- EU's climate policy and prices of rights and CO₂ 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,
- renewable electricity generation technology development,
- synergies resulting from the finalization of the Grupa LOTOS and PGNiG acquisition

3.3. Description of the organization of the ORLEN Group

As at 30 September 2022, the ORLEN Group included PKN ORLEN as the Parent Company and entities located in Poland, Germany, the Czech Republic, Lithuania, Malta, Sweden, Slovakia, Hungary, Norway, Cyprus, Estonia, Switzerland, Latvia, Canada and China.

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



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

Name of the Capital Group/Company		Name of the Capital Group/Company	
Refining Segment		Energy Segment	
ORLEN Lietuva Group		ENERGA Group	
AB ORLEN Lietuva	100%	Energa S.A.	90.92%
SIA ORLEN Latvija	100%	Energa-Operator S.A.	100%
OU ORLEN Eesti	100%	Energa Operator Wykonawstwo Elektroenergetyczne Sp. z o.o.	100%
UAB ORLEN Mockavos terminalas	100%	Energa-Obrót S.A.	100%
ORLEN UNIPETROL Group		Energa SLOVAKIA s.r.o.	
ORLEN UNIPETROL RPA s.r.o.	100%	Enspirion Sp. z o.o.	100%
ORLEN UNIPETROL Slovakia s.r.o.	100%	Energa Oświetlenie Sp. z o.o.	100%
ORLEN UNIPETROL Doprava s.r.o.	100%	Energa Wytwarzanie S.A.	100%
ORLEN UNIPETROL Hungary Kft.	100%	Energa Elektrownie Ostrołęka S.A.	89.64%
Petrotrans s.r.o.	100%	Energa Serwis Sp. z o.o.	100%
Paramo a.s.	100%	ECARB Sp. z o.o.	100%
ORLEN Południe Group		ENERGA MFW 1 Sp. z o.o.	
ORLEN Południe S.A.	100%	ENERGA MFW 2 Sp. z o.o.	100%
Konsorcjum Olejów Przepracowanych - Organizacja Odzysku Opakowań i Olejów S.A.	90%	Energa Kogeneracja Sp. z o.o.	35.41%
ORLEN Asfalt Group		Energa LBW 1 sp. z o.o.	
ORLEN Asfalt Sp. z o.o.	100%	CCGT Grudziądz Sp. z o.o.	100%
ORLEN Asfalt Ceska Republika s.r.o.	100%	CCGT Gdańsk Sp. z o.o.	100%
ORLEN Serwis Group		Energa Finance AB	
ORLEN Serwis S.A.	100%	Energa Informatyka i Technologie Sp. z o.o.	100%
UAB ORLEN Service Lietuva	100%	Energa Logistyka Sp. z o.o.	100%
ORLEN Service Česká Republika s.r.o.	100%	Energa Invest Sp. z o.o.	100%
ORLEN Eko Group		Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.	
ORLEN Eko Sp. z o.o.	100%	Energa Kogeneracja Sp. z o.o.	64.59%
ORLEN EkoUtylizacja Sp. z o.o.	100%	Energa Ciepło Ostrołęka Sp. z o.o.	100%
Retail Segment		Energa Ciepło Kaliskie Sp. z o.o.	
ORLEN UNIPETROL Group		CCGT Ostrołęka Sp. z o.o.	
ORLEN UNIPETROL RPA s.r.o.	100%	Energa Green Development Sp. z o.o.	100%
ORLEN Deutschland Group		ORLEN Południe Group	
ORLEN Deutschland GmbH	100%	ORLEN Południe S.A.	100%
ORLEN Detuschland Betriebsgesellschaft mbH	100%	Energomedia Sp. z o.o.	100%
RUCH Group		Bioenergy Project Sp. z o.o.	
RUCH S.A.	65%	CHP Energia Sp. z o.o.	100%
RUCH MARKETING Sp. z o.o.	100%	Bioutil Sp. z o.o.	100%
FINCORES BUSINESS SOLUTIONS Sp. z o.o.	100%	ORLEN Lietuva Group	
RUCH NIERUCHOMOŚCI V Sp. z o.o.	100%	AB ORLEN Lietuva	100%
Petrochemical Segment		ORLEN UNIPETROL Group	
ORLEN UNIPETROL Group		ORLEN UNIPETROL RPA s.r.o.	
ORLEN UNIPETROL RPA s.r.o.	100%	ORLEN Wind 3 Group	
ORLEN UNIPETROL Deutschland GmbH	100%	ORLEN Wind 3 Sp. z o.o.	100%
Spolana s.r.o.	100%	Livingstone Sp. z o.o.	100%
ORLEN Lietuva Group		Nowotna Farma Wiatrowa sp. z o.o.	
AB ORLEN Lietuva	100%	ORLEN Neptun I Group	
Upstream Segment		ORLEN Neptun I Sp. z o.o.	
ORLEN Upstream Group		ORLEN Neptun II Sp. z o.o.	
ORLEN Upstream Sp. z o.o.	100%	ORLEN Neptun III Sp. z o.o.	100%
ORLEN Upstream Canada Ltd.	100%	ORLEN Neptun IV Sp. z o.o.	100%
KCK Atlantic Holdings Ltd.	100%	ORLEN Neptun V Sp. z o.o.	100%
LOTOS Upstream Group		ORLEN Neptun VI Sp. z o.o.	
LOTOS Upstream Sp. z o.o.	100%	ORLEN Neptun VII Sp. z o.o.	100%
LOTOS Exploration and Production Norge AS	100%	ORLEN Neptun VIII Sp. z o.o.	100%
AB LOTOS Geonafra	100%	ORLEN Neptun IX Sp. z o.o.	100%
UAB Genciu Nafta	100%	ORLEN Neptun X Sp. z o.o.	100%
UAB Manifoldas	100%	ORLEN Neptun XI Sp. z o.o.	100%
LOTOS Petrobaltic Group		Corporate Functions	
LOTOS Petrobaltic S.A.	99.99%	ORLEN Ochrona Group	
Energobaltic Sp. z o.o.	100%	ORLEN Ochrona Sp. z o.o.	100%
B8 Sp. z o.o.	100%	ORLEN Apsauga UAB	100%
B8 Sp. z o.o. BALTIC S.K.A.	100%	ORLEN Centrum Usług Korporacyjnych Group	
Miliana Shipholding Company Ltd.	100%	ORLEN Centrum Usług Korporacyjnych Sp. z o.o.	100%
Miliana Shipmanagement Ltd.	100%	Energa Centrum Usług Wspólnych Sp. z o.o.	100%
Bazalt Navigation Company Ltd.	100%	ORLEN UNIPETROL Group	
Granit Navigation Company Ltd.	100%	ORLEN UNIPETROL, a.s.	100%
Kambr Navigation Company Ltd.	100%	ORLEN UniCRE a.s.	100%
St. Barbara Navigation Company Ltd.	100%	ORLEN UNIPETROL RPA s.r.o.	100%
Petro Icarus Company Ltd.	100%	HC Verva Litvinov a.s.	70.95%
Petro Aphrodite Company Ltd.	100%	ORLEN Holding Malta Group	
Technical Ship Management Sp. z o.o.	100%	ORLEN Holding Malta Ltd.	100%
SPV Baltic Sp. z o.o.	100%	Orlen Insurance Ltd.	100%
SPV Petro Sp. z o.o.	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%

Changes in the structure of the ORLEN Group from 1 January 2022 up to the date of preparation of this report

- on 17 February 2022, the name of the company was changed from UAB Mockavos terminalas to UAB ORLEN Mockavos terminalas;
- on 7 March 2022, through the S24 system, Polska Press Sp. z o.o. acquired 100% of shares in a limited liability in PL24 Sp. z o.o.;
- on 10 March 2022, the Extraordinary Meeting of Shareholders of PL24 Sp. z o.o. adopted a resolution on increasing the company's share capital. As a result of the capital increase, 950 shares were created, and all newly created shares were acquired by Polska Press Sp. z o.o.
- on 15 March 2022, an Extraordinary General Meeting of ORLEN Południe S.A. was held, regarding the consent to the increase of the share capital of ORLEN Południe S.A. All new shares were acquired by PKN ORLEN. On 6 June 2022, an increase in the share capital of ORLEN Południe S.A. was registered;
- on 17 March 2022, the transfer of ownership of 10 registered shares in the share capital of Konsorcjum Olejów Przepracowanych - Organizacja Odzysku Opakowań i Olejów S.A. of shares was made to ORLEN Południe S.A, as a result of which the share of ORLEN Południe S.A. in the share capital of the Konsorcjum Olejów Przepracowanych - Organizacja Odzysku Opakowań i Olejów Spółka Akcyjna increased to 90%;
- on 18 March 2022, the Extraordinary General Meeting of Shareholders of CCGT Ostrołęka Sp. z o.o. which adopted a resolution on increasing the share capital of CCGT Ostrołęka Sp. z o.o. All new shares were acquired by PKN ORLEN, which made a cash contribution of PLN 193 million. On 14 April 2022, there was increase in the share capital of CCGT Ostrołęka Sp. z o.o.;
- on 5 April 2022, a resolution was adopted to increase the share capital of ORLEN Neptun I sp.z o.o.;
- on 5 May 2022, the Extraordinary General Meeting of ORLEN Neptun I sp.z o.o. adopted a resolution on making an in-kind contribution in the form of shares owned by PKN ORLEN and representing 100% of the share capital of ORLEN Neptun II - ORLEN Neptun XI. In connection with the above, ORLEN Neptun I sp.z o.o. has its own capital group, which includes 10 ORLEN Neptun companies, II-XI. Thus, ORLEN Neptun II-XI companies no longer report directly to PKN ORLEN.
- on 12 May 2022, the share in ECARB Sp. z o. o. between companies of the ENERGA Group was sold. Currently, the owner is ENERGA OZE S.A., which acquired the share from ENERGA S.A.;
- on 19 May 2022, the Extraordinary Meeting of Shareholders of CCGT Grudziądz Sp. z o.o. adopted a resolution on increasing the share capital;
- on 25 May 2022, a change of name from ENERGA OZE S.A. to Energa Wytwarzanie S.A. was registered in the National Court Register;
- on 26 May 2022, a new company was established in the ENERGA Group in the Wytwarzanie Business Line - Energa LBW 1 Sp. z o.o. .;
- on 27 May 2022, an increase in the share capital of ORLEN Neptun I sp.z o.o. was registered;
- on 2 June 2022, a resolution was adopted to increase the share capital of CCGT Ostrołęka Sp. z o.o. by PLN 254 million. On 26 July 2022, the share capital increase was registered with the National Court Register. After registration, the share of PKN ORLEN in the share capital of CCGT Ostrołęka Sp. z o.o. is 49.99%;
- on 7 June 2022, the Ordinary General Meeting of Sigma BIS adopted a Resolution on increasing the share capital by issuing series C shares, which will be covered by a cash contribution. The payment for the new issue shares was made by contractual deductions with the liabilities due to the PKN ORLEN and PZU S.A. from the Company under the loan agreement concluded between Sigma BIS S.A., PKN ORLEN and PZU S.A. On 8 July 2022, the increase in the share capital of Sigma BIS was registered;
- on 28 June 2022, ENERGA Kogeneracja Sp. z o.o. acquired shares in ENERGA Ciepło Ostrołęka Sp. z o.o.;
- on 29 June 2022, ENERGA Elektrownie Ostrołęka S.A. acquired shares in ENERGA Serwis Sp. z o.o. .;
- on 19 July 2022, the share capital of Bioenergy Project sp.z o.o. was increased. The increase was made by converting the debt into the share capital of Bioenergy Project sp.z o.o., as a result of which ORLEN Południe S.A. took up 2,500 new shares in the share capital of Bioenergy Project sp. z o.o.;
- on 1 August 2022, a merger PKN ORLEN with Grupa LOTOS took place and the acquisition of companies from the former Grupa LOTOS, which at the time of the merger became part of the ORLEN Group, i.e: LOTOS Oil Sp. z o.o., LOTOS Asphalt Sp. z o.o., LOTOS Kolej Sp. z o.o., LOTOS Serwis Sp. z o.o., LOTOS Petrobaltic Group, LOTOS Upstream Group, LOTOS SPV 3 Sp. z o.o., LOTOS SPV 4 Sp. z o.o., LOTOS SPV 5 Sp. z o.o. , LOTOS SPV 6 Sp. z o.o., LOTOS Green H2 Sp. z o.o., LOTOS Lab Sp. z o.o., LOTOS Ochrona Sp. z o.o., LOTOS Straż Sp. z o.o.;
- on 19 August 2022, a new company was established: ORLEN Trading Switzerland GmbH with its headquarters in Switzerland. The company was registered on 24 August 2022;
- on 22 August 2022, the Extraordinary Meeting of Shareholders of CCGT Ostrołęka Sp. z o.o., which adopted a resolution on making additional payments from the Shareholders. Additional payment by PKN ORLEN in the amount of PLN 139 million was contributed on 26 August 2022;
- on 30 August 2022, the National Court Register registered an increase in the share capital of CCGT Grudziądz Sp. z o.o.;
- on 8 September 2022, the National Court Register registered an increase in the share capital of Energa MFW 2 Sp. z o.o.;

- on 16 September 2022 the change of the owner of ECARB Sp. z o.o. from Energa Wytwarzanie S.A. for ENERGA Elektrownie Ostrołęka S.A., took place;
- on 21 September 2022, the National Court Register registered an increase in the share capital of CCGT Grudziądz Sp. z o.o.;
- on 24 October 2022, an agreement was concluded with ORLEN Unipetrol a.s. on voluntary contribution to the non-share capital of ORLEN Unipetrol a.s. in the amount of EUR 229 million;
- on 2 November 2022, the demerger of Rafineria Gdańska was registered, as a result of which an Organized Part of the Business in the form of the Rafineria Gdańska Bitumen Business was transferred to LOTOS SPV2, and the Company's name was changed from LOTOS SPV 2 to Uni - Bitumen Sp. z o. o. and the share capital of Uni-Bitumen was increased,
- on 2 November 2022, a merger of PKN ORLEN with PGNiG S.A., took place and the acquisition of companies from the former PGNiG Group, which at the time of the merger became part of the ORLEN Group, i.e: Exalo Drilling Group, Gas Storage Poland Group, GEOFIZYKA Toruń S.A., PGNiG Obrót Detaliczny Group, PGNiG Serwis Group, PGNiG Supply & Trading Group, PGNiG Technologie Group, PGNiG TERMIKA Group, PGNiG Upstream North Africa B.V., PGNiG Upstream Norway AS, Polska Spółka Gazownictwa Group, Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych Group, PGNiG GAZOPROJEKT S.A.,
- on 21 November 2022, the Extraordinary General Meeting of Shareholders of ORLEN Energia Sp. z o.o. was held, which adopted a resolution to increase the share capital of the company. All new shares are intended to be acquired in their entirety by the current sole shareholder of the company, ie PKN ORLEN.

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. Settlement of acquisition of Grupa LOTOS shares in accordance with IFRS 3 Business Combinations

On 1 August 2022, the District Court for Łódź-Śródmieście in Łódź, XX Commercial Division of the National Court Register, registered the merger of PKN ORLEN with Grupa LOTOS S.A. ("Grupa LOTOS"), ("Merger") and amendments to the Articles of Association of PKN ORLEN adopted by the Extraordinary General Meeting of PKN ORLEN on 21 July 2022, including the increase of the Company's share capital and changes in the composition of the Supervisory Board and the Management Board of the Company.

The merger took place pursuant to Article 492 § 1(1) of the Code of Commercial Companies, therefore, on 1 August 2022, i.e. on the date of recorder in the business register of the National Court Register by the district court, PKN ORLEN took over all the assets of Grupa LOTOS and, subject to exceptions resulting from legal regulations, entered into all rights and obligations of Grupa LOTOS under universal succession. In particular, as of the Merger date, the permits, concessions and licenses granted to Grupa LOTOS were transferred to the Company, unless a relevant act of law or decision awarding a specific permit, concession, license or exemption provide otherwise. At the same time, the share capital of the Company was increased by issuing shares, to issued by the Company to Grupa LOTOS' shareholders ("Merger Shares").

Share capital was increased from PLN 534,636,326.25 to the amount of PLN 783,059,906.25 by issuing 198,738,864 E series ordinary bearer shares with the nominal value of PLN 1.25 each, with the aggregate nominal value of PLN 248,423,580. Shareholders of Grupa LOTOS will be allotted Merger Shares: in accordance with the agreed share swap ratio, under which the shareholders of Grupa LOTOS received 1.075 PKN ORLEN shares (Merger Shares) for 1 share of Grupa LOTOS.

Due to the fact that the number of allotted shares had to be a natural number, in exchange for non-allotted fractions of the Merger Shares resulting from the application of the Share Swap Ratio, the shareholders of Grupa LOTOS received appropriate additional payments in cash.

Reasons and strategic goals for the Merger

LOTOS Group, which was taken over by PKN ORLEN as part of the Merger, was the second largest oil company in Poland, dealing in the extraction and processing of crude oil as well as wholesale and retail sale of petroleum products. Grupa LOTOS was a producer and supplier of, among others, unleaded petrol, diesel fuel, heating diesel oil (light fuel oil), aviation fuel and heavy fuel oil. The corporation also specializes in the production and sale of lubricating oils and asphalts. The companies from the former LOTOS Group, which at the time of the Merger became part of the ORLEN Group, are involved in the extraction of hydrocarbons in the Polish Exclusive Economic Zone of the Baltic Sea, as well as conducting exploration and production works in the field of exploitation of crude oil fields within the area of the Norwegian Continental Shelf and on the territory of Lithuania.

The merger transaction with Grupa LOTOS is the next step in the ORLEN Group's strategy of building a strong and diversified multi-energy corporation, capable of confronting energy transition, assuming a gradual abandonment of hydrocarbons and conventional fuels in favour of new and more sustainable energy sources. The merged corporation will have greater opportunities to diversify its business and compete against the leading actors in the European and global market, as well as implementing investments supporting the corporation's efforts to achieve operating excellence in the existing areas of its operations, including oil extraction and refinery production. By 2030, the ORLEN Group is to become one of the largest integrated producers of petrochemicals in Europe. What is more, in response to the challenges of transformation, the corporation plans to invest significant funds in the development of plastics recycling technologies.

In addition, through the merger, the ORLEN Group implements its strategic goals aimed at maintaining and strengthening its position as a regional leader in the retail sector, with more than 3,500 petrol stations in 7 Central and Eastern European markets,

with an extensive network of electric vehicle charges. At the same time, the merged corporation will have the scale of operations and means necessary to develop in the most innovative and often not yet commercialised areas such as the hydrogen technologies. Here the competence and assets of Grupa LOTOS would be of key importance. As a result, the completed merger with Grupa LOTOS and the related initiatives will contribute to increasing energy security both of Poland and the entire region, which is of crucial importance given the current geopolitical context.

Meeting the required conditions for the merger

Key conditions that had to be met in order to complete the merger with Grupa LOTOS S.A. were as follows:

1. adopt relevant merger resolutions by Grupa LOTOS' General Meeting of containing, in particular, consent to the Merger Plan and approve the proposed amendments to PKN ORLEN's Statutes in connection with the merger - adopted on 20 July 2022;
2. adopt relevant merger resolutions by the PKN ORLEN's General Meeting, including in particular, the increase of the PKN ORLEN's share capital in connection with the Merger, on establishing consolidated text of Statutes inclusive of the amendments made in connection with the Merger, as an amendment to the Statutes, and on the consent to admit and introduce the merger shares to be traded in the regulated market – adopted on 21 July 2022;
3. compliance with the requirements set out in the European Commission's Decision of 14 July 2020 and implementation of Remedies for divestment and performance of part of the behavioural obligations (remaining part of obligations is extended over time in the post-Merger period) - described below;
4. obtaining the approval of the Council of Ministers of the Republic of Poland for the Merger as required by Article 13(5) in conjunction with Article 13(1)(9) and 13(1)(23) of the Act of the Management of State Assets- the Council of Ministers approved on 19 July 2022;
5. no objection being raised by the supervising authority with regard to the secondary acquisition by the State Treasury of a major stake in the Acquiring. Company- the decision regarding the lack of objection was issued on 27 June 2022.

Compliance of the requirements set out in the European Commission's Decision and implementation of Remedies

On 27 February 2018, a letter of intent was signed between the Company and the State Treasury on concentration between the Company and Grupa LOTOS. Carrying out a concentration in accordance with the applicable regulations required the consent of the European Commission. As a result of the proceeding, on 14 July 2020, the European Commission issued a positive conditional decision on the Concentration pursuant to Art. 8 sec. 2, second paragraph of Council Regulation (EC) No. 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation) (Journal of Laws of the EU. L No. 24, p. 1). In connection with the above, the Company was obliged to implement the Remedies specified in the decision in order to prevent the occurrence of negative effects of the planned concentration on competition in the relevant markets. Remedies included commitments of structural and behavioural nature, relating to the structure and policy of the companies participating in the concentration - PKN ORLEN and Grupa LOTOS, including commitments to conclude agreements also covering divestments of assets in five areas: (i) fuel production and wholesale operations; (ii) fuel logistics; (iii) retail activity; (iv) aviation fuel activities; and (v) biofuel production. Remedies were found to be an integral part of the decision and a necessary condition for the concentration. To implement them, the Company and Grupa LOTOS entered into a number of preliminary or conditional agreements obliging the Company and Grupa LOTOS to make certain divestments.

In order to implement Remedies in fuels production market and fuels wholesales market area following agreements were concluded:

1. preliminary agreement on sales of 30% of shares in LOTOS Asfalt Sp. z o.o. headquartered in Gdańsk ("LOTOS Asfalt" currently the company's name is Rafineria Gdańska Sp. z o. o.) ("Preliminary Agreement on Sales of Shares in LOTOS Asfalt") between Grupa LOTOS and Aramco Overseas Company B.V. („Aramco”), with following agreements attached:
 - a) a template of joint venture agreement between PKN ORLEN, Grupa LOTOS, Rafineria Gdańska Sp. z o. o. and Aramco, realizing the requirement of divestment to the independent third party of 30% of the shares in the company, to which refinery located in Gdańsk was contributed as an in-kind contribution and granting guarantee to this third party of contractual rights in the scope of corporate governance,
 - b) a template of processing agreement and offtake agreement between Grupa LOTOS, Rafineria Gdańska Sp. z o. o. and Wholesales Company (defined below), which will be concluded for contractual period of joint venture agreement, referred to in point a) above,
 - c) a template of a framework agreement on storage of obligatory inventories of crude oil between PKN ORLEN and Wholesales Company (defined below), which will be concluded for a period of 10 years from its entry into force,
 - d) a template of a framework agreement on railway logistics outsourcing between PKN ORLEN and Wholesales Company (defined below), which will be concluded for a period when the processing or offtake agreement are in force.

The agreements indicated above will be concluded on the day of concluding of promised agreement on sales of shares in Rafineria Gdańska Sp. z o. o..

The price specified in the Preliminary Agreement on Sales of Shares in Rafineria Gdańska Sp. z o. o. will be calculated on the base of formula specified in the Preliminary Agreement on Sales of Shares in Rafineria Gdańska Sp. z o. o., which consists of fixed element in the amount of approximately PLN 1,15 bn and variable element, depending on the level of debt and working capital of Rafineria Gdańska Sp. z o. o. on the day preceding the signing of the promised agreement.

The Preliminary Agreement on Sales of Shares in Rafineria Gdańska Sp. z o. o. includes material adverse change clause entitling Aramco to withdraw the agreement in case of the certain events described in the agreement occurs.

- preliminary agreement on sales of 100% of shares in LOTOS SPV 1 Sp. z o.o. headquartered in Gdańsk ("Wholesales Company") between Grupa LOTOS and Aramco ("Preliminary Agreement on Sales of Shares in Wholesales Company"). Before concluding of the promised agreement on sales of shares in the Wholesales Company, to that company there will be separated an organised part of fuels wholesales enterprise that is currently conducted by LOTOS Paliwa Sp. z o.o. headquartered in Gdańsk ("LOTOS Paliwa"), ("Wholesales Business").
The price specified in the Preliminary Agreement on Sales of Shares in Wholesales Company will be calculated on the base of formula specified in the Preliminary Agreement on Sales of Shares in Wholesales Company, which consists of fixed element in the amount of approximately PLN 1 bn and variable element, depending on the level of debt and working capital of Wholesales Company on the day preceding the signing of the promised agreement.
The Preliminary Agreement on Sales of Shares in Wholesales Company includes material adverse change clause entitling Aramco to withdraw the agreement in case of the certain events described in the agreement occurs.

In order to implement Remedies in biofuels market area following agreement was concluded:

- preliminary agreement on sales of 100% of shares in LOTOS Biopaliwa Sp. z o.o. headquartered in Gdańsk ("LOTOS Biopaliwa") between Grupa LOTOS and Rossi Biofuel Zrt. ("Preliminary Agreement on Sales of Shares in LOTOS Biopaliwa").
An additional document to the Preliminary Agreement on Sales of Shares in LOTOS Biopaliwa is an agreement on sales of biocomponents between the Company and LOTOS Biopaliwa which will be concluded for a period of 4 years. The agreement on sales of biocomponents, indicated above, will be concluded on the day of concluding of promised agreement on sales of shares in LOTOS Biopaliwa.

In order to implement Remedies in fuels logistics market area following agreements, among others, were concluded:

- preliminary agreement on sales of 100% of shares in LOTOS Terminale S.A. headquartered in Czechowice Dziedzice ("LOTOS Terminale") between Grupa LOTOS and Unimot Investments spółka z ograniczoną odpowiedzialnością („Unimot Investments”), to which a contribution agreement is attached on contribution of four PKN ORLEN fuels depots located in Gdańsk, Szczecin, Gutkowo and Bolesławiec to LOTOS Terminale;
- conditional fuels depot agreement between PKN ORLEN and Unimot Investments which allows PKN ORLEN to use the warehouses in fuels depots located in Gdańsk, Szczecin, Gutkowo and Bolesławiec after the shares in LOTOS Terminale are disposed to Unimot Investments, concluded for a period of 10 years starting from the date of its entry into force;
- conditional preliminary agreement between PKN ORLEN and Unimot Investments and Unimot S.A. on renting and settlements of expenditures which describes the obligation of the Company, Unimot Investments and Unimot S.A. to conclude a promised agreement on conditions of realization of the investment of building a fuels depot located in Szczecin, that will be owned and operated by LOTOS Terminale.
The contribution agreement, indicated above, will be concluded between PKN ORLEN and LOTOS Terminale after concentration between the Company and Grupa LOTOS is realized.

In order to implement Remedies in retail market area following agreement was concluded:

- preliminary agreement of sales of shares in LOTOS Paliwa between Grupa LOTOS and MOL Hungarian Oil and Gas Public Limited Company („MOL”) ("Preliminary Agreement of Sales of Shares in LOTOS Paliwa"), from which, before concluding of promised agreement of sales of shares in LOTOS Paliwa, Wholesales Business will be separated, consisting of in total 417 fuel stations of LOTOS retail network, located in Poland;
Additional document to the Preliminary Agreement of Sales of Shares in LOTOS Paliwa is a conditional agreement on sales of fuels to MOL Group, between PKN ORLEN and MOL, which will be concluded for a period of up to 8 years.
The price specified in the Preliminary Agreement of Sales of Shares in LOTOS Paliwa will be calculated on the base of formula specified in the Preliminary Agreement of Sales of Shares in LOTOS Paliwa, which consists of fixed element in the amount of approximately USD 610 million and variable element, depending on the level of debt and working capital of LOTOS Paliwa on the last day of the month preceding the month in which the promised agreement will be signed.
The Preliminary Agreement of Sales of Shares in LOTOS Paliwa includes a material adverse change clause, according to which, in case of occurrence of the events strictly defined in the agreement the price for shares in LOTOS Paliwa will be reduced accordingly based on agreed formula.

In order to implement Remedies in aviation fuels market area following agreements were concluded:

- preliminary agreement on sales of all shares owned by Grupa LOTOS in LOTOS-Air BP Polska Sp. z o.o. headquartered in Gdańsk ("LOTOS-Air BP") between Grupa LOTOS and Aramco;
- conditional agreement on sales of aviation fuel to LOTOS-Air BP, between PKN ORLEN and LOTOS-Air BP concluded for a period of 15 years from the date of its entry into force;
- conditional agreement on LOTOS-Air BP aviation fuel storage in Olszanica between PKN ORLEN and LOTOS-Air BP concluded for a period of 15 years from the date of its entry into force;
- conditional agreement on providing services of operating activity support in case of force majeure, between PKN ORLEN, ORLEN Aviation Sp. z o.o. headquartered in Warsaw and LOTOS-Air BP, concluded for a period of 15 years from the date of its entry into force.

In order to implement Remedies in bitumen market area following agreements, among others, were concluded:

1. preliminary agreement on sales of 100% of shares in LOTOS Terminale, which, before concluding of promised agreement of sales of shares will acquire 100% of shares in LOTOS SPV 2 Sp. z o.o. ("Bitumen Company"), between PKN ORLEN and Unimot Investments. Beforehand, Bitumen Business will be separated to Bitumen Company.
2. conditional bitumen sales agreement between Grupa LOTOS, PKN ORLEN and Unimot Investments, which will be concluded for a period of 10 years from its entry into force with option to extend this period by another two 5 years periods on terms previously agreed between parties.

On 20 June 2022, the European Commission approved the parties and the terms of the agreements described above, confirming that they meet the requirements set out in the decision and the identity of the contractors. Conclusion of promised agreements with the abovementioned buyers and, depending on the case, entry into force of conditional contracts should take place within 6 months from the date of their approval by the European Commission.

Up to the date of preparation of these interim condensed consolidated financial statements, the following events have occurred with respect to the Remedies described above:

- on 3 October 2022, the Group signed an agreement to sell 100% of shares in LOTOS Biopaliwa to Rossi Biofuel Zrt. 100% sale agreement shares in LOTOS Biopaliwa is accompanied by a 4-year contract concluded by PKN ORLEN for the purchase of biocomponents manufactured in Czechowice-Dziedzice.
- on 31 October 2022, the division of LOTOS Paliwa was registered, as a result of which the division of LOTOS SPV1 Sp. z o.o. an organized part of the enterprise was contributed in the form of the Wholesale Business of LOTOS Paliwa.
- on 2 November 2022, the division of Rafineria Gdańska Sp. z o.o. (formerly LOTOS Asphalt), as a result of which LOTOS SPV2 Sp. z o.o. an organized part of the enterprise was brought in in the form of the Bitumen Activity of Rafineria Gdańska Sp. z o.o. Additionally, the name of the company was changed from LOTOS SPV 2 to Uni-Bitumen Sp. z o.o. As at 15 November 2022 PKN ORLEN signed an contribution in kind agreement, based on which shares in Uni-Bitumen Sp. z o.o. were contributed in kind to LOTOS Terminale, as a result of which LOTOS Terminale became the owner of 100% of the company's shares.
- on 2 November 2022, the division of LOTOS Paliwa was registered, as a result of which the LOTOS SPV5 Sp. z o.o. an organized part of the enterprise was brought in in the form of a part of petrol stations not covered by the Remedial Measures.

Pursuant to the obligations resulting from the decision of the European Commission of 14 July 2020, a number of protective mechanisms were introduced in relation to the divested activities (excluding the sold activities including shares in the Gdańsk Refinery) to separate the activities of the companies covered by the Remedial Measures from other activities of the ORLEN Group, which are expected to function until the final disposal of these investments. In particular, the protection mechanisms include, but are not limited to:

- the obligation to maintain the divested activities in a non-deteriorated condition,
- obligation to separate the activities of the divested companies from other activities of the ORLEN Group,
- the obligation to limit the flow of confidential information related to the Divested Activities.

The Group conducted a detailed analysis of the facts and circumstances related to the functioning of the above-mentioned protective mechanisms in order to determine whether the criteria for exercising control specified in IFRS 10 are met.

Based on its professional judgment, the Group assessed that as at the merger date it does not control the companies that will be subject to divestment as part of the implementation of the Remedies, with the exception of the Gdańsk Refinery, to which the above mechanisms do not apply. As a result, the Group classified investments in LOTOS Terminale S.A., LOTOS Infrastruktura S.A., RCEkoenergia Sp. z o.o., LOTOS SPV 2 Sp. z o.o., LOTOS Paliwa sp.z o.o., LOTOS SPV 1 Sp. z o.o., LOTOS Biopaliwa sp.z o.o., LOTOS-Air BP Polska Sp. z o.o., as financial assets measured at fair value through profit or loss in accordance with IFRS 9.

As at 30 September 2022 the value of stocks and shares of companies subject to divestment valued at fair value through profit or loss was presented in the other financial assets measured at fair value through profit or loss. Additional information note [5.8](#).

In addition, the Group analysed the classification of the group of assets of Rafineria Gdańska Sp. z o.o. relating to the refining and bitumen (asphalt) activities as at the merger date as held for sale in accordance with IFRS 5. The groups of assets relating to the refining and asphalt activities were acquired by the Group solely for the purpose of sale as part of Remedial Measures, will be sold within 1 year and will be ready for sale in the short term following the acquisition date (slightly more than 3 months from the merger date).

Thus, the Group assessed that, as at the merger date, they meet the criteria to be recognised as held for sale in accordance with IFRS 5. After the sale of 30% of shares in Rafineria Gdańska Sp. z o.o. to Aramco, refining activities will be covered by a joint venture agreement between PKN ORLEN and Aramco and on the basis of a separate analysis the Group assessed that, as a consequence the retained after the transaction investment in Rafineria Gdańska will be recognised as a joint arrangement constituting a joint operation.

In connection with the above, the Group, when choosing the accounting policy, decided to recognise 100% of the assets and liabilities related to refining activities as held for sale in accordance with IFRS 5. In accordance with the principles set out in IFRS 11, after the sale of 30% of shares in Rafineria Gdańska Sp. z o. o. to Aramco, the Group will present its share in the joint operation by recognising the relevant parts of assets, liabilities, revenues and costs resulting from the rights and obligations assigned to it under signed agreements. Thus, after the transaction and the recognition of the investment in Rafineria Gdańska as a joint operation, the Group will recognise in individual items of the statement of financial position 70% of assets and liabilities of Rafineria Gdańska held and incurred

jointly with Aramco (including production assets of the refining activity of this company) and an appropriate share in assets and liabilities to which other settlement rules based on joint operation agreements will apply.

As at 30 September 2022 assets held for sale and liabilities directly related to them amounted to PLN 6,906 million and PLN 1,543 million, respectively. Additional information is presented in note [5.9](#).

Additional agreements in connection with the Merger

PKN ORLEN has concluded a conditional framework sales and purchase agreement with MOL ("Framework Agreement") as a result of which companies belonging to the ORLEN Group will purchase from MOL 144 fuel stations located in Hungary and 41 fuel stations located in Slovakia for the total price amounting to approximately EUR 229 million ("Transactions"). The price is subject to be corrected as of the Transaction settlement day due to changes in the level of net debt and working capital of the acquiring assets in relation to their reference values.

The Transactions shall be closed in 12 months from the day of signing of the Framework Agreement, however the actual acceptance of all acquiring assets shall be made in 18 months from the day of the Transactions closing.

Closing of the Transaction subjects to, among others, obtaining a certain approval of the Commission and the former purchase of 100% of shares in LOTOS Paliwa by MOL.

Additionally PKN ORLEN concluded with Saudi Arabian Oil Company a long term agreement on crude oil deliveries to the ORLEN Group companies. On the base of the agreement, after the merger PKN ORLEN will secure deliveries of the crude oil from Saudi Arabian Oil Company to ORLEN Group in the amount from 200 to 337 thousand barrels daily.

PKN ORLEN also concluded with Saudi Arabian Oil Company and Saudi Basic Industries Corporation a memorandum of understanding on cooperation to analyse, prepare and realize common investments in petrochemical segment. As potential areas of cooperation will be analysed, among others, development projects in olefins and olefin derivatives, including aroma derivatives, in Poland and in Central and Eastern Europe.

PKN ORLEN also signed with Saudi Arabian Oil Company a memorandum of understanding on cooperation for the common analyses, preparation and realization of research and development projects, as well within the sustainable development technology.

Agreement with the State Treasury

20 July 2022 there has been signed an agreement between the Company and the State Treasury regarding the planned merger of the Company with Grupa LOTOS S.A. ("Agreement").

The Agreement sets forth the Company's declarations of intent not constituting a contractual obligation of the Company regarding: (i) realization of the energy policy of Poland for crude oil and liquid fuels (traditional) and (ii) continuation of employment policy towards employees of the LOTOS Group, who will become employees of the Company's capital group after the merger, assuring proper and safe operating of the workplaces belonging to the LOTOS Group before the merger and also Company's commitment to continue key investments that are realized by Grupa LOTOS before the merger, indicated in the Agreement.

The parties of the Agreement assumes that after the merger of the Company with Grupa LOTOS the key investments of Grupa LOTOS, indicated in the Agreement, will be continued in the minimum scope specified in the Agreement ("Investment Commitments"). The Company declared that immediately after the merger it will verify the conditions for continuation of these investments.

The Company declared also that after the merger and subject to the exceptions described in the Agreement it will take steps towards: (i) diversifying of the supplies of natural resources, in particular crude oil and independence of Poland from Russian crude oil deliveries, (ii) strengthening of the Company's position on the production and distribution of liquid fuels (traditional) market while endeavouring to reduce their emissivity, (iii) development of the Company on the petrochemical products market, including searching for and undertaking investments, (iv) research and projects on the use of alternative fuels, as well as electromobility and (v) maintaining the proper operation of Gdańsk refinery.

Declaration on the Company's realization of the energy policy of Poland will be realized in the scope permitted by the generally applicable law and provisions of the Company's Articles of Association.

The Agreement is not legally binding except for selected provisions regulating, among others, execution of the Investment Commitments, including the Company's liability for breach of these obligations.

In case of culpable non-performance or improper performance of legally binding Investment Commitments by the Company and ineffective expiry of the deadlines provided by the parties of the Agreement to develop the recovery plan for non-performance or improper performance of the Investment Commitments, the Company will be obliged to pay contractual penalties to the State Treasury, which are in a precisely defined amount described in the Agreement.

Subject to the exceptions set out in the Agreement, it will remain in force for a period of 10 years from the date of its conclusion and will be automatically extended in the circumstances defined in the Agreement, for the period necessary for realization of the Investment Commitments. The Agreement entered into force in principle on the date of the merger of the Company with Grupa LOTOS, i.e. with the date of entry the merger in the relevant register.

In the Company's opinion, as at the date of preparation of these interim condensed consolidated financial statements, there is no risk that the conditions contained in an agreement with the State Treasury could not be met.

Temporary settlement of the transaction

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 PKN ORLEN increased the share capital by issuing shares, which were then allocated to the shareholders of Grupa LOTOS, therefore the Company assessed the facts and circumstances of the transaction in order to determine which of the merging companies is an entity poignant.

Based on its professional judgment, the Company assessed that it is the acquirer which obtained control over Grupa LOTOS through the merger transaction.

As at 30 September 2022, 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 of Grupa LOTOS assumed recognised as at the acquisition date are as follows:

		01/08/2022
Assets acquired	A	35 470
Non-current assets		6 265
Property, plant and equipment		3 981
Intangible assets		57
Right-of-use asset		827
Deferred tax assets		121
Derivatives		158
Other assets		1 121
Current assets		29 205
Inventories		7 901
Trade and other receivables		5 949
Current tax assets		6
Cash		4 369
Assets classified as held for sale		7 172
Derivatives		90
Other assets		3 718
Assumed liabilities	B	14 575
Non-current liabilities		3 736
Loans, borrowings and bonds		525
Provisions		1 466
Deferred tax liabilities		1 003
Lease liabilities		650
Other liabilities		92
Current liabilities		10 839
Trade and other liabilities		5 851
Lease liabilities		201
Liabilities from contracts with customers		7
Loans, borrowings and bonds		474
Provisions		184
Current tax liabilities		1 833
Other liabilities		736
Liabilities directly associated with assets classified as held for sale		1 553
Total temporary net assets	C = A - B	20 895
Purchase price *	D	15 124
The value of pre-existing connections	E	152
Temporary gain on bargain purchase of Grupa LOTOS	F = C - D + E	5 923

* 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.

As part of the transaction, the previously existing relations between PKN ORLEN and Grupa LOTOS were settled at the estimated fair value of PLN (152) million, which corresponded to the net value of receivables and liabilities between the two companies resulting from trade agreements in progress that expired as at 1 August 2022 by operation of law as a result of registration of the merger. The Group presented under Other assets investments in companies covered by Remedial Measures classified as financial assets measured at fair value through profit or loss at the estimated fair value of PLN 3,585 million. The shown provisional fair value was estimated based on the formulas for determining the sales prices specified in the preliminary sale agreements of these companies, which consist of a fixed element and a variable element, depending on the amount of debt and working capital, which for the purposes of estimating the fair value was determined based on available financial data of individual companies as at 31 December 2021. The fair value of investments in companies subject to Remedial Measures classified as financial assets measured at fair value through profit or loss, estimated as at the merger date, will change in subsequent reporting periods as the Group executes the Remedial Measures and determines the final sale prices.

Under the items Assets held for sale and Liabilities related to assets held for sale, the Group recognized the assets and liabilities of Rafineria Gdańska relating to the remedied bitumen and refining operations, at their book value as at the merger date.

The temporary fair value of the acquired trade receivables and other receivables as at the takeover date was PLN 5,949 million, with the gross value of these receivables resulting from the concluded contracts amounting to PLN 6,028 million as at that date. In accordance with the best estimates, the Group considers the repayment of the disclosed trade and other receivables in the amount of PLN 5,949 million as probable.

The provisional value of the identifiable assets acquired and liabilities assumed as at the merger date exceeds the fair value of the consideration transferred, therefore, taking into account the value of the previously existing connections, a gain on a bargain purchase of PLN 5,923 million was generated on the provisional settlement of the merger.

The profit on a bargain purchase may change within 12 months from the date of the merger as part of the final settlement of the merger with Grupa LOTOS S.A.

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

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 of PKN 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 the Group's revenues and net results for the 3 months of 2022 amounted to PLN 10,896 million and PLN 1,395 million, respectively. If the merger had taken place at the beginning of the period, the Group's net profit (decreased by the bargain purchase of the LOTOS Group) would have been PLN 19,169 million, and sales revenues would have amounted to PLN 200,719 million.

4. Segment's data

As at 30 September 2022 the operations of the ORLEN Group were conducted in:

- the Refining segment, which includes refinery products processing and wholesale, oil production and sale as well as supporting production,
 - the Petrochemical segment, which includes the production and wholesale of petrochemicals, production and sale of chemicals and supporting production,
 - the Energy segment, which includes production, distribution and sale of electricity and heat and trading in electricity,
 - the Retail segment, which includes mainly activity carried out at petrol stations and activity of RUCH Group,
 - the Upstream segment, which includes activity related to exploration and extraction of mineral resources conducted through the ORLEN Upstream Group, LOTOS Upstream Group, LOTOS Petrobaltic Group
- 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](#).

In 3rd quarter of 2022, the Group presented the entire value of the temporary gain on a bargain purchase resulting from the merger with Grupa LOTOS within the Corporate Functions segment, as this is a one-off event that does not affect the Group's decisions on how to allocate resources and the assessment of the performance of individual operating segments.

The effect of valuation and settlement of CO₂ forward contracts not covered by hedge accounting is allocated to individual business segments based on the distribution key established on the basis of the Group's estimated emissions in a given year. Additional information is presented in note [5.5](#).

**Revenues, costs, financial results, increases in non-current assets
for the 9-month period ended 30 September 2022**

	Refining Segment (unaudited)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
External revenues	87 809	19 359	18 331	48 699	1 640	409	-	176 247
Inter-segment revenues	41 835	4 382	5 717	118	6	555	(52 613)	-
Sales revenues	129 644	23 741	24 048	48 817	1 646	964	(52 613)	176 247
Total operating expenses	(110 920)	(21 599)	(21 298)	(47 283)	(521)	(2 013)	52 608	(151 026)
Other operating income	743	455	1 024	34	5	5 969	-	8 230
gain on bargain purchase of the LOTOS Group	-	-	-	-	-	5 923	-	5 923
Other operating expenses	(6 965)	(824)	(1 266)	(63)	(170)	(176)	-	(9 464)
(Loss)/reversal of loss due to impairment of trade receivables	-	-	(42)	(2)	-	6	-	(38)
Share in profit from investments accounted for using the equity method	6	214	59	-	1	-	-	280
Profit/(Loss) from operations	12 508	1 987	2 525	1 503	961	4 750	(5)	24 229
Net finance income and costs								(1 092)
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables								(5)
Profit before tax								23 132
Tax expense								(3 855)
Net profit								19 277
Depreciation and amortisation	1 138	816	1 240	630	307	234	-	4 365
EBITDA	13 646	2 803	3 765	2 133	1 268	4 984	(5)	28 594
Increases in non-current assets	2 739	3 819	2 639	794	517	278	-	10 786

for the 3-month period ended 30 September 2022

	Refining Segment (unaudited)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
External revenues	40 949	5 706	6 880	18 386	934	141	-	72 996
Inter-segment revenues	15 298	1 464	2 220	43	6	219	(19 250)	-
Sales revenues	56 247	7 170	9 100	18 429	940	360	(19 250)	72 996
Total operating expenses	(49 653)	(6 858)	(8 199)	(17 776)	(239)	(715)	19 245	(64 195)
Other operating income	654	91	620	9	19	5 931	-	7 324
gain on bargain purchase of the LOTOS Group	-	-	-	-	-	5 923	-	5 923
Other operating expenses	(142)	(71)	(334)	(20)	(51)	(55)	-	(673)
(Loss)/reversal of loss due to impairment of trade receivables	1	(1)	(10)	(1)	-	1	-	(10)
Share in profit from investments accounted for using the equity method	4	19	11	-	1	1	-	36
Profit/(Loss) from operations	7 111	350	1 188	641	670	5 523	(5)	15 478
Net finance income and costs								(777)
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables								(1)
Profit before tax								14 700
Tax expense								(1 951)
Net profit								12 749
Depreciation and amortisation	405	274	412	214	132	81	-	1 518
EBITDA	7 516	624	1 600	855	802	5 604	(5)	16 996
Increases in non-current assets	992	1 361	1 468	269	263	165	-	4 518

for the 9-month period ended 30 September 2021

	Refining Segment (unaudited) (restated data)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited) (restated data)
External revenues	38 014	10 889	11 423	29 280	545	276	-	90 427
Inter-segment revenues	18 869	1 458	2 500	69	-	417	(23 313)	-
Sales revenues	56 883	12 347	13 923	29 349	545	693	(23 313)	90 427
Total operating expenses	(53 318)	(11 134)	(12 494)	(27 636)	(428)	(1 533)	23 313	(83 230)
Other operating income	1 931	889	975	46	2	205	-	4 048
Other operating expenses	(2 156)	(45)	(190)	(45)	(151)	(122)	-	(2 709)
(Loss)/reversal of loss due to impairment of trade receivables	(4)	(2)	(52)	(6)	(1)	6	-	(59)
Share in profit from investments accounted for using the equity method	-	266	121	-	-	1	-	388
Profit/(Loss) from operations	3 336	2 321	2 283	1 708	(33)	(750)	-	8 865
Net finance income and costs								(286)
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables								(7)
Profit before tax								8 572
Tax expense								(1 528)
Net profit								7 044
Depreciation and amortisation	999	723	1 173	608	237	193	-	3 933
EBITDA	4 335	3 044	3 456	2 316	204	(557)	-	12 798
Increases in non-current asset	1 553	2 213	1 747	739	213	184	-	6 649

for the 3-month period ended 30 September 2021

	Refining Segment (unaudited) (restated data)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited) (restated data)
External revenues	16 156	4 458	3 805	11 696	210	117	-	36 442
Inter-segment revenues	8 075	719	898	31	-	141	(9 864)	-
Sales revenues	24 231	5 177	4 703	11 727	210	258	(9 864)	36 442
Total operating expenses	(22 498)	(4 702)	(4 269)	(10 985)	(151)	(497)	9 864	(33 238)
Other operating income	507	246	269	14	2	194	-	1 232
Other operating expenses	(520)	(8)	(51)	(11)	(11)	(56)	-	(657)
(Loss)/reversal of loss due to impairment of trade receivables	(3)	(1)	(15)	(2)	-	-	-	(21)
Share in profit from investments accounted for using the equity method	-	90	9	-	-	1	-	100
Profit/(Loss) from operations	1 717	802	646	743	50	(100)	-	3 858
Net finance income and costs								(298)
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables								(3)
Profit before tax								3 557
Tax expense								(629)
Net profit								2 928
Depreciation and amortisation	338	241	398	203	80	68	-	1 328
EBITDA	2 055	1 043	1 044	946	130	(32)	-	5 186
Increases in non-current assets	682	819	572	271	74	63	-	2 481

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

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

Assets by operating segments

	30/09/2022 (unaudited)	31/12/2021
Refining Segment	66 966	35 343
Petrochemical Segment	24 145	17 897
Energy Segment	33 080	29 399
Retail Segment	12 953	11 688
Upstream Segment	10 634	4 284
Segment assets	147 778	98 611
Corporate Functions	21 190	8 228
Adjustments	(314)	(85)
	168 654	106 754

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

5. Other notes

5.1. Sales revenues

PROFESSIONAL JUDGMENT

Based on analyses of contractual clauses in sales contracts, the Group identified the agency model mainly in the area of natural gas and LPG sales and non-fuel merchandise sales by ORLEN Deutschland to customers network.

The loyalty program VITAY liability, arises at the time of sales of goods and services at own and franchise petrol stations for each single sale transaction and in case of purchase by the Group's customers in partner's e-Shops and consists of calculating points entitling to discounts on future purchases. A ratio of 68.5% is adopted to recognise liability taking into account the probability of its on realisation, based on empirical data of points used compared to those issued to the customer in the last 36 months.

The Group assessed, that marketing services in Retail segment provided to suppliers are inseparably linked to the purchase of these merchandise, hence revenues from marketing services reduce costs related to their purchase and release for sale.

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)
Revenues from sales of finished goods and services	145 001	61 485	70 419	29 004
<i>revenues from contracts with customers</i>	144 734	61 383	70 194	28 920
<i>excluded from scope of IFRS 15</i>	267	102	225	84
Revenues from sales of merchandise and raw materials	31 246	11 511	20 008	7 438
<i>revenues from contracts with customers</i>	31 246	11 511	20 008	7 438
Sales revenues, incl.:	176 247	72 996	90 427	36 442
<i>revenues from contracts with customers</i>	175 980	72 894	90 202	36 358

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

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

	2 MONTHS ENDED 30/09/2022 (unaudited)
Revenues from sales of finished goods and services	10 649
<i>revenues from contracts with customers</i>	10 635
<i>excluded from scope of IFRS 15</i>	14
Revenues from sales of merchandise and raw materials	247
<i>revenues from contracts with customers</i>	247
Sales revenues, incl.:	10 896
<i>revenues from contracts with customers</i>	10 882

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 and press supply and subscription as well as courier distribution services. Under these agreements, the Group acts as a principal.

Transaction prices in existing contracts with customers are not subject to restrictions, except for prices for customers of G tariff (households) groups and electricity and heat distribution approved by the President of Energy Regulatory Office (Urząd Regulacji Energetyki, URE in Polish) in the Energy 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 Group does not identify revenues for which the receipt of payment is conditional and therefore 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 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 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 and Petrochemical 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 segment, revenue for energy delivered in the period and energy distribution, are recognised monthly and are determined on the basis of billed price and volumes as well as additional estimations. The estimates 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. Accounts with customers are settled on 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 and a part of revenues related to penalties. Revenue from contracts with a variable amount is presented mainly in the Refining, Petrochemical and Energy segments. Contracts accounted for on the basis of time and effort consumed include long-term contracts, among them construction and IT contracts.

As part of the Refining and Petrochemical segments, with respect to sales of petrochemical and refinery 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.

Revenue recognised over time mainly relate to the sale of electricity and energy distribution services within the Energy 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. These revenues are recognised using the output method for the delivered units of goods.

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

As at 30 September 2022 the Group analysed the value of the transaction price allocated to unfulfilled performance obligations.

The unfulfilled or partially unfulfilled performance obligations as at 30 September 2022 mainly concerned contracts for the sale of electricity and power media and for the supply of newspapers, subscriptions, advertising broadcast, parcel delivery and collection services that will end within 2022 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 2,898 fuel stations: 2,370 own brand stations and 528 stations operated under franchise agreements and carries out sales through 850 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 and Upstream segment are carried out using a network of complementary infrastructure components: fuel terminals, land transshipment bases, pipeline networks, as well as rail transport and tanker trucks. Sales and distribution of energy to customers in the Energy segment are carried out mostly with the use of own distribution infrastructure.

5.1.1. Sales revenues of operating segments according to product type

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)
Refining Segment				
Revenue from contracts with customers IFRS 15	87 795	40 944	38 001	16 151
Light distillates	16 709	7 068	9 000	4 011
Medium distillates	60 966	28 540	22 841	9 566
Heavy fractions	7 966	3 440	4 081	1 913
Other*	3 477	1 886	2 074	623
Effect of the settlement of cash flow hedge accounting	(1 323)	10	5	38
Excluded from scope of IFRS 15	14	5	13	5
	87 809	40 949	38 014	16 156
Petrochemical Segment				
Revenue from contracts with customers IFRS 15	19 353	5 704	10 883	4 456
Monomers	4 145	1 168	2 288	1 173
Polymers	3 559	1 027	2 634	978
Aromas	1 558	484	945	320
Fertilizers	2 051	577	840	331
Plastics	2 431	640	1 301	590
PTA	2 094	673	1 178	415
Other**	3 515	1 135	1 697	649
Excluded from scope of IFRS 15	6	2	6	2
	19 359	5 706	10 889	4 458
Energy Segment				
Revenue from contracts with customers IFRS 15	18 302	6 871	11 415	3 799
Excluded from scope of IFRS 15	29	9	8	6
	18 331	6 880	11 423	3 805
Retail Segment				
Revenue from contracts with customers IFRS 15	48 513	18 319	29 100	11 632
Light distillates	18 638	7 012	11 422	4 761
Medium distillates	26 014	9 871	14 266	5 611
Other***	3 861	1 436	3 412	1 260
Excluded from scope of IFRS 15	186	67	180	64
	48 699	18 386	29 280	11 696
Upstream Segment				
Revenue from contracts with customers IFRS 15	1 629	923	544	209
NGL ****	402	130	271	104
Crude oil	305	163	57	22
Natural Gas	913	625	212	83
Other	9	5	4	-
Excluded from scope of IFRS 15	11	11	1	1
	1 640	934	545	210
Corporate Functions				
Revenue from contracts with customers IFRS 15	388	133	259	111
Excluded from scope of IFRS 15	21	8	17	6
	409	141	276	117
	176 247	72 996	90 427	36 442

* 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)

During the 9 and 3-month period ended 30 September 2022 and 30 September 2021 revenues from none of Group leading customers individually exceeded 10% of the total sales revenues of the ORLEN Group.

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

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)
Revenue from contracts customers				
<i>Poland</i>	95 410	39 743	49 215	19 602
<i>Germany</i>	19 294	7 254	12 455	4 907
<i>Czech Republic</i>	22 482	8 985	10 317	4 217
<i>Lithuania, Latvia, Estonia</i>	12 499	5 302	5 387	2 345
<i>Other countries, incl.:</i>	26 295	11 610	12 828	5 287
<i>Switzerland</i>	5 371	2 071	3 248	1 371
<i>Ireland</i>	4 525	2 434	1 449	643
<i>Ukraine</i>	3 048	1 632	1 504	664
	175 980	72 894	90 202	36 358
excluded from scope of IFRS 15				
<i>Poland</i>	76	32	44	19
<i>Germany</i>	68	24	72	23
<i>Czech Republic</i>	121	45	107	40
<i>Lithuania, Latvia, Estonia</i>	1	-	1	1
<i>Other countries</i>	1	1	1	1
	267	102	225	84
	176 247	72 996	90 427	36 442

Position Other countries comprises also sales to customers from Slovakia, Singapore, Great Britain and the Netherlands.

5.2. Operating expenses
Cost by nature

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)
Materials and energy	(104 098)	(45 602)	(51 299)	(21 933)
Cost of merchandise and raw materials sold	(27 259)	(9 143)	(17 331)	(6 418)
External services	(5 768)	(2 209)	(4 504)	(1 624)
Employee benefits	(4 353)	(1 649)	(3 612)	(1 174)
Depreciation and amortisation	(4 365)	(1 518)	(3 933)	(1 328)
Taxes and charges	(5 860)	(1 992)	(4 530)	(1 620)
Other	(673)	(296)	(584)	(230)
	(152 376)	(62 409)	(85 793)	(34 327)
Change in inventories	3 510	669	2 242	974
Cost of products and services for own use and other	(2 160)	(2 455)	321	115
Operating expenses	(151 026)	(64 195)	(83 230)	(33 238)
Distribution expenses	7 830	2 999	6 082	2 214
Administrative expenses	2 283	849	1 927	597
Cost of sales	(140 913)	(60 347)	(75 221)	(30 427)

The increase in taxes and charges in the 9 and 3-month period ended 30 September 2022 by PLN (1,330) million and PLN (372) million, respectively, resulted mainly from the revaluation of the provision for the estimated costs of CO₂ emissions for 2021 and the recognition of a provision for the estimated costs of CO₂ emissions for 9 and 3-months of 2022 taking into account the settlement of the grant for entitlements received free of charge for the year in the total amount of PLN (3,202) million and PLN (955) million, respectively compared to PLN (1,571) million and PLN (337) million in the corresponding period of 2021. The higher costs of creating and updating the provision for the 9 and 3-months of 2022 were influenced by both the higher weighted average price of the CO₂ rights held, resulting from the acquisition of CO₂ rights under the term contracts held by the Group, as well as the fact that for the estimated emissions of some not covered by the rights held as at the reporting date, the value of the provision was calculated based on market prices.

In line Cost of products and services for own use and other, the Group presented the value of finished goods purchased as part of the merger with Grupa LOTOS in the amount of PLN 2,608 million.

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

	2 MONTHS ENDED 30/09/2022 (unaudited)
Materials and energy	(7 892)
Cost of merchandise and raw materials sold	(257)
External services	(251)
Employee benefits	(170)
Depreciation and amortisation	(117)
Taxes and charges	(111)
Other	(75)
	(8 873)
Change in inventories	2 415
Cost of products and services for own use and other	(2 000)
Operating expenses	(8 458)
Distribution expenses	255
Administrative expenses	80
Cost of sales	(8 123)

5.3. Impairment allowances of inventories to net realizable value

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)
Increase	(193)	(114)	(60)	(16)
Decrease	119	40	71	30

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

As at 30 September 2022, the ORLEN Group conducted an analysis of the impairment of assets, including verification of the main assumptions subject to impairment tests of assets in the ORLEN Group as at 30 June 2022 in accordance with IAS 36 "Impairment of assets" related to:

- a change in the macroeconomic environment, the prices of crude oil, the prices of refining and petrochemical products and the natural gas prices,
- uncertainty in the availability of REBCO oil as a result of sanctions related to the war in Ukraine,
- change in discount rates due to an increase in interest rates correlated with increases in reference rates announced by Central Banks.

Assets of the Energy segment

As at 30 September 2022, the ORLEN Group did not find any significant changes in the main assumptions compared to the assumptions disclosed in the interim financial statements of the ORLEN Group for the first half of 2022 and considered that the valuations performed as at 30 June 2022 remain valid.

Impairment tests of the main energy assets for which evidence of impairment was identified as at 30 June 2022 were carried out using the income method based on the discounted value of estimated cash flows from operating activities (value in use), taking into account, among others, the following assumptions:

- Macroeconomic assumptions applied in the ORLEN Group with regard to electricity prices, prices of hard coal and natural gas, capacity market rates for the Polish market, certificates of origin for energy and prices of carbon dioxide emission allowances. As regards prices of biomass the forecasts of the ORLEN Group companies using this raw material were applied.
- The number of free CO₂ emission allowances for the years 2022-2025 in accordance with the Regulation of the Minister of the Environment of the Republic of Poland.
- Replacement capital expenditure at a level ensuring the maintenance of the production capacity of the existing fixed assets, including expenditure on adjusting the levels of industrial emissions to the requirements of Directive 2010/75 / EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions and the executive decision EU Commission 2021/2326 on the conclusions of the best available techniques (BAT) published on 30 November 2021.
- Maintaining support for production from the existing renewable energy sources in the form of income from proprietary rights.

As at 30 June 2022, the ORLEN Group performed impairment tests, which resulted in the impairment allowance for the following assets: ENERGA Kogeneracja: CGU Żychlin PLN (6) million and CGU Kalisz PLN (6) million. The value in use of CGU Żychlin was PLN 13 million and was calculated at a discount rate of 9.9%, the value in use of CGU Kalisz was PLN 20 million and was calculated at a discount rate of 13.22% (including a 5% bonus for specific risk due to include investments in new sources).

Sensitivity analysis of value in use of the ENERGA KOGENERACJA: CGU Żychlin as part of the tests carried out as at 30 June 2022

DISCOUNT RATE	in PLN million	EBITDA		
	change	-5%	0%	5%
- 1 p.p.		decrease in allowance 2	decrease in allowance 3	decrease in allowance 4
0,0 p.p.		increase in allowance (1)	-	decrease in allowance 1
+ 1 p.p.		increase in allowance (3)	increase in allowance (3)	increase in allowance (2)

Sensitivity analysis of value in use of the ENERGA KOGENERACJA: CGU Kalisz as part of the tests carried out as at 30 June 2022

DISCOUNT RATE	in PLN million	EBITDA		
	change	-5%	0%	5%
- 1 p.p.		decrease in allowance 2	decrease in allowance 10	decrease in allowance 19
0,0 p.p.		increase in allowance (7)	-	decrease in allowance 7
+ 1 p.p.		increase in allowance (16)	increase in allowance (9)	increase in allowance (2)

Impairments made as at 30 September 2022 in the amount of PLN (22) million related mainly to the impairment allowances on assets of the Energy segment, identified and disclosed as at 30 June 2022 in the amount of PLN (15) million, and the impairment allowance of PLN (7) million recognized as at 30 September 2022 mainly due to discontinuation of the investment.

Assets of the Refinery and Petrochemical segment

As at 30 September 2022, the ORLEN Group do not identify any significant changes to the main assumptions as compared to the assumptions disclosed in the interim financial statements of the ORLEN Group for the first half of 2022 and recognized no evidence of impairment of refining and petrochemical assets.

Impairment tests of the assets of the Refining segment and the Petrochemical segment, for which evidence of impairment was identified as at 30 June 2022, were performed using the income method based on the discounted value of estimated cash flows from operating activities (value in use). The source of macroeconomic forecasts for refining and petrochemical assets is IHS Markit and other auxiliary sources (term curves, bank predictions, analyzes of government agencies) taking into account the following assumptions:

- Projected Model Downstream Margin (MMD) for the second half of 2022 at the level of approx. 45 USD/bbl. According to the IHS Markit forecast, MMD will remain high in 2023 due to high margins on refining products due to reduced supply from the east and increased demand after the pandemic, followed by a decline in MMD. In the period 2024-2030, IHS Markit expects a significant decline in margins to an average level of 13.7 USD/bbl.
- According to the IHS forecast, the high levels of Brent DTD crude oil prices will remain in the second half of 2022 at the level of 134 USD/bbl. In the following years, the forecast assumes a decline in prices, keeping them at the average level for 2023-2030, approx. 95 USD/bbl
- The gas price forecasts have been estimated based on the long-term IHS Markit forecast, which assumes an average price level of approx. 110 EUR/MWh for 2022-2023, and an average level of 52 EUR/MWh for 2024-2030. The adopted price forecasts for 2022-2025 additionally take into account the quotations of gas forward contracts in THE and TTF hubs, due to the fact that gas prices in the medium term are under strong pressure from the expected shortages resulting from restrictions on gas supplies from Russia.
- Crack for Gasoline (the difference between the petrol quotation and the price of crude oil) due to significant reductions in supplies from the east in 2022 and high post-pandemic demand, mainly in the USA, has been brought to record levels and it is expected that in the second half of 2022 it will amount to 306 USD/t. By the end of 2023, IHS forecasts a rapid decline to around 213 USD/t. This will be due to the increased production dictated by the still high profitability and imports, mainly from the Middle East.

From 2024, it is assumed that Crack margins on Gasoline will stabilize from 184 USD/t in 2024 to 204 USD/t in 2030, with an average level of 209 USD/t in 2022-2030.

- Crack on diesel oil (the difference between diesel oil quotation and the price of crude oil) in 2022, after sanctions on Russia, the largest importer of medium distillates to Europe, will reach the level of 274 USD/t in the second half of 2022. The IHS forecast for 2022-2025 predicts a decrease in crack margin on diesel oil to 98 USD/t in 2025. From 2026, IHS forecasts maintain increases in diesel crack crack due to global demand and a lower-than-expected impact of de-dieselization until 2030. The average level of crack margin on ON for the years 2022-2030 is at the level of approx. 136 USD/t.
- Crack on kerosene (the difference between the quotation of kerosene and the price of crude oil) in 2022 fell to record lows and according to the IHS Markit forecast in the second half of 2022 it will amount to 50 USD/t. This decrease is due to the reduced

petrochemical demand caused by downtime, as well as the low use for the seasonal gasoline blend. As of 2023, the IHS forecasts crack growth and a return to historical levels.

The average level of crack margin on kerosene for the years 2022-2030 is approximately 113 USD/t.

- In 2022, the spread on Ethylene vs Kerosene (the difference between the quotation of Ethylene and the quotation of Kerosene) was assumed at the level of 660 EUR/t, in 2030 at the level of 645 EUR/t. For the period 2022-2030, the average spread is 597 EUR /t.
- In 2022, the spread for Propylene vs Kerosene was assumed at 661 EUR/t, in 2030 at 609 EUR /t. For the period 2022-2030, the average spread is 538 EUR /t.
- The financial flows for impairment tests include a gradual plan to reduce CO₂ emissions to the level of -20% in 2030 in accordance with the ORLEN Group's Decarbonisation Strategy.
- Replacement capital expenditures at a level ensuring the maintenance of the production capacity of the existing fixed assets.

The Group conducted impairment tests for major production assets based on a scenario analysis. Three scenarios were defined for CGU Refinery (PKN ORLEN, ORLEN Lietuva, ORLEN Unipetrol) and CGU Petrochemicals (PKN ORLEN, ORLEN Unipetrol): baseline, pessimistic and optimistic. The baseline scenario is based on the main macroeconomic assumptions of the updated macroeconomic forecasts for 2023-2030 described above. The baseline scenario is based on the macroeconomic 2022-2030 assumptions taking into account the above-described assumptions. The pessimistic and optimistic scenarios were built on one standard deviation of the historic Downstream Margin for the years 2012-2021, on the estimated probability of the impact of CO₂ emission allowance prices on revenues from the sale of refining and petrochemical products, and on the estimated probability of REBCO crude oil availability.

For each of the scenarios, probability weights were established based on the normal distribution and expert judgment, in each case assigning a higher probability of the negative scenario materializing than the positive one, in order to maintain a conservative approach.

Impairment tests for PKN ORLEN S.A. refining assets carried out as at 30 June 2022 at the rate of 11.84% resulted in the creation of impairment allowance in the amount of PLN (2,092) million and determined the value in use at PLN 14,068 million. The main factors negatively affecting the valuation of assets are high gas prices, an increase in the discount rate, and the impact of sanctions due to the war in Ukraine, partially offset by higher forecasts of quotations of the main refinery products. As a result of the uncertainty of the impact of the 6th sanctions package in connection with the war in Ukraine in Poland, various REBCO oil availability scenarios were applied to the valuation of PKN ORLEN's refining assets. In previous years, PKN ORLEN used the differential when processing REBCO crude oil. After the elimination of purchases of Russian oil by sea, only deliveries via pipelines resulting from contacts with Rosneft and Tatneft are carried out. The estimation of flows takes into account the limited availability of REBCO crude oil included in the scenario analyses, and its substitution with more expensive available crude oils, which translates directly into higher production costs. Other write-downs of PKN ORLEN's Refinery segment assets in Q2 2022 amounted to PLN (7) million, and in Q1 2022 PLN (24) million, mainly due to damage to the catalyst.

Impairment tests of production assets of the ORLEN Lietuva Refinery segment carried out as at 30 June 2022 at the discount rate of 9.40% showed impairment in use value over the carrying amount of the tested assets, including allocated goodwill on the acquisition of UAB Mockavos terminalas, in the amount of (USD 163) million, which corresponds to PLN (713) million. Impairment includes goodwill on the acquisition of UAB Mockavos terminalas in the amount of USD (44) million, which corresponds to PLN (193) million. The value in use of ORLEN Lietuva's refining assets was set at USD 1,030 million, which corresponds to PLN 4,617 million. The estimate of cash flows assumes a complete abandonment of REBCO crude oil processing in favor of other types of crude oil.

Sensitivity analysis for impairment of value in use of the Refining segment PKN ORLEN CGU Refinery under tests carried out as at 30 June 2022

in PLN million		EBITDA		
change		-5%	0%	5%
DISCOUNT RATE	- 1 p.p.	increase in allowance (365)	decrease in allowance 1 016	decrease in allowance 2 397
	0,0 p.p.	increase in allowance (1 294)	-	decrease in allowance 1 294
	+ 1 p.p.	increase in allowance (2 081)	increase in allowance (863)	decrease in allowance 355

Sensitivity analysis for impairment of value in use of the Refining segment ORLEN Lietuva under tests carried out as at 30 June 2022

in PLN million		EBITDA		
change		-5%	0%	5%
DISCOUNT RATE	- 1 p.p.	increase in allowance (12)	decrease in allowance 451	decrease in allowance 914
	0,0 p.p.	increase in allowance (428)	-	decrease in allowance 428
	+ 1 p.p.	increase in allowance (785)	increase in allowance (387)	decrease in allowance 11

As at 30 September 2022, the impairment of assets in the Refining segment in the amount of PLN (2,839) million relates mainly to the impairment of assets identified and disclosed as at 30 June 2022.

At the end of 30 June 2022, the ORLEN Group carried out impairment tests for the year of assets of the Petrochemical segment for PKN ORLEN, ORLEN Unipetrol, which did not result in the creation of impairment losses on assets of the Petrochemical segment.

As at 30 September 2022, no indications of impairment of assets in the Petrochemical segment were recognised.

Assets of the Upstream segment

As at 30 September 2022, the ORLEN Upstream Group made an impairment allowance on exploration assets in the amount of PLN (72) million, which related to the waiver of the Jarocin-Grabina license in the net amount of PLN (41) million and the impairment allowance disclosed as at 30 June 2022 in net amount of PLN (31) million due to the waiver of the Skolyszyn concession. The ORLEN Group has not identified any other evidence of impairment and has not performed impairment tests for assets in the Upstream segment.

Assets of the Retail segment

The ORLEN Group has not identified any indicators for impairment and has not carried out impairment tests for the assets of the Retail segment.

Summary of the results of the impairment analysis

The total impact of recognized net impairment losses on property, plant and equipment, intangible assets, goodwill and right-of-use assets of the ORLEN Group for 9 months of 2022 amounted to PLN (2,940) million.

As at 30 September 2022, the ORLEN Group did not recognize any other evidence of impairment of assets.

Net impairment allowances on property, plant and equipment, intangible assets, goodwill and right-of-use assets of the ORLEN Group in the 2022 year by the ORLEN Group companies:

	IQ 2022 (unaudited)	IIQ 2022 (unaudited)	IIIQ 2022 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited)
PKN ORLEN	(24)	(2 102)	(3)	(2 129)
ORLEN Lietuva	1	(713)	-	(712)
ORLEN Upstream Group	-	(31)	(41)	(72)
ENERGA Group	(1)	(14)	(3)	(18)
ORLEN Deutschland	(2)	(2)	(1)	(5)
ORLEN Unipetrol	(2)	-	(1)	(3)
Other	1	2	(4)	(1)
Total	(27)	(2 860)	(53)	(2 940)

Net impairment allowances on property, plant and equipment, intangible assets, goodwill and right-of-use assets of the ORLEN Group in the 2022 year by the segments:

	IQ 2022 (unaudited)	IIQ 2022 (unaudited)	IIIQ 2022 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited)
Refining	(25)	(2 811)	(3)	(2 839)
Energy	-	(15)	(7)	(22)
Retail	(2)	(2)	(1)	(5)
Upstream	-	(32)	(41)	(73)
Corporate Functions	-	-	(1)	(1)
Total	(27)	(2 860)	(53)	(2 940)

The reversal and recognition of impairment allowances on property, plant and equipment, intangible assets, goodwill and right-of-use assets were recognised in other operating income and in other operating expenses (note 5.5).

As at 30 September 2022, as a result of the above analysis, the ORLEN Group did not identify any other indicators of impairment of assets.

5.5. Other operating income and expenses

Other operating income

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2021 (unaudited) (restated data)
Profit on change in the ownership structure	-	-	169	13
Profit on sale of non-current non-financial assets	16	6	33	16
Gain on bargain purchase of the LOTOS Group	5 923	5 923	-	-
Reversal of provisions	76	10	39	12
Reversal of impairment allowances of property, plant and equipment and intangible assets and other assets	6	-	6	4
Penalties and compensations	184	48	78	24
Grants	55	33	19	-
Settlement and valuation of derivative financial instruments related to operating exposure	1 520	1 157	3 044	790
Limitation period of liabilities towards minority shareholders of ORLEN Unipetrol	-	-	184	184
Ineffective part related to valuation and settlement of operating exposure	65	21	12	5
Settlement of hedging costs	280	104	213	72
Other, incl.:	105	22	251	112
<i>profit on dilution of shares in Baltic Power Sp. z o.o.</i>	28	8	11	-
	8 230	7 324	4 048	1 232

Other operating expenses

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2021 (unaudited) (restated data)
Loss on sale of non-current non-financial assets	(32)	(14)	(37)	(13)
Recognition of provisions	(76)	(38)	(102)	(11)
Recognition of impairment allowances of property, plant and equipment and intangible assets, goodwill and other assets	(2 946)	(53)	(98)	(7)
Penalties, damages and compensations	(171)	(37)	(65)	(36)
Settlement and valuation of derivative financial instruments related to operating exposure	(5 618)	(452)	(2 209)	(521)
Ineffective part related to valuation and settlement of operating exposure	(405)	(13)	(31)	(5)
Settlement of hedging costs	(1)	(1)	(1)	-
Other, incl.:	(215)	(65)	(166)	(64)
<i>donations</i>	(134)	(35)	(88)	(56)
	(9 464)	(673)	(2 709)	(657)

In the 9-month period ended 30 September 2022 the line recognition of impairment allowances of property, plant and equipment and intangible assets, goodwill and other assets concerned mainly recognition of impairment allowances in Refinery segment. Additional information in note [5.4](#).

Net settlement and valuation of derivative financial instruments related to operating exposure

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2021 (unaudited) (restated data)
Valuation of derivative financial instruments	(1 047)	687	1 482	431
<i>commodity futures (CO₂ emission allowances)</i>	(984)	(336)	1 645	491
<i>commodity forwards (electricity)</i>	103	103	-	-
<i>commodity swaps</i>	(164)	969	(163)	(60)
<i>commodity futures (diesel oil)</i>	-	(47)	-	-
<i>other</i>	(2)	(2)	-	-
Settlement of derivative financial instruments	(3 051)	18	(647)	(162)
<i>commodity futures (CO₂ emission allowances)</i>	(807)	205	178	-
<i>commodity swaps</i>	(2 197)	(272)	(825)	(162)
<i>commodity forwards (electricity)</i>	18	32	-	-
<i>commodity futures (diesel oil)</i>	(63)	55	-	-
<i>other</i>	(2)	(2)	-	-
	(4 098)	705	835	269

For the 9 and 3-month period ended 30 September 2022 and 30 June 2021 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, time mismatch on purchases of crude oil and valuation and settlement of CO₂ forward contracts as a part of "transaction" portfolio. Moreover this line includes the effect of valuation and settlement of commodity swaps for securing oversized stocks and bitumen hedging and securing the physical sale of finished products purchased by sea as well as the ORLEN Upstream Canada transactions hedging oil and gas. 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 revenue from sales of refining products. 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.

Starting from 1 January 2022, the Group began to apply 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, therefore currently the valuation and settlement of commodity swaps concluded in 2022 as part of the commodity risk management strategy related to a time mismatch between the date of purchase of crude oil by sea and the date of processing and sale of refining products in the effective part are recognised under the hedge accounting equity item, and when the hedged item is realised they are recognised respectively in sales revenue or manufacturing cost. The application of hedge accounting from the beginning of 2022 to hedge a time mismatch resulting from the purchase of crude oil by sea and the sale of refining products also changed the net position of the ineffective part related to the valuation and settlement of the operating exposure. The events related to the Russian aggression against Ukraine resulted in decrease in emission CO₂ allowance prices, an increase in the prices of crude oil and the prices of refining products, an increase in interest rates, a weakening of the PLN against EUR and USD. This had a negative impact on the settlement of transactions held by the Group in the portfolio in the 9-months period of 2022 compared to 9 months of 2021 and the valuation of these transactions as at 30 September 2022 compared to 31 December 2021.

Since 1 July 2022, PKN ORLEN has begun to apply hedge accounting for purchases to hedge risk of change of market prices of CO₂ allowances. In connection with the above, the effective part of change in fair value of hedging instrument is related to statement of financial situation in position revaluation reserve due to the application of hedge accounting, whereas the non-effective part of change in fair value of hedging instrument is related to profit and loss statement into other operating income or other operating expenses. Accumulated gains or losses related to the hedging instrument recognized in the revaluation reserve, accumulated until the date of termination of the hedging relationship, are reclassified in the period of recognition of the hedged item to intangible assets or assets held for sale, respectively. As at 30 September 2022, the value from the valuation of CO₂ hedging instruments presented in the item Hedging reserve amounted to PLN (162) million.

**5.6. Finance income and costs****Finance income**

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2021 (unaudited) (restated data)
Interest calculated using the effective interest rate method	184	146	33	14
Dividends	61	61	3	-
Settlement and valuation of derivative financial instruments	1 450	721	438	167
Other	121	34	53	47
	1 816	962	527	228

Finance costs

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited) (restated data)	3 MONTHS ENDED 30/09/2021 (unaudited) (restated data)
Interest calculated using the effective interest rate method	(387)	(147)	(243)	(85)
Interest on lease	(140)	(55)	(115)	(40)
Interest on tax liabilities	(3)	(2)	(2)	(1)
Net foreign exchange loss	(1 180)	(870)	(56)	(311)
Settlement and valuation of derivative financial instruments	(1 049)	(623)	(314)	(48)
Other	(149)	(42)	(83)	(41)
	(2 908)	(1 739)	(813)	(526)

Borrowing costs capitalized in the 9 and 3-month period ended 30 September 2022 and 30 September 2021 amounted to PLN (72) million and PLN (38) million and PLN (47) million and PLN (15) million, respectively.

Settlement and valuation of derivative financial instruments

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)
Valuation of derivative financial instruments	219	69	128	97
<i>currency forwards</i>	79	42	26	10
<i>other, incl.:</i>	140	27	102	87
<i>currency interest rate swap</i>	192	79	90	85
<i>interest rate swap</i>	1	(3)	8	2
<i>currency swap</i>	(50)	(50)	-	-
<i>option Polimex-Mostostal (ENERGA Group)</i>	(7)	(3)	4	-
Settlement of derivative financial instruments	182	29	(4)	22
<i>currency forwards</i>	256	74	46	60
<i>other, incl.:</i>	(74)	(45)	(50)	(38)
<i>currency interest rate swap</i>	(74)	(43)	(45)	(37)
<i>interest rate swap</i>	4	2	(5)	(1)
	401	98	124	119

During the 9 and 3-month period ended 30 September 2022 and 30 September 2021 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 the 9 and 3-month period ended 30 September 2022 the depreciation of PLN against EUR and USD currency.

5.7. Loans, borrowings and bonds

	Non-current		Current		Total	
	30/09/2022 (unaudited)	31/12/2021	30/09/2022 (unaudited)	31/12/2021	30/09/2022 (unaudited)	31/12/2021
Loans *	3 547	3 434	1 510	502	5 057	3 936
Borrowings	99	110	18	21	117	131
Bonds	6 564	10 198	4 646	906	11 210	11 104
	10 210	13 742	6 174	1 429	16 384	15 171

* as at 30 September 2022 and as at 31 December 2021, the line Loans includes loans in the Project Finance formula (financing obtained by special purpose companies for the implementation of investments): PLN 212 million and PLN 223 million in the non-current part and PLN 14 million and PLN 18 million in the current part, respectively.

As at 30 September 2022 the increase in debt level of the Group compared to the previous year is mainly the result of merger with the LOTOS Group, whose consolidated debt value at the date of merger amounted to PLN 999 million (PLN 745 million of loans, PLN 2 million of borrowings and PLN 252 million of bonds).

During the 9-month period of 2022, 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 9,921 million and PLN (9,756) million.

The change in utilisation of the Group's loans and borrowings results mainly from the change in PKN ORLEN's credit exposure due to the repayment of tranches of the available syndicated loan presented in the long-term part and the usage of the overdraft presented in the short-term part, which corresponds to the total amount of net cash flows of PLN (1 305) million. At the same time, the long-term financing received from the European Investment Bank in February 2022 in the amount of EUR 180 million remains valid, which corresponds to the cash flow amount of PLN 813 million. The loan was granted to finance sustainable development investments in the ORLEN Group, including financing the investment project in ORLEN Południe "Project and building of UCO FAME production and distillation lines" and "Building of the complex of units for production of II generation bioethanol (B2G)".

During the 9-month period of 2022, as a part of cash flows from financing activities related to the bonds, the changes results mainly to:

- redemption made by PKN ORLEN of maturing bond series C, D and E under the second public retail bond issue program: in June 2022 with a total nominal value of PLN (400) million and in July 2022 in nominal value of PLN (200) million,
- partial redemption made by B8 Sp.z o.o. Baltic SKA of senior bonds in September 2022 in a value of USD (5.6) million which corresponds to the amount of PLN (26) million.

Also in June 2022, the liability for the issue of ORLEN Capital's Eurobond with a nominal value of EUR 750 million was reclassified from the long-term to the short-term part, with the maturity date in June 2023.

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

As at 30 September 2022 and as at 31 December 2021 the maximum possible indebtedness due to loans and borrowings amounted to PLN 27,393 million and PLN 19,063 million, respectively. As at 30 September 2022 and as at 31 December 2021 PLN 21,845 million and PLN 14,960 million, respectively, remained unused. The increase in the maximum possible indebtedness of the Group and the open credit lines to be used results mainly from:

- financial agreements signed by PKN ORLEN: in April 2022 loan agreement in the amount of PLN 4.8 billion with Bank Gospodarstwa Krajowego and the annex to the multi-purpose loan agreement, increasing the limit amount up to PLN 600 million with the bank PKO BP, in July 2022 loan agreement in the amount of EUR 300 million with SMBC Group entities,
- merger with the LOTOS Group S.A. together with its active financial agreements and the maximum possible indebtedness in the amount of PLN 1,315 million and the open credit lines in the amount of PLN 515 million.

In the period covered by these interim condensed consolidated financial statements as well as after the reporting date, there were no instances of violation of principal or interest repayment nor breach of loan covenants.

5.8. Derivatives and other assets and liabilities

Derivatives and other assets

	Non-current		Current		Total	
	30/09/2022 (unaudited)	31/12/2021	30/09/2022 (unaudited)	31/12/2021	30/09/2022 (unaudited)	31/12/2021
Cash flow hedging instruments	335	68	322	159	657	227
<i>currency forwards</i>	334	68	220	159	554	227
<i>commodity swaps</i>	-	-	101	-	101	-
<i>commodity futures (CO₂ emission allowances)</i>	1	-	1	-	2	-
Derivatives not designated as hedge accounting	364	261	377	985	741	1 246
<i>currency forwards</i>	-	-	71	4	71	4
<i>commodity swaps</i>	6	-	78	132	84	132
<i>currency interest rate swaps</i>	257	202	155	48	412	250
<i>interest rate swaps</i>	-	2	6	4	6	6
<i>commodity futures (CO₂ emission allowances)</i>	92	42	27	796	119	838
<i>commodity forwards (electricity)</i>	-	-	39	-	39	-
<i>other</i>	9	15	1	1	10	16
Fair value hedging instruments	20	14	4	5	24	19
<i>commodity swaps</i>	20	14	4	5	24	19
Derivatives	719	343	703	1 149	1 422	1 492
Other financial assets	1 252	133	5 747	423	6 999	556
<i>receivables on settled derivatives</i>	-	-	70	155	70	155
<i>financial assets measured at fair value through other comprehensive income</i>	300	81	-	-	300	81
<i>financial assets measured at fair value through profit or loss</i>	43	5	3 585	-	3 628	5
<i>hedged item adjustment</i>	6	-	19	-	25	-
<i>security deposits</i>	-	-	1 978	265	1 978	265
<i>short-term deposits</i>	-	-	59	-	59	-
<i>loans granted</i>	233	1	1	1	234	2
<i>other *</i>	670	46	35	2	705	48
Other non-financial assets	1 117	593	-	-	1 117	593
<i>investment property</i>	327	327	-	-	327	327
<i>other **</i>	790	266	-	-	790	266
Other assets	2 369	726	5 747	423	8 116	1 149

* The line Other include i.a. funds deposited on escrow accounts held as security for future decommissioning costs of Heimdal and Sleipner field in LOTOS Norge in the amount of PLN 615 million.

** 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 and in the Lietuva Group projects related to the construction of Hydrocracking.

As at 30 September 2022 in the position Financial assets measured at fair value through profit or loss, the Group presented the estimated fair value of the shares of companies that will be disposed of by the end of the year as part of the implementation of the Remedies in connection with the LOTOS Group merger in the amount of PLN 3,585 million. Additional information in note [3.4.1](#).

As at 30 September 2022 and 31 December 2021, the Group has security deposits that do not meet the definition of cash equivalents concerning mainly hedging of settlement of stock exchange transactions in the total amount of PLN 1,260 million and PLN 250 million respectively (the Intercontinental Exchange Inc. (ICE), the Clearing and Settlement House (Izba Rozliczeniowa Gield Towarowych S.A. IRGiT in Polish), the Hungarian clearing house Keler CCP and Czech market operator OTE a.s.)

Furthermore, as at 30 September 2022, the Group has got a security deposit in the amount of PLN 703 million paid by PKN ORLEN in favour of Bank PKO BP in accordance with a total return swap transaction ("TRS transaction") concluded on 30 September 2022 within the parties. The base instrument for that transaction was 14,161,080 ordinary bearer shares, which have been previously acquired by Bank PKO BP from the Polish State Treasury. In October 2022, Bank PKO BP sold all the above PKN ORLEN's shares under the accelerated book-building procedure (ABB), and then executed its right to optionally close the TRS transaction prematurely. The net cash benefit received by PKN ORLEN in accordance with settlement of TRS transaction amounted to PLN 4 million. In connection with closing of the transaction in October 2022, the security deposit was also returned.

The increase in the value of security deposits concerning the settlement of stock exchange transactions results mainly from the change in the valuation of hedging transactions concluded on the ICE exchange, which is a consequence of the change of crude oil, refining products and CO₂ emission allowances prices as well as of linking the trading portfolios of PKN ORLEN and Grupa LOTOS S.A. in terms of CO₂ emission allowances.

The position loans granted constitutes mainly the borrowings granted to Grupa Azoty Polyolefins S.A. in the amount of PLN 232 million which is acquired asset of PKN ORLEN in accordance with Grupa LOTOS S.A. merger.

Open futures contracts for the purchase of CO₂ emission allowances

Open futures contracts for purchase of CO ₂ emission allowances at 30/09/2022	Settlement period	Number of allowances in tonnes	Fair value measurement 30/09/2022 (in PLN million)	
			Financial assets (unaudited)	Financial liabilities (unaudited)
CO ₂ "transaction" portfolio	XII 2022, III 2023, XII 2023, XII 2024, XII 2025	6 973 000	119	206
CO ₂ 'own' portfolio	XII 2022, III 2023	142 000	not to be valued at the balance sheet date	

Open futures contracts for purchase of CO ₂ emission allowances at 31/12/2021	Settlement period	Number of allowances in tonnes	Fair value measurement 31/12/2021 (in PLN million)	
			Financial assets	Financial liabilities
CO ₂ "transaction" portfolio	III 2022, XII 2022, III 2023, XII 2023	20 716 000	838	125
CO ₂ 'own' portfolio	III 2022, XII 2022	2 300 000	not to be valued at the balance sheet date	

The effect of the valuation of CO₂ futures contracts was recognised in Other operating income in position Settlement and valuation of derivative financial instruments (note 5.5) and in position Hedging reserve.

As at 30 September 2022, the Group had 7,696,068 CO₂ emission allowances recognised as intangible assets.

Derivatives and other liabilities

	Non-current		Current		Total	
	30/09/2022 (unaudited)	31/12/2021	30/09/2022 (unaudited)	31/12/2021	30/09/2022 (unaudited)	31/12/2021
Cash flow hedging instruments	830	702	419	42	1 249	744
<i>currency forwards</i>	810	702	182	31	992	733
<i>commodity swaps</i>	-	-	93	11	93	11
<i>commodity futures (CO₂ emission allowances)</i>	20	-	144	-	164	-
Derivatives not designated as hedge accounting	107	3	893	419	1 000	422
<i>currency forwards</i>	-	-	82	21	82	21
<i>commodity swaps</i>	74	-	189	125	263	125
<i>currency interest rate swaps</i>	-	-	22	52	22	52
<i>foreign currency swap</i>	-	-	392	-	392	-
<i>commodity futures (CO₂ emission allowances)</i>	33	3	173	122	206	125
<i>commodity forwards (electricity)</i>	-	-	35	99	35	99
Fair value hedging instruments	6	-	19	-	25	-
<i>commodity swaps</i>	6	-	19	-	25	-
Derivatives	943	705	1 331	461	2 274	1 166
Other financial liabilities	208	179	154	76	362	255
<i>liabilities on settled derivatives</i>	-	-	92	25	92	25
<i>investment liabilities</i>	89	77	-	-	89	77
<i>hedged item adjustment</i>	20	14	4	5	24	19
<i>refund liabilities</i>	-	-	47	23	47	23
<i>security deposits</i>	-	-	-	18	-	18
<i>other *</i>	99	88	11	5	110	93
Other non-financial liabilities	472	407	893	62	1 365	469
<i>deferred income</i>	472	407	893	62	1 365	469
Other liabilities	680	586	1 047	138	1 727	724

* As at 30 September 2022 and as at 31 December 2021, the line other in non-current other financial liabilities relates mainly to liabilities due to donations in the amount of PLN 25 million and PLN 26 million, and received other deposits in the amount of PLN 71 million and PLN 53 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 September 2022 the line liabilities due to settled derivatives includes the value of mature commodity swaps hedging the refining margin and hedging bitumen. The increase in the balance of liabilities was a consequence of the increase in the prices of crude oil and refinery products and the depreciation of PLN against EUR and USD.

Deferred income as at 30 September 2022 and 31 December 2021 includes mainly the unsettled part of the grants for non-current assets received, mainly in previous years, in the amount of PLN 438 million and PLN 316 million, respectively and as at 30 September 2022 value of received CO₂ donation unsettled as at the reporting date for the year 2022 in the amount of PLN 735 million.

The ICE stock exchange settles financial instruments on a net basis by maintaining separate security deposits: USD and EUR. Cash accumulated on these security deposits is not used interchangeably, therefore in case the balance of one security deposit is positive and the other negative, the Group does not net these positions and presents them separately. As at 30 September 2022, the balance of a security deposit maintained in USD and EUR was positive and amounted to USD 108 million and EUR 141 million, which as at the balance sheet date represented the value of PLN 537 million and PLN 687 million, respectively and was presented under Other financial assets.

5.9. Assets classified as held for sale and directly related liabilities

	30/09/2022 (unaudited)
Assets classified as held for sale	
Fuel Terminals	148
Assets of Rafineria Gdańska	6 758
	6 906
Liabilities directly associated with assets classified as held for sale	
Fuel Terminals	25
Liabilities of Rafineria Gdańska	1 518
	1 543

As at 30 September 2022, the Group presented the groups of assets of Rafineria Gdańska related to the refining and bitumen (asphalt) activities as assets held for sale and liabilities directly related to assets classified as held for sale in accordance with IFRS 5. Additional information in note [3.4.1](#).

In addition, in connection with the registration of the merger with Grupa LOTOS, as well as the completion in the 3rd quarter of 2022 of work on the preparation of four PKN ORLEN fuel depots located in Gdańsk, Szczecin, Gutków and Bolesławiec for independent operation, the Group estimated that as at 30 September 2022 the criteria for classifying the group of assets related to fuel terminals as held for sale in accordance with IFRS 5 were met. According to the remedial measures plan in the area of the fuel logistics market, 4 fuel terminals will be contributed in kind to LOTOS Terminale Sp. z o.o., and then the company will be sold to Unimot Investments Sp. z o.o.

5.10. Provisions

	Non-current		Current		Total	
	30/09/2022 (unaudited)	31/12/2021	30/09/2022 (unaudited)	31/12/2021	30/09/2022 (unaudited)	31/12/2021
Environmental	2 264	961	48	64	2 312	1 025
Jubilee bonuses and post-employment benefits	805	788	113	102	918	890
CO ₂ emissions, energy certificates	-	-	5 342	5 474	5 342	5 474
Other	184	156	787	561	971	717
	3 253	1 905	6 290	6 201	9 543	8 106

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

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

As compared to the previous reporting period the Group did not change the valuation methods concerning financial instruments. Methods applied in determining the fair value were described in the Consolidated Financial Statements for 2021 in note 16.3.1. In the position financial assets measured at fair value through other comprehensive income, quoted/unquoted shares not held for trading are presented. With respect to shares unquoted on active market for which there are no observable inputs, fair value is determined on the basis of expected discounted cash flows.

Fair value hierarchy

	30/09/2022		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	300	300	30	-	270
Financial assets measured at fair value through profit or loss	3 628	3 628	-	-	3 628
Loans granted	234	234	-	234	-
Derivatives	1 422	1 422	-	1 422	-
	5 584	5 584	30	1 656	3 898
Financial liabilities					
Loans	5 057	5 068	-	5 068	-
Borrowings	117	115	-	115	-
Bonds	11 210	10 494	8 034	2 460	-
Derivatives	2 274	2 274	-	2 274	-
	18 658	17 951	8 034	9 917	-

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

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

5.12. Future commitments resulting from signed investment contracts

As at 30 September 2022 and as at 31 December 2021 the value of future commitments resulting from investment contracts signed until that day amounted to PLN 25,511 million and PLN 19,033 million, respectively.

5.13. Issue and redemption of debt securities

The balance of debt securities liabilities as at 30 September 2022:

- a) in PKN ORLEN under:
 - the second public bond issue program, B Series remains open with a nominal value of PLN 200 million;
 - 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 ORLEN Capital:
 - the Eurobond issue with a nominal value of EUR 750 million, remains open;
- c) 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.
- d) LOTOS Petrobaltic Group as part of:
 - the senior bond issue program of B8 Sp. z o.o. Baltic S.K.A. eight series of issues with a total nominal value of USD 48.7 million (the value of outstanding bonds) remain open.

C Series and D series of PKN 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 PKN 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. PKN 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.

On 18 August 2022 Moody's Investors Service Agency upgraded the rating from the level of Baa2 to Baa1 for PKN ORLEN's medium term Eurobonds programme. At the same time the Agency upgraded the rating from the level of Baa2 to Baa1 of following Eurobonds:

- series A with a nominal value of EUR 500 million issued by PKN ORLEN referred to in point (a) above,
- with a nominal value of EUR 750 million issued by ORLEN Capital and guaranteed by PKN ORLEN referred to in point (b) above.

The outlook of upgraded ratings remains positive.

5.14. Distribution of the Parent Company's profit for 2021 and the dividend payment in 2022

The Ordinary General Meeting of Shareholders of PKN ORLEN on 25 May 2022 decided to distribute the net profit of PKN ORLEN for the year 2021 in the amount of PLN 8,397,702,761.43 PLN as follows: the amount of PLN 1,496,981,713.50 allocated as a dividend payment (PLN 3.50 per 1 share) and the remaining amount of PLN 6,900,721,047.93 as reserve capital. The dividend date was set at 27 July 2022 and the dividend payment date at 3 October 2022.

5.15. Contingent assets

In accordance with the information published in the Financial Statements of PKN ORLEN and ORLEN Group for 2019 and 2020 and 2021, PERN S.A. (PERN) informed PKN 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 PKN 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 September 2022, according to received confirmation from PERN, PKN ORLEN's operating stock of crude oil REBCO-type amounted to 513,832 net metric tons. The difference in the quantity of stocks decreased by 630 net metric tons in comparison compared to the status as at 31 December 2021 and amounted to 91,060 net metric tons.

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

In the opinion of PKN ORLEN the amount of adjustment of inventories recognised in 2019, 2020 and 2021 and in the 9-month period of 2022 totally in the amount of PLN (156) million is also a contingent asset of PKN ORLEN.

In connection with the disclosure by PERN of loss of crude oil belonging to PKN ORLEN and stored by PERN, PKN 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 PKN 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 PKN 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 PKN ORLEN to be ordered to pay PLN 156 million with interest and a lump-sum compensation for recovery costs, which PKN ORLEN previously deducted from PERN's remuneration. PERN questions the effectiveness of the deductions made by PKN ORLEN. On 31 January 2022, PKN ORLEN responded to PERN's claim, demanding that PERN's claim be dismissed. PKN ORLEN does not agree with PERN's position presented in the lawsuit filed by PERN. PKN ORLEN disagrees with the position of PERN presented in the lawsuit filed by PERN. In the opinion of PKN ORLEN, PERN's claims are groundless and do not exist, as the amount of PLN 156 million claimed by PERN was effectively deducted from PKN 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 PKN 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 PKN 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.

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 PKN ORLEN for compensation

On 5 September 2014, OBR S.A. (currently: Warter Fuels S.A.) filed an action against PKN ORLEN with the District Court in Łódź for a claim for payment in respect of an alleged breach by PKN 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 PKN 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 PKN 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. On 19 December 2018, a hearing took place, during which the Court heard the parties' position in the scope of the grounds for any repeal of the freezing order. By a decision of 2 January 2019 the Regional Court set aside the order granting security for claims. Warter Fuels S.A. submitted a complaint against this decision on 5 February 2019. PKN ORLEN submitted a

response to the complaint. The matter of complaint consideration is at the stage of secondary proceedings, i.e. before the Court of Appeal in Łódź. The freezing order has been legally repealed.

The PKN ORLEN attorney submitted a request to suspend the proceedings due to parallel proceedings for determining the right to the disputed patent, the outcome of which will have significance for the resolution in the case of breach. As at the date of these interim condensed consolidated financial statement the request has not been considered yet. The court has found an expert to issue an opinion also among foreign entities. The opinion in the case will be provided by the University of Technology and Economics. On 21 September 2021 Warter Fuels paid an upfront payment for that expert.

A full assessment of the risk of an unsuccessful decision may be made at a later stage of the proceedings, taking into account the arguments of PKN ORLEN. In the opinion of PKN ORLEN the claims of Warter Fuels S.A. are without merit.

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

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

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

Both parties appealed against the judgement, POLWAX appealed against it in its entirety, whereas ORLEN Projekt appealed against the part in which the Court revoked the payment order concerning payment of statutory overdue interest for delay in commercial transactions. Currently the case is considered by the Court of Appeals in Rzeszów under the file number I AGa 20/21. 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.

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

In the case, ORLEN Projekt claims from POLWAX the payment of a total amount of PLN 67.8 million together with overdue interest for delay consists of: (i) remuneration for completed construction works and deliveries, (ii) unjustifiably executed performance guarantee, and (iii) costs related to ORLEN Projekt's withdrawal from the contract. The court has already heard all the witnesses and parties in the case. The proceedings have been suspended until the case heard by the Court of Appeal in Rzeszów under file no. act I AGa 20/21.

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

The claim submitted by POLWAX against ORLEN Projekt includes PLN 84 million for material damage and PLN 48 million for lost profits that were supposed to arise in connection with improper performance and non-performance of the contract by ORLEN Projekt. The proceedings have been suspended at the joint request of the parties. On 21 October 2021 the court, on the application of POLWAX, made an order to resume the suspended proceedings. On 20 April 2022, the proceedings were suspended until the case: (i) considered by the Court of Appeal in Rzeszów under file no. act I AGa 20/21; (ii) heard by the Regional Court in Rzeszów, file no. VI GC 201/19.

IV. Case filed by POLWAX against ORLEN Projekt for the payment of PLN 9.7 million, pending before the District Court in Rzeszów, case file no. VI GC 104/20

POLWAX claims from ORLEN Projekt the payment of PLN 9.7 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 hearing in the case is scheduled for 6 February 2023.

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. On 29 September 2022, the Court ordered a court expert to prepare an opinion on the installation of equipment on the investment site within 3 months of receiving the order.

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

Technip Italy S.p.A. v ORLEN Unipetrol RPA, s.r.o.

In connection with the delay in execution of the Agreement concluded between Technip Italy S.p.A. ("Technip") and ORLEN Unipetrol for the construction of the Polyethylene Plant in Litvinov, Technip was obliged to pay contractual penalties for the delay in the amount of PLN 112 million, translated using the exchange rate as at 30 September 2022 (representing EUR 23 million). Technip did not pay the above mentioned contractual penalties to ORLEN Unipetrol, therefore ORLEN Unipetrol activated the bank

guarantee in the amount of PLN 102 million, translated using the exchange rate as at 30 September 2022 (representing EUR 21 million).

On 17 August 2020, Technip called for arbitration. In November 2020, ORLEN Unipetrol claimed an offset of the remaining contractual interest from the invoice issued by Technip for the remaining part of the contractual remuneration: the outstanding amount of contractual interest for delay is PLN 8.8 million translated using the exchange rate as at 30 September 2022 (corresponding to EUR 1.8 million).

On 30 November 2020, ORLEN Unipetrol submitted a reply to the statement of claim and filed a counterclaim for the outstanding contractual interest for delay in the amount of PLN 8.8 million translated using the exchange rate as at 30 September 2022 (corresponding to EUR 1.8 million).

On 5 January 2021, Technip submitted an amendment to the demand for arbitration increasing the total amount of the claim to PLN 140 million translated using the exchange rate of 30 September 2022 (corresponding to EUR 28.8 million).

Technip, by filing for arbitration taking into account the submitted amendment, intends to obtain:

- a. payment of the amount of PLN 104 million, translated using the exchange rate as at 30 September 2022 (corresponding to EUR 21.3 million), representing the amount of unjustified payment under the bank guarantee by ORLEN Unipetrol;
- b. payment of the amount of PLN 36 million, translated using the exchange rate as at 30 September 2022 (corresponding to EUR 7.3 million) representing additional claims of Technip based on various circumstances and legal grounds mainly concerning works, additional services provided by Technip in connection with the Polyethylene Plant construction project;
- c. payment of the amount of PLN 0.97 million, translated using the exchange rate as at 30 September 2022 (corresponding to EUR 0.2 million) from the invoice issued by Technip, representing the remaining part of the contractual remuneration (which was offset by ORLEN Unipetrol in November 2020);
- d. payment of the amount of statutory interest for the entire due payment;
- e. dismissal of ORLEN Unipetrol's counterclaim.

The arbitration proceedings are pending before the Court of Arbitration at the International Chamber of Commerce in Vienna. ORLEN Unipetrol RPA s.r.o. submitted its full position in the case on 6 August 2021. There was an interchange of preparatory letters between the parties. In February, a hearing took place. On 9 May 2022, the Parties submitted their final and cost-related statements in the case. The Arbitration Court closed the hearing. On 16 November 2022, the Court of Arbitration issued the judgment against Unipetrol RPA s.r.o. in favour of Technip in the amount of PLN 0.04 million, translated using the exchange rate as at 30 September 2022 (corresponding to EUR 0.01 million), including interest, and dismissed Technip's other claims against Unipetrol. In addition, Technip was ordered to pay other interest for contractual penalties, arbitration costs and legal assistance costs.

Contingent liabilities related to the ENERGA Group

As at 30 September 2022, the contingent liabilities of the ENERGA Group recognised in these interim condensed consolidated financial statement of the ORLEN Group amounted to PLN 261 million.

The largest item of contingent liabilities of the ENERGA Group consists of legal claims relating to the power infrastructure of Energa-Operator SA located on private land. The Group recognises provisions for filed legal claims. If there is uncertainty as to the validity of the amount of the claim or legal title to land, the Group recognises contingent liabilities. As at 30 September 2022, the estimated value of those claims recognised as contingent liabilities amounts to PLN 241 million, while as at 31 December 2021 its value amounted to PLN 249 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 PKN ORLEN

Elektrobudowa S.A. filed an action against PKN 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 PKN 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 PKN 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 PKN 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 9 months of 2022, the Arbitration Tribunal issued the following rulings:

(I) The interim judgement (No.4) of 7 February 2022 regarding Elektrobudowa's claims for compensation of PLN 0.4 million as additional remuneration for constructing K-1 Chamber in a method different from that specified in the original construction design, whereupon the Adjudicating Team decided that this claim was justified in principle. The interim judgement does not state that PKN ORLEN is obliged to pay the above-mentioned amounts to the claimant, but it is an expression of the Adjudicating Team that Elektrobudowa is entitled to expect payment from PKN ORLEN for the above-mentioned material scope as additional.

(II) The interim judgement (No.5) of 15 February 2022 regarding Elektrobudowa's claims for compensation of PLN 5.3 million amount as additional remuneration for the construction of the Cold Weather Station building in a method different from the Agreement whereupon the Adjudicating Team decided that this claim was justified in principle. The interim judgement does not state that PKN ORLEN is obliged to pay the above-mentioned amounts to the claimant, but it is an expression of the Adjudicating Team that Elektrobudowa is entitled to expect payment from PKN ORLEN for the above-mentioned material scope as additional.

(III) Partial Judgment (No. 10) of 15 April 2022 ordering the defendant to pay the plaintiff the amount of PLN 0.5 million and EUR 0.8 million with interest for late payment until the date of payment as additional remuneration and partial remuneration for deliveries of equipment. The awarded amounts were covered by previously issued preliminary judgments (2) and (3).

(IV) Partial Judgment (No. 11) of 26 May 2022, stating that PKN ORLEN unsuccessfully deducted PLN 5.8 million and EUR 0.4 million from the remuneration claimed by Elektrobudowa in the part retained by PKN ORLEN under 15.2 of the Agreement. The judgment is not an award judgment.

(V) Partial judgment (no. 12) of 30 June 2022, ordering to pay the plaintiff a total amount of PLN 11.9 million and EUR 2.4 million with interest for delay on account of partial remuneration for the detainee as a guarantee deposit.

The main receivables awarded in partial judgments (No. 10) and (No. 12) were paid by PKN ORLEN in full to the receiver.

The total value of provisions recognised as at 30 September 2022 in connection with the pending proceedings with Elektrobudowa amounted to PLN 78 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. Mediations were conducted without success. On 16 December 2019, a court expert's opinion was delivered to by LOTOS Petrobaltic S.A. which stating that no allegation of failure to exercise due care may be raised against AGR for its selecting the dredging equipment. In its pleading, LOTOS Petrobaltic S.A. raised objections to the opinion and requested that a new opinion be prepared. That request was dismissed by the Court. On 27 November 2020, a court hearing was held during which the case was closed and the date of publication of the Court's decision was set. 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 this connection, on 7 January 2021, a request was submitted to reinstate the deadline for submitting a request to prepare and deliver the grounds to the judgement. Furthermore, 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 28 April 2021, the Court dismissed the complaint. On 1 December 2021, the Court of Appeal refused to reinstate the deadline, ultimately dismissing the company's request from 7 January 2021. By a decision of 3 July 2021, the Court of Appeal amended the order of the Court of First Instance correcting the judgement with regard to the type of interest awarded. 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).

Ex. Grupa LOTOS S.A. tax settlements

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

Ex. Grupa LOTOS S.A. tax settlements are subject to customs and tax inspections carried out by the tax inspection authorities. On 21 January 2022 ex. Grupa LOTOS S.A. was notified of the results of two customs and tax inspections for the period of January–October 2014 and October–December 2015, issued on 7 January 2022. As a result of these inspections, input VAT settlements by the Company, for a total amount of PLN 23.3 million (net of interest), were questioned. The company has not filed corrections to the VAT returns for the aforementioned periods as required by the authority, because it was of the opinion that there are arguments in favour of taking a different course of action. Due to the failure to submit the corrections by the company, the tax authority (Head of the Pomeranian Customs and Fiscal Office in Gdynia) will initiate tax proceedings (transform customs and tax inspections into two tax proceedings) and issue decisions (both in the first and second instance). It will be possible to file complaints against the decision of the authority of second instance with the Provincial Administrative Court in Gdańsk, and if the court reaches an unfavourable verdict, it will be possible to file a cassation complaint with the Supreme Administrative Court.

In connection with a judgement by the Court of Justice of the European Union of October dated 16 October 2019 in Case C-189/18 Glencore, on 15 January 2020 the company requested for resumption of proceedings in which the following decisions had been issued:

- decision by the Director of the Tax Chamber in Gdańsk, dated 29 December 2015, upholding the decision by the Director of the Tax Audit Office in Bydgoszcz, dated 28 September 2015, assessing the company's VAT liabilities for individual months of 2010 at a total amount of PLN 48.4 million,
- decision by the Director of the Tax Chamber in Gdańsk, dated 29 February 2016, upholding the decision by the Director of the Tax Audit Office in Bydgoszcz, dated 28 September 2015, assessing the company's VAT liabilities for individual months of 2011 at a total amount of PLN 112.5 million,
- decision by the Director of the Tax Administration Chamber in Gdańsk, dated 25 October 2018, upholding the decision by the Head of the Gdańsk Province Customs and Tax Office in Gdynia, dated 19 January 2018, assessing the company's VAT liabilities for January 2012 at a total amount of PLN 7.3 million,
- and after resumption of the proceedings, for:
- reversal of the decisions by the tax authorities of both instances and discontinuation of the tax proceedings – with respect to the proceedings for 2010–2011;
- suspension of the proceedings until final conclusion of the court proceedings – with respect to the proceedings for 2012, in connection with proceedings pending before the Supreme Administrative Court, initiated by the company's cassation complaint.

On 8 October 2020, the Head of the Tax Administration Chamber in Gdańsk upheld the decisions of the Head of the Tax Chamber in Gdańsk, dated 29 December 2015 and 29 February 2016. On 23 November 2020, the company appealed against the unfavourable decisions of the Head of the Tax Administration Chamber in Gdańsk. On 23 December 2020, the Head of the Tax Administration Chamber in Gdańsk issued decisions refusing to revoke its decision of 8 October 2020, against which the company filed complaints with the Provincial Administrative Court in Gdańsk. On 15 June 2021, the Provincial Administrative Court of Gdańsk dismissed the company's complaints against refusal to reverse the final decisions concerning determination of VAT liabilities for the individual months of 2010 and 2011. On 10 September 2021, the company appealed in cassation against the judgements of the Provincial Administrative Court of Gdańsk to the Supreme Administrative Courts.

As at 30 September 2022, Group disclosed a provision for tax risk, recognised in connection with such proceedings, in the amount of PLN 94.8 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 temporary 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 is significantly lower than the 78% applied in 2021. 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 all debt 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 the first case, the expected tax surcharge for 2015 and 2016 is NOK 175 million. The estimated amount to be paid for 2017 and 2018 is NOK 20 million, while the letter relating to this period does not yet have the status of a tax decision. The OTO has extended the period under investigation by one year, so the second matter is investigated for years 2017-2019. The company was creditworthy during that period and, therefore, no provision was recognised for the stated amount. 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 accounted totally to NOK 88 million (2017: NOK 52 million; and 2019: NOK 36 million). In May 2022 the OTO issued a final tax decision for 2015–2016, with tax surcharge set in the amount of NOK 170 million together with overdue interest. That amount together with overdue interest will be paid on 1 December 2022. The company has time to appeal this decision until 31 March 2023. Subsequently, in August 2022, the OTO issued a preliminary decision for 2017-2019, with tax surcharge set in the amount of approximately NOK 95 million together with overdue interest. The company will prepare a response to the decision by 31 March 2023.

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

5.17. Related parties transactions

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

As at 30 September 2022 and as at 30 September 2021 and in the 9 and 3-month period ended 30 September 2022 and 30 September 2021, on the basis of submitted declarations, there were no transactions of related parties of the ORLEN Group with the Members of the Management Board and the Supervisory Board of the Parent Company and their relatives.

In the 9 and 3-month period ended 30 September 2022 and 30 September 2021, on the basis of submitted declarations, there were mainly sales transactions of the members of key executive personnel and their relatives of the ORLEN Group companies with related parties of the ORLEN Group in the amount of PLN 1.2 million and PLN 0.4 million and PLN 4.2 million and PLN 3.2 million, respectively. The largest amount in 2022 was related to the sale of legal services, and in 2021, the sale of shares in a company from the ORLEN Group by a shareholder who is a member of the key personnel.

As at 30 September 2022 balances of the trade and other liabilities due to the above transactions amounted to PLN 0.02 million and as at 30 September 2021 was no material.

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

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)
Parent Company				
Short-term employee benefits	40.2	12.5	37.6	12.3
Termination benefits	0.6	-	-	-
Subsidiaries				
Short-term employee benefits	257.3	90.6	217.1	72.5
Post-employment benefits	0.4	0.3	0.2	-
Other long term employee benefits	1.3	1.2	0.8	0.4
Termination benefits	5.0	2.0	5.3	1.7
	304.8	106.6	261.0	86.9

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

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

	Sales				Purchases			
	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)
Jointly-controlled entities	3 745	1 085	1 920	1 046	(538)	(298)	(236)	(81)
<i>joint ventures</i>	3 547	1 026	1 806	1 002	(426)	(260)	(173)	(58)
<i>joint operations</i>	198	59	114	44	(112)	(38)	(63)	(23)
	3 745	1 085	1 920	1 046	(538)	(298)	(236)	(81)

	Trade and other receivables		Trade, lease and other liabilities	
	30/09/2022 (unaudited)	31/12/2021	30/09/2022 (unaudited)	31/12/2021
Jointly-controlled entities	821	844	334	154
<i>joint ventures</i>	798	819	315	134
<i>joint operations</i>	23	25	19	20
	821	844	334	154

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

Additionally, during the 9 and 3-month period ended 30 September 2022, 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 ORLEN Group companies and entities of the ORLEN Group.

In the 9 and 3-month period ended 30 September 2022 and as at 30 September 2022, the Group identified the following transactions:

- sales amounted to PLN 1 million and PLN 0.5 million, respectively;
- purchase amounted to PLN (4) million and PLN (1.7) million, respectively;
- balance of receivables amounted to PLN 0.09 million;
- balance of liabilities amounted to PLN 0.9 million.

The above transactions concerned mainly the purchases and sales of fuels, fuel additives and diesel oil and foil.

Additionally, in the 9-month period ended 30 September 2022, on the basis of a declaration submitted by the managing person, a link was indicated in terms of shares held in a related party, demonstrated by a relative of a key personnel member of the ORLEN Group. The number of shares shown as at 30 September 2022 amounted to 8000 with a nominal value of PLN 0.8 million.

During the 9 and 3-month period ended 30 September 2022 and 30 September 2021 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

As at 30 September 2022 and as at 31 December 2021, the State Treasury owns respectively 35.66% and 27.52% of the Parent Company's shares - PKN ORLEN and has ability to exert a significant influence on it.

On 18 October 2022, Bank PKO BP concluded several sale agreements concerning in total 14,161,080 shares in PKN ORLEN constituting approximately of 2.26% capital acquired from the State Treasury on 29 September 2022. The sale took place in the formula of accelerated bookbuilding (ABB). As at the date of publication of these interim condensed consolidated statements, the State Treasury owns 49.9% of PKN ORLEN shares.

As at 30 September 2022 entities related to ORLEN Group companies are those entities over which the State Treasury exercises direct control (subsidiaries) or indirectly (jointly controlled entities).

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

During the 9 and 3-month period ended 30 September 2022 and 30 September 2021 and as at 30 September 2022 and as at 31 December 2021, the Group identified the following transactions:

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)
Sales	9 146	3 160	2 769	1 006
Purchases	(25 257)	(13 401)	(5 578)	(2 431)

	30/09/2022 (unaudited)	31/12/2021
Trade and other receivables	6 174	687
Trade, lease and other liabilities	3 205	1 571

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.

5.18. Excise tax guarantees

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure are part of off-balance sheet liabilities and as at 30 September 2022 and as at 31 December 2021 amounted to PLN 3,530 million and PLN 2,659 million, respectively. As at 31 September 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 September 2022 and as at 31 December 2021 amounted to PLN 18,758 million and PLN 14,385 million, respectively. As at 30 September 2022 they related mainly to security of:

- future liabilities arising from bonds issuances of Group's subsidiaries in total amount of PLN 11,897 million,
- financial liabilities arising from loans agreements of Group's subsidiaries and PKN ORLEN in the total amount of PLN 2,670 million, where for PKN ORLEN it is active security of loan agreement acquired together with merger with Grupa LOTOS S.A.
- realisation of investment projects of subsidiaries: CCGT Ostrołęka and CCGT Grudziądz in total amount of PLN 1,405 million,
- realisation of wind projects and other liabilities of jointly-controlled entity Baltic Power in amount of PLN 280 million.

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

- PKN ORLEN - guarantee until 7 June 2023 for issuer of Eurobonds, ORLEN Capital,
- PKN ORLEN - guarantee until 31 March 2025 for issuer of senior bonds, B8 Sp.z o.o. Baltic SKA,
- ENERGA - guarantee until 31 December 2033 for issuer of Eurobonds, Energa Finance.

	Nominal value		Subscription date	Expiration date	Rating	Value of guarantee issued	
	EUR	PLN				EUR	PLN
Eurobonds	EUR 750	3 652	7.06.2016	7.06.2023	BBB-, Baa1	EUR 1 100	5 357
Eurobonds	EUR 300	1 461	7.03.2017	7.03.2027	BBB-, Baa2	EUR 1 250	6 087
Senior bonds	USD 49	243	from 01.03.2017 till 31.01.2022	till 31.12.2024	n/a	USD 91,5	453
		5 356					11 897

The value of guarantees granted was translated using the exchange rate as at 30 September 2022

In addition, the value of guarantees regarding liabilities to third parties granted during ongoing operations as at 30 September 2022 and as at 31 December 2021 amounted to PLN 447 million and PLN 486 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.

As at 30 September 2022 an unconditional and irrevocable guarantee issued by LOTOS Upstream Sp. z o.o. for the benefit of the government of Norway, covering the exploration and production activities of LOTOS Exploration and Production Norge AS on the Norwegian Continental Shelf, was effective. The guarantee does not have a defined value. In the guarantee, LOTOS Upstream Sp. z o.o. undertook to assume any financial liabilities which may arise in connection with the operations of LOTOS Exploration and Production Norge 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.

5.20. Events after the end of the reporting period

1. Sale of shares of Polska Grupa Górnicza S.A.

On 7 October 2022, ECARB Sp. z o.o. notified the Ministry of State Assets that the Condition Precedent set out in the Conditional Sale Agreement – namely the non-exercise of the pre-emption right to buy PGG shares – was met within the time limit specified in the Agricultural System Act of 11 April 2003. On 13 October 2022, the National Centre for Agricultural Support (Krajowy Ośrodek Wsparcia Rolnictwa) confirmed to the parties to the Conditional Sale Agreement that it had decided not to exercise its pre-emption right relating to PGG shares. The ownership of those shares was transferred to the State Treasury on 25 October 2022 by making an entry in the Register of Shareholders.

2. Merger of PKN ORLEN with Polskie Górnictwo Naftowe i Gazownictwo S.A.

Description of the transaction

On 2 November 2022, the District Court for Łódź-Śródmieście in Łódź, XX Commercial Division of the National Court Register, registered the merger of PKN ORLEN with company Polskie Górnictwo Naftowe i Gazownictwo S.A. („PGNiG”) (“Merger”), the increase of the Company's share capital and amendments to the Articles of Association of PKN ORLEN adopted by the Extraordinary General Meeting of PKN ORLEN on 28 September 2022.

The merger took place pursuant to Article 492 § 1(1) of the Polish Code of Commercial Companies, therefore, on 2 November 2022, i.e. on the date of recorder in the business register of the National Court Register by the district court, PKN ORLEN took over all the assets of PGNiG and, subject to exceptions resulting from legal regulations, assumed all rights and obligations of PGNiG under universal succession. In particular, as of the date of Merger, the permits, concessions and licenses granted to PGNiG were transferred to the Company, unless a relevant act of law or decision awarding a specific permit, concession, license or exemption provide otherwise. At the same time, the share capital of the Company was increased by issuing shares, issued by the Company to PGNiG' shareholders (“Merger Shares”).

Share capital was increased from PLN 783,059,906.25 to the amount of PLN 1,451,177,561.25 by issuing of Merger Shares, i.e. 534,494,124 F series ordinary bearer shares of the Company with the nominal value of PLN 1.25 each, with the aggregate nominal value of PLN 668,117,655. Shareholders of PGNiG was allotted Merger Shares: in accordance with the agreed share swap ratio, under which the shareholders of PGNiG will receive 0.0925 PKN ORLEN shares (Merger Shares) for 1 share of PGNiG, with reservation that the number of allotted shares was a natural number, while the non-allotted fractions of the Merger Shares resulting from the application of the share swap ratio was compensated to the Shareholders of PGNiG by way of payouts.

Reasons and strategic goals for the Merger

PGNiG, over which was taken over by PKN ORLEN as part of the Merger, together with companies indirectly and directly dependent on PGNiG, was one of the largest gas and oil companies in Central and Eastern Europe, conducting its activities, inter alia, in Poland, Germany, Norway, Great Britain, Czech Republic, Slovakia, Hungary, United Arab Emirates, Libya, Pakistan, Lithuania, the Netherlands, Belgium, Austria, Denmark, France, Croatia, Ireland, Colombia, Tanzania, Mozambique and Ukraine.

The activities of the former PGNiG Group were exploration and production of natural gas and crude oil, import of natural gas, as well as storage, sale and distribution of gaseous and liquid fuels, and the production of heat and electricity. The former PGNiG Group, through its subsidiaries, also provided (in terms of projects) specialized geophysical and drilling and maintenance services all over the world. The main

areas of activity of PGNiG and companies belonging to the former PGNiG Group included: exploration and production, trade and storage, distribution and production. The main activities of each of these areas of activity include: obtaining hydrocarbons from deposits and preparing them for sale, trading in natural gas in Poland and on foreign markets, supplying the distribution network with high-methane and nitrogen-rich gas, as well as small amounts of coke-oven gas to retail and corporate customers, and generation of heat and electricity, heat distribution and implementation of large power engineering projects, mainly focused on the use of natural gas as fuel.

The progressing energy transformation driven by dynamic technological development, improved cost effectiveness of generating energy from RES and alternative fuels, climate policy, the evolution of social preferences as well as greater corporate and public environmental awareness, represents a significant challenge for companies in the fuel and energy sector, as it assumes a gradual shift from hydrocarbons and conventional fuels to new and more sustainable energy sources.

The merger of the Company with PGNiG creates new opportunities for coherent, coordinated development that will enable the businesses to diversify their operations and remain competitive in the long run. The merged corporation will pursue operating excellence in the existing areas of its operation and through the development of new segments. The consolidation of the Company and PGNiG will increase the impact of the merged group on the entire sector thanks to, among other things, the improved coordination of efforts aimed at decarbonising the Polish economy by 2050. In this context, the goal of the multi-utility group's strategy will be to grow the natural gas segment, with natural gas being the key resource for the petrochemical and energy sectors. The merger between the Company and PGNiG, which took place following the integration of Grupa LOTOS into the Company, will result in optimizing and integrating the extraction of hydrocarbons by the merged company in the current markets and coordinated operations aimed at diversifying the sources of energy materials, including further development of the diversified LNG supply portfolio. The upstream consolidation will boost the efficiency of managing raw materials, mitigating the risk of volatility in the crude and gas markets and will allow for making better use of PGNiG's potential in terms of prospecting and exploration, including drilling. In consequence, the merger will contribute to improving the energy security of Poland and the entire region, which is of crucial importance given the current geopolitical context.

The Merger of PGNiG and the Company follows global trends in the fuel and power industry: the consolidation of financial strengths and reconfiguration of production assets towards low-emission are considered as priority of the transformation strategy of regional and global companies. The merger will create a multi-utility group with diversified and complementary revenue structure, based on strong operating and financial supports, which will accelerate and facilitate the achievement of strategic objectives assumed in both entities.

Before the Merger, PGNiG's operations were divided into seven domestic branches: (i) Wholesale Trade Branch, (ii) Sanok Branch, (iii) Zielona Góra Branch, (iv) Geology and Mining Branch, (v) Odolanów Branch, (vi) the Central Measurement and Research Laboratory, and (vii) the Rescue Borehole Mining Station, as well as two foreign branches: (i) the Ras Al Khamah Branch in the United Arab Emirates and (ii) the Operator Branch in Pakistan. On the day of the Merger, an organizational (self-balancing) unit was separated in PKN ORLEN operating under the name "Group of Branch Polskie Górnictwo Naftowe i Gazownictwo PKN ORLEN" with its registered office in Warsaw, including the branch under the name "Polski Koncern Naftowy ORLEN Spółka Akcyjna - Central Branch of Polskie Górnictwo Naftowe i Gazownictwo PKN ORLEN and Gazownictwo in Warsaw" and its subordinate branches corresponding to the previously operating branches of PGNiG specified above.

Meeting the required conditions for the merger

Key conditions that had to be met in order to complete the merger with Polskie Górnictwo Naftowe i Gazownictwo S.A. were as follows:

1. adopt relevant merger resolutions by PGNiG's General Meeting of containing, in particular, consent to the Merger Plan and approve the proposed amendments to PKN ORLEN's Statutes in connection with the merger - adopted on 10 October 2022;
2. adopt relevant merger resolutions by the PKN ORLEN's General Meeting, including in particular, the increase of the PKN ORLEN's share capital in connection with the Merger, on establishing consolidated text of Statutes inclusive of the amendments made in connection with the Merger, as an amendment to the Statutes, and on the consent to admit and introduce the Merger Shares to be traded in the regulated market – adopted on 28 September 2022;
3. obtaining the approval of the Council of Ministers of the Republic of Poland for the Merger as required by Article 13(5) in conjunction with Article 13(1)(9) and 13(1)(23) of the Act of the Management of State Assets - the Council of Ministers approved on 27 September 2022;
4. no objection being raised by the supervising authority with regard to the secondary acquisition by the State Treasury of a major stake in the Acquiring in the meaning of Article 3(7)(2) of the Act on the Control of Certain Investments - the decision regarding the lack of objection was issued on 22 September 2022;
5. no objection being raised by the concession-granting authority referred to Article 36a(8) of the Geological and Mining Law, until the merger of the Company and PGNiG in terms of the transfer of concessions held by PGNiG to the Company, within 60 days of notification to the concession-granting authority of the intention to merge the companies. The application for the transfer of the concessions was submitted by the Company on 30 August 2022.

In addition, in connection with the Merger, it is necessary to meet the requirements specified on 16 March 2022 in the Polish Office of Competition and Consumer Protection (UOKiK) conditional positive consent regarding concentration and implementation of a remedy.

The positive decision of the Chairman of UOKiK was submitted under condition of implementing the remedy in the form of divesting or cause permanent and irreversible getting rid of control over Gas Storage Poland Sp. z o.o. (GSP), the subsidiary of PGNiG to an independent investor. PKN ORLEN and PGNiG have 12 months from the date of merger for realization of the above mentioned remedy. The Company's obligations resulting from the decision of the President of UOKiK provides also an obligation to conclude an agreement entrusting GSP or its legal successor with the duties of a gas fuel storage system operator for a period of at least 10 years. GSP may be sold only to an entity that guarantees that the activity of the operator of the gaseous fuel storage system will be carried out taking into

account the energy security of the state. GSP is the operator of the gas fuel storage system. After the merger, the natural gas storage facilities became the property of PKN ORLEN.

Agreement with the State Treasury

On 27 September 2022 an agreement was signed between the Company and the State Treasury regarding the planned merger of the Company and PGNiG ("Agreement"), which entered into force on the day of the Merger.

The Agreement sets forth the Company's declarations of intent not constituting a contractual obligation of the Company regarding: (i) realization of the energy policy of Poland to the extent which concerns the diversification of natural gas supply sources and the development of this fuel on the market and (ii) continuation of employment policy towards employees of PGNiG Group, who will become employees of the Company's capital group after the merger, assuring proper and safe operating of the workplaces belonging to PGNiG Group before the merger and also Company's commitment to continue, after merger of the Company with PGNiG, key investments that are realized or being prepared by PGNiG before the merger, indicated in the Agreement, in the minimum scope specified in the Agreement ("Investment Commitments").

The Company declared also that after the merger and subject to the exceptions described in the Agreement - in the scope permitted by the generally applicable law and provisions of the Company's Articles of Association - the strategy undertaken by the Company in the field of extraction, trade and distribution of natural gas will be consistent with the Energy Policy of Poland, which main thesis is to ensure long-term energy security of the Republic of Poland and diversification of natural gas supply sources.

The Agreement is not obligatory except for selected provisions regulating, among others, execution of the Investment Commitments, including the Company's liability for breach of these obligations.

In case of culpable non-performance or improper performance of legally binding Investment Commitments by the Company and ineffective expiry of the deadlines provided by the parties of the Agreement to develop the recovery plan in order to remove such a state of non-performance or improper performance of the Investment Commitments, the Company will be obliged to pay contractual penalties to the State Treasury, which are in a precisely defined amount described in the Agreement.

Subject to the exceptions set out in the Agreement, it will remain in force for a period of 10 years from the date of its conclusion and will be automatically extended in the circumstances defined in the Agreement, for the period necessary for realization of the Investment Commitments. The Agreement entered into force in principle on the date of the merger of the Company with PGNiG, i.e. with the date of entry the merger in the relevant register.

In the Company's opinion, as at the date of preparation of these interim condensed consolidated financial statements, there is no risk that the conditions contained in an agreement with the State Treasury could not be met.

Settlement of acquisition transaction

The merger transaction between PKN ORLEN and PGNiG is accounted for using the acquisition method in accordance with IFRS 3 Business Combinations.

Taking into consideration, that the transaction was made by exchanging equity interests, where PKN ORLEN increased the share capital by issuing shares, which was then allocated to the shareholders of PGNiG, as well as the fact, that as a result of the transaction the State Treasury increased its share in the share capital and voting rights at the General Meeting of the Parent Company – PKN ORLEN from approximately 31.14% to approximately 49.9%, the Group assessed the facts and circumstances related to the transaction in order to determine, which of the companies is the acquirer.

The analysis of the factors indicated by IFRS 3 in relation to identification of the acquirer, such as: the composition of the senior management of the combined entity, relative size of the merging capital groups, the composition of the management body and the terms of the transaction indicated, that PKN ORLEN is the acquirer.

Additional factors also support this conclusion, not explicitly mentioned in IFRS 3, such as: the fact that the combined entity will bear the name PKN ORLEN, a number of acquisitions both on the domestic and international market, carried out by the ORLEN Group in earlier periods, indicating that it is also developing its operations through acquisitions of other entities, the Group's long-term development strategy aimed at creating a multi-utility concern, also including assets related to gas extraction and distribution, or the leading role of PKN ORLEN in carrying out the merger activities included in the cooperation agreement signed on 12 May 2021 between LOTOS Group, PGNiG, PKN ORLEN and the State Treasury. As part of the analysis the Group also considered the issue of relative voting rights in the combined entity. Existing shareholders of PKN ORLEN after the merger, still constitute the majority of the shareholders of the merged entity.

The fact of strengthening the position of the State Treasury in the combined entity, without considering other circumstances, could constitute a premise for recognising a merger transaction with PGNiG as a reverse merger, and PGNiG company as acquirer.

As part of the analysis carried out by the Group, the above was the only premise in favour of recognizing, that PGNiG acts as the acquirer.

Nevertheless, given additional facts and circumstances, including importance and factual position of the State Treasury, as shareholder of PKN ORLEN, as well as, PGNiG before and after the merger transaction, the Group did not recognise this premise as prevailing in relation to the other analysed factors indicating PKN ORLEN as the acquiring entity.

In connection with the above, based on the professional judgment made, the Group assessed that PKN ORLEN is the acquirer which, as a result of the Merger, gained control over PGNiG.

Date of the acquisition of PGNiG, is the date of entry of the Merger into the Register of Entrepreneurs of the National Court Register by the district court, which was 2 November 2022.

Due to the fact that the merger with PGNiG was carried out by issuing shares to be issued to former shareholders of PGNiG, the fair value of the consideration transferred as part of the merger valued in accordance with IFRS 3 was the fair value of the shares issued by PKN ORLEN transferred to the shareholders, increased by any additional cash payments paid to the shareholders whom, as a result of the application of the share exchange parity, fractional parts of the merger shares was allocated.

As at the date of preparation of these interim condensed consolidated financial statements, the estimated fair value of the consideration transferred was calculated as the quotient of the number of issued shares, i.e. 534,494,124 and the market price per share at the closing price as at the merger date of PLN 58.04 and amounts to PLN 31,022 million.

The fair value of the consideration transferred may change due to the adopted process of granting to the former shareholders of PGNiG merger shares and payment of possible additional payments in cash.

Applying the acquisition method in accordance with IFRS 3 Business Combinations also requires the recognition and measurement of identifiable acquired assets, liabilities assumed and any non-controlling interests in the acquired entity, and the recognition and measurement of goodwill or a gain on a bargain purchase.

Due to the fact that as at the date of approval of these interim condensed consolidated financial statements, the process of closing the books in companies from the former PGNiG's Group was in progress, the Group did not obtain consolidated net asset values of PGNiG as at the date of the merger and, consequently, was unable to present all disclosures related to the Merger transaction required by IFRS 3.

In particular, the lack of financial data on the basis of which the Group could present the provisional values of the acquired assets and assumed liabilities prevented the Group from making a provisional settlement of the purchase price, which would result in presenting the provisional goodwill or provisional gain on a bargain purchase.

In addition, the lack of financial data also made it impossible for the Group to present required by IFRS 3 revenue and profit disclosures of enlarged Group for the current reporting period, calculated in such a way, as if the acquisition date was 1 January 2022.

3. New legislation regulating energy prices

In view of the crisis situation in the electricity market in 2022, with an observable significant increase in the price of electricity in SPOT and futures contracts, mainly on the back of rising prices of conventional fuels as a result of the war in Ukraine, the regulatory authority has decided to introduce new legislation to regulate the market and protect consumers:

- Act of 7 October 2022 on specific solutions for the protection of electricity customers in 2023 in connection with the situation in the electricity market (concerning a price freeze for tariff G up to consumption caps),
- Act of 27 October 2022 on urgent measures to cap electricity prices and support certain consumers in 2023,
- Regulation of 8 November 2022 laying down the rules for calculating the price cap.

The act concerning a price freeze for tariff G up to consumption caps essentially sets a maximum level of prices of electricity and distribution services sold in 2023 to group G customers. The act on urgent measures introduces solutions to regulate energy prices in the wholesale as well as retail markets. The regulation, on the other hand, has been adopted based on a delegation in the aforesaid act and specifies how to calculate the price for electricity sold by producers and other sales by trading companies that are not mentioned in the aforesaid acts. As of the date of publication these interim condensed consolidated financial statements, the Group has not completed its analysis of the impact of the aforementioned legislation on its future financial performance.

4. New legislation regulating gas prices

On 25 November 2022 the Council of Ministers adopted a draft proposal for an act on special protection of gas fuel consumers in 2023 in connection with the gas market situation. According to the press release, in 2023, a maximum price for gaseous fuels will be established at around PLN 200/MWh (the level of the current gaseous fuel tariffs) and distribution tariffs will be fixed for all consumers who currently benefit from tariff protection, which include: householders, housing communities and housing cooperatives and other entities that produce heat locally for householders at housing cooperatives as well as entities that provide key services to society, i.e. health care units, social assistance, entities in the education and higher education system, nurseries, churches or non-governmental organisations.

The most vulnerable consumers of gaseous fuels, who use gaseous fuels for heating purposes and comply with a certain income level criterion, will additionally be entitled to a VAT refund.

In return for keeping gas prices for consumers at the maximum fixed price, energy companies will be compensated.

As of the date of publication these interim condensed consolidated financial statements, the Group has not completed its analysis of the impact of the aforementioned act on its future financial performance.

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

**OTHER INFORMATION TO CONSOLIDATED QUARTERLY
REPORT**

FOR THE 9 AND 3-MONTH PERIOD ENDED 30 SEPTEMBER

2022



B. OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT**1. Major factors having impact on EBITDA and EBITDA LIFO****Profit or loss for the 9 months of 2022**

Result from operations increased by depreciation and amortisation (so-called EBITDA) for the 9 months of 2022 amounted to PLN 28,594 million by PLN 12,798 million in comparison period of 2021. Result from operations increased by depreciation and amortisation (so-called EBITDA) for the 9 months of 2022 adjusted for the temporary gain on a bargain purchase of Grupa LOTOS in the amount of PLN 5,923 million amounted to PLN 22,671 million.

The above-mentioned EBITDA includes net impact of impairment allowances of property, plant and equipment and intangible assets in the amount of PLN (2,940) million and mainly related to refining assets at PKN ORLEN and the assets of the Upstream segment in Poland. For comparison, the impact of impairment allowances of assets in the corresponding period of 2021 amounted to PLN (92) million and mainly related to energy assets in the ENERGA Group.

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 rising crude oil prices in the 9 months of 2022 on the valuation of inventories recognised in the EBITDA result amounted to PLN 2,942 million.

As a result, profit from operations increased by depreciation and amortisation before consideration of impact of changes in crude oil prices on inventory valuation (so-called EBITDA LIFO), impairment allowances of assets and the temporary gain on the bargain purchase of Grupa LOTOS amounted to PLN 22,669 million and was higher by PLN 12,774 million.

The positive impact of macroeconomic factors amounted to PLN 8,942 million (y/y) and included mainly higher impact of the Ural/Brent differential of USD (22.8)/bbl and an increase in margins on light and medium distillates, olefins, polyolefins, PVC and fertilizers. The above positive effects were partially limited by the negative impact of the valuation and settlement of the CO₂ futures contract in the amount of PLN (3,614) million and hedging transactions in the amount of PLN (2,484) million (y/y) due to an increase of quotations of crude oil and products. Additionally, the increase in crude oil, natural gas and electricity prices by much higher crude oil processing (y/y) significantly contributed to higher costs of own consumption.

Total volume sales increased by 14% (y/y) to the level of 32,258 thousand tonnes mainly due to recognition in the consolidation from August 2022 volumes of the former Grupa LOTOS. After elimination above volumes the sales increased by 7% in all operating segments of the ORLEN Group, i.e. the refinery by 7% (y/y), petrochemical by 7% (y/y), retail by 6% (y/y) and upstream by 1% (y/y) thanks to the improved market situation. The above changes in sales trends resulted in a positive volume effect in the amount of PLN 1,159 million (y/y).

The impact of the other factors amounted to PLN 2,693 million (y/y) and included mainly higher (y/y) wholesale margins with a decrease in retail margins on the Polish market, increase in general and labour costs and no positive effect from 2021 in the amount of PLN (156) million related to the change in the ownership structure of Baltic Power and settlement of liabilities towards minority shareholders of ORLEN Unipetrol in the amount of PLN (184) million. Impact of revaluation of inventories amounted to PLN (241) million (y/y).

Profit or loss for the 3rd quarter of 2022

Result from operations increased by depreciation and amortisation (so-called EBITDA) for the 3rd quarter of 2022 amounted to PLN 16,996 million by PLN 5,186 million in comparison period of 2021. Result from operations increased by depreciation and amortisation (so-called EBITDA) for the 3rd quarter of 2022 adjusted for the temporary gain on a bargain purchase of Grupa LOTOS in the amount of PLN 5,923 million amounted to PLN 11,073 million.

The impairment allowances of property, plant and equipment and intangible assets in the 3rd quarter of 2022 amounted to PLN (53) million and related mainly upstream assets. For comparison, the impact of impairment allowances of property, plant and equipment and intangible assets in the corresponding period of 2021 was not significant and amounted to PLN (3) million.

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

The impact of change in crude oil prices in the 3rd quarter of 2022 on the valuation of inventories recognised in the EBITDA result amounted to PLN (553) million with a positive impact of the valuation of inventories in the 3rd quarter of 2021 in the amount of PLN 890 million

As a result, profit from operations increased by depreciation and amortisation before consideration of impact of changes in crude oil prices on inventory valuation (so-called EBITDA LIFO), impairment allowances of assets and the temporary gain on the bargain purchase of Grupa LOTOS amounted to PLN 11,679 million and was higher by PLN 7,380 million.

Positive impact of macroeconomic factors amounted to PLN 6,097 million (y/y) and included mainly impact of a higher Ural/Brent differential by (25.0) USD/bbl, an increase in margins on light and medium distillates, olefins, polyolefins, PTA and PVC and hedging transactions in the amount of PLN 1,112 million (y/y). The above positive effects were partially limited by the negative impact of the valuation and settlement of the CO₂ futures contract in the amount of PLN (622) million and decreasing on margins on polyolefins, PTA and fertilizers. Additionally, the increase in crude oil, natural gas and electricity prices by much higher crude oil processing (y/y) significantly contributed to higher costs of own consumption.

Total volume sales of ORLEN Group increased by 20% (y/y) to the level of 12,822 thousand tonnes mainly due to recognition in the consolidation from August 2022 volumes of the former Grupa LOTOS. After elimination above volumes the sales increased by 2%, i.e. the refinery by 5% (y/y) and 2% (y/y) in retail by 2% (y/y) by lower sales in petrochemical segment by (14)% (y/y) and upstream by (4)% (y/y).

Despite the increase in total sales volumes, the negative volume effect amounted to PLN (628) million (y/y) and resulted mainly from the change in the structure of processed crude oil as a result of reduced purchases of Rebco crude oil and processing of more expensive Arab crude oil and crude oil from the North Sea. Additionally, the operating results were adversely affected by the higher share of heavy refining fractions in the sales structure of the ORLEN Group, mainly due to the shutdown of the Reforming unit at the Mazeikiu Refinery.

The impact of the other factors amounted to PLN 1,911 million (y/y) and included mainly the increase in general and labour costs and no positive effect from 2021 in the amount of PLN (184) million related to settlement of liabilities towards minority shareholders of ORLEN Unipetrol.

2. The most significant events in the period from 1 January 2022 up to the date of preparation of this report

JANUARY 2022

Approval for conclusion of agreements regarding implementation of remedies according to conditional decision of the European Commission on taking control by PKN ORLEN over Grupa LOTOS S.A. and framework agreement on purchase of fuel stations in Slovakia and Hungary

PKN ORLEN announced that on 10 January 2022 the Company's Management Board has chosen the partners with whom the certain agreements shall be concluded on implementation of remedies ("Remedies") which PKN ORLEN is obliged to realize according to conditional decision of the European Commission ("Commission") as of 14 July 2020 on taking control by PKN ORLEN over Grupa LOTOS S.A. headquartered in Gdańsk ("Grupa LOTOS").

The Company's Management Board gave consent to conclude agreements with the following partners:

- 1) in fuels production, fuels wholesales and aviation fuels market: Aramco Overseas Company B.V. headquartered in Hague (the Netherlands);
- 2) in bitumen and fuels logistics market: Unimot Investments spółka z ograniczoną odpowiedzialnością headquartered in Warsaw (Poland);
- 3) in biocomponents market: Rossi Biofuel Zrt. headquartered in Komárom (Hungary);
- 4) in retail market: MOL Hungarian Oil and Gas Public Limited Company headquartered in Budapest (Hungary).

Moreover the Company's Management Board gave consent for conclusion by the Company of a framework agreement in result of which the entities belonging to the ORLEN Group will purchase from MOL Plc. assets connected with operation of fuel stations in Slovakia and Hungary.

The above-mentioned decisions of the Company's Management Board has been accepted by the Company's Supervisory Board.

Completion of works on implementation of remedies according to conditional decision of the European Commission on taking control by PKN ORLEN over Grupa LOTOS S.A.

PKN ORLEN announced that it has completed works on implementation of remedies according to conditional decision of the European Commission ("Commission") as of 14 July 2020 on concentration of taking control by PKN ORLEN over Grupa LOTOS S.A. headquartered in Gdańsk ("Grupa LOTOS") ("Remedies").

In order to implement the Remedies there have been signed the below mentioned conditional agreements that will come into force under, among others, following conditions:

- 1) the Commission approves the purchasers of the assets that are being disposed during implementation of Remedies and provisions of agreements concluded with them;
- 2) Concentration between the Company and Grupa LOTOS is realized;
- 3) the below mentioned purchasers of the assets that are being disposed during implementation of Remedies obtain the approvals of the certain antitrust offices and other public administration organs for conclusion and realization of the below mentioned agreements by them;
- 4) the other consents of the certain institutions, required by law, for disposal of some parts of disposing assets are obtained.

In order to implement Remedies in fuels production market and fuels wholesales market area following agreements were concluded:

1. Preliminary agreement on sales of 30% of shares in LOTOS Asfalt Sp. z o.o. headquartered in Gdańsk ("LOTOS Asfalt") ("Preliminary Agreement on Sales of Shares in LOTOS Asfalt") between Grupa LOTOS and Aramco Overseas Company B.V.

(„Aramco”), with following agreements attached:

- a. a template of joint venture agreement between PKN ORLEN, Grupa LOTOS, LOTOS Asphalt and Aramco, realizing the requirement of divestment to the independent third party of 30% of the shares in the company, to which refinery located in Gdańsk was contributed as an in-kind contribution and granting guarantee to this third party of contractual rights in the scope of corporate governance,
- b. a template of processing agreement and offtake agreement between Grupa LOTOS, LOTOS Asphalt and Wholesales Company (defined below), which will be concluded for contractual period of joint venture agreement, referred to in point a above,
- c. a template of a framework agreement on storage of obligatory inventories of crude oil between PKN ORLEN and Wholesales Company (defined below), which will be concluded for a period of 10 years from its entry into force,
- d. a template of a framework agreement on railway logistics outsourcing between PKN ORLEN and Wholesales Company (defined below), which will be concluded for a period when the processing or offtake agreement are in force.

The agreements indicated above will be concluded on the day of concluding of promised agreement on sales of shares in LOTOS Asphalt.

The price specified in the Preliminary Agreement on Sales of Shares in LOTOS Asphalt will be calculated on the base of formula specified in the Preliminary Agreement on Sales of Shares in LOTOS Asphalt, which consists of fixed element in the amount of approximately PLN 1.15 billion and variable element, depending on the level of debt and working capital of LOTOS Asphalt on the day preceding the signing of the promised agreement.

The Preliminary Agreement on Sales of Shares in LOTOS Asphalt includes material adverse change clause entitling Aramco to withdraw the agreement in case of the certain events described in the agreement occurs.

2. Preliminary agreement on sales of 100% of shares in LOTOS SPV 1 Sp. z o.o. headquartered in Gdańsk (“Wholesales Company”) between Grupa LOTOS and Aramco (“Preliminary Agreement on Sales of Shares in Wholesales Company”). Before concluding of the promised agreement on sales of shares in the Wholesales Company, to that company there will be separated an organised part of fuels wholesales enterprise that is currently conducted by LOTOS Paliwa Sp. z o.o. headquartered in Gdańsk (“LOTOS Paliwa”), (“Wholesales Business”).

The price specified in the Preliminary Agreement on Sales of Shares in Wholesales Company will be calculated on the base of formula specified in the Preliminary Agreement on Sales of Shares in Wholesales Company, which consists of fixed element in the amount of approximately PLN 1 billion and variable element, depending on the level of debt and working capital of Wholesales Company on the day preceding the signing of the promised agreement.

The Preliminary Agreement on Sales of Shares in Wholesales Company includes material adverse change clause entitling Aramco to withdraw the agreement in case of the certain events described in the agreement occurs.

In order to implement Remedies in biofuels market area following agreement was concluded:

1. Preliminary agreement on sales of 100% of shares in LOTOS Biopaliwa Sp. z o.o. headquartered in Gdańsk (“LOTOS Biopaliwa”) between Grupa LOTOS and Rossi Biofuel Zrt. (“Preliminary Agreement on Sales of Shares in LOTOS Biopaliwa”). An additional document to the Preliminary Agreement on Sales of Shares in LOTOS Biopaliwa is an agreement on sales of biocomponents between the Company and LOTOS Biopaliwa which will be concluded for a period of 4 years. The agreement on sales of biocomponents, indicated above, will be concluded on the day of concluding of promised agreement on sales of shares in LOTOS Biopaliwa.

In order to implement Remedies in fuels logistics market area following agreements, among others, were concluded:

1. Preliminary agreement on sales of 100% of shares in LOTOS Terminale S.A. headquartered in Czechowice Dziedzice (“LOTOS Terminale”) between Grupa LOTOS and Unimot Investments spółka z ograniczoną odpowiedzialnością („Unimot Investments”), to which a contribution agreement is attached on contribution of four PKN ORLEN fuels depots located in Gdańsk, Szczecin, Gutkowo and Bolesławiec to LOTOS Terminale;

2. Conditional fuels depot agreement between PKN ORLEN and Unimot Investments which allows PKN ORLEN to use the warehouses in fuels depots located in Gdańsk, Szczecin, Gutkowo and Bolesławiec after the shares in LOTOS Terminale are disposed to Unimot Investments, concluded for a period of 10 years starting from the date of its entry into force;

3. Conditional preliminary agreement between PKN ORLEN and Unimot Investments and Unimot S.A. on renting and settlements of expenditures which describes the obligation of the Company, Unimot Investments and Unimot S.A. to conclude a promised agreement on conditions of realization of the investment of building a fuels depot located in Szczecin, that will be owned and operated by LOTOS Terminale.

The contribution agreement, indicated above, will be concluded between PKN ORLEN and LOTOS Terminale after concentration between the Company and Grupa LOTOS is realized.

In order to implement Remedies in retail market area following agreements were concluded:

1. Preliminary agreement of sales of shares in LOTOS Paliwa between Grupa LOTOS and MOL Hungarian Oil and Gas Public Limited Company („MOL”) (“Preliminary Agreement of Sales of Shares in LOTOS Paliwa”), from which, before concluding of promised agreement of sales of shares in LOTOS Paliwa, Wholesales Business will be separated, consisting of in total 417 fuel stations of LOTOS retail network, located in Poland.

Additional document to the Preliminary Agreement of Sales of Shares in LOTOS Paliwa is a conditional agreement on sales of fuels to MOL Group, between PKN ORLEN and MOL, which will be concluded for a period of up to 8 years.

The price specified in the Preliminary Agreement of Sales of Shares in LOTOS Paliwa will be calculated on the base of formula specified in the Preliminary Agreement of Sales of Shares in LOTOS Paliwa, which consist of fixed element in the amount of approximately USD 610 million and variable element, depending on the level of debt and working capital of LOTOS Paliwa on the last day of the month preceding the month in which the promised agreement will be signed.

The Preliminary Agreement of Sales of Shares in LOTOS Paliwa includes a material adverse change clause, according to which, in case of occurrence of the events strictly defined in the agreement the price for shares in LOTOS Paliwa will be reduced accordingly based on agreed formula.

In order to implement Remedies in aviation fuels market area following agreements were concluded:

1. Preliminary agreement on sales of all shares owned by Grupa LOTOS in LOTOS-Air BP Polska Sp. z o.o. headquartered in Gdańsk ("LOTOS-Air BP") between Grupa LOTOS and Aramco;
2. Conditional agreement on sales of aviation fuel to LOTOS-Air BP, between PKN ORLEN and LOTOS-Air BP concluded for a period of 15 years from the date of its entry into force;
3. Conditional agreement on LOTOS-Air BP aviation fuel storage in Olszanica between PKN ORLEN and LOTOS-Air BP concluded for a period of 15 years from the date of its entry into force;
4. Conditional agreement on providing services of operating activity support in case of force majeure, between PKN ORLEN, ORLEN Aviation Sp. z o.o. headquartered in Warsaw and LOTOS-Air BP, concluded for a period of 15 years from the date of its entry into force.

In order to implement Remedies in bitumen market area following agreements, among others, were concluded:

1. Preliminary agreement on sales of 100% of shares in LOTOS Terminale, which, before concluding of promised agreement of sales of shares will acquire 100% of shares in LOTOS SPV 2 Sp. z o.o. ("Bitumen Company"), between PKN ORLEN and Unimot Investments. Beforehand, Bitumen Business will be separated to Bitumen Company.
2. Conditional bitumen sales agreement between Grupa LOTOS, PKN ORLEN and Unimot Investments, which will be concluded for a period of 10 years from its entry into force with option to extend this period by another two 5 years periods on terms previously agreed between parties.

Within 7 days from the conclusion of the above mentioned agreements the Company will submit to the Commission a motion for approval of proposed buyers of assets that are being disposed to implement Remedies and of concluded preliminary agreements and conditional agreements with attachments.

Additionally PKN ORLEN has concluded a conditional framework sales and purchase agreement with MOL ("Framework Agreement") as a result of which companies belonging to the ORLEN Group will purchase from MOL 144 fuel stations located in Hungary and 41 fuel stations located in Slovakia for the total price amounting to approximately EUR 229 million ("Transactions"). The price is subject to be corrected as of the Transaction settlement day due to changes in the level of net debt and working capital of the acquiring assets in relation to their reference values.

The Transactions shall be closed in 12 months from the day of signing of the Framework Agreement, however the actual acceptance of all acquiring assets shall be made in 18 months from the day of the Transactions closing.

Closing of the Transaction subjects to, among others, obtaining a certain approval of the Commission and the former purchase of 100% of shares in LOTOS Paliwa by MOL.

Additionally PKN ORLEN concluded with Saudi Arabian Oil Company a long term agreement on crude oil deliveries to the ORLEN Group companies. On the base of the agreement, in case of finalization of the concentration with Grupa LOTOS, PKN ORLEN will secure deliveries of the crude oil from Saudi Arabian Oil Company to ORLEN Group in the amount from 200 to 337 thousand barrels daily.

PKN ORLEN also concluded with Saudi Arabian Oil Company and Saudi Basic Industries Corporation a memorandum of understanding on cooperation to analyse, prepare and realize common investments in petrochemical segment. As potential areas of cooperation there will be analysed, among others, development projects in olefins and olefin derivatives, including aroma derivatives, in Poland and in Central and Eastern Europe.

PKN ORLEN also signed with Saudi Arabian Oil Company a memorandum of understanding on cooperation for the common analyses, preparation and realization of research and development projects, as well within the sustainable development technology.

Change in the Management Board

PKN ORLEN announced that on 27 January 2022 Mr Zbigniew Leszczyński submit a resignation with the effect from the end of 31 January 2022 from the position of PKN ORLEN Management Board Member.

The Polish Office of Competition and Consumer Protection consent to establish SPV with PGNiG in biomethane area

PKN ORLEN announced that on 31 January 2022 ORLEN Południe S.A. and PGNiG S.A. received the consent from the Chairman of the Polish Office of Competition and Consumer Protection to establish special purpose vehicle ("SPV").

Consequently the condition of establish a joint venture has been fulfilled. ORLEN Południe S.A. will have 51% of shares and PGNiG S.A. 49% in creating entity.

The core business of SPV is development of the market and production of biomethane, particularly acquisition and construction of biomethane plants, development of biomethane production technologies, as well as production, trading and use of biomethane in different fields of ORLEN Group and PGNiG S.A. business activity.

FEBRUARY 2022

ORLEN Group Hydrogen Strategy

PKN ORLEN announced that on 2 February 2022 Company's Supervisory Board approved ORLEN Group Hydrogen Strategy 2030 ("Hydrogen Strategy") which is more detailed part of ORLEN Group Strategy 2030 in one of business areas – hydrogen as part of the plan to invest in ORLEN Group future.

The Hydrogen Strategy defines ORLEN Group goals by 2030 and long-term development ambitions in hydrogen area in four key areas:

- Mobility – ORLEN Group as a transition leader in Central Europe, producing and providing zero- and low-carbon hydrogen as alternative fuel for transport sector and operator of publicly accessible hydrogen refuelling stations located in Central Europe. In the first stage (by 2025) focus on development of B2B market (primarily public transport ensuring stable demand volumes), next development of partnerships to creating of hydrogen corridors for long-haul heavy-duty transport; development of B2C offer and intensification of R&D activities in e-fuels area for air transport and in long term sea transport.
- Refining and petrochemicals – hydrogen as main enabler of decarbonisation of ORLEN Group. Focus on cost-efficient

reduction of CO₂ emission of existing hydrogen production units in ORLEN Group through, among others, realization before 2030 of projects in the field of carbon capture, utilisation and/or storage in selected locations. At the same time building of new hydrogen production plants based on electrolysis powered by renewable energy sources and units which convert municipal waste into hydrogen (waste-to-hydrogen type).

- Research, development and innovations and regulatory environment – advancement of research and development activities actively supporting the potential of the ORLEN Group. ORLEN Group as a partner of first choice for building a hydrogen economy in Central Europe: focus on creating and promoting hydrogen partnerships and the hydrogen ecosystem as well as building in-house capabilities across the hydrogen value chain supporting realizing investment initiatives.
- Industry and energy - promising direction of ORLEN Group engagement as a major supplier and customer of zero- and low-carbon hydrogen within the European Hydrogen Backbone.

It was estimated that realization of activities planned by 2030 in Hydrogen Strategy will require CAPEX of approximately PLN 7.4 billion. Expenditures have been partially taken into account in ORLEN Group Strategy 2030 as part of pillar: Investing in the future. The Hydrogen Strategy will consist of a series of initiatives to be realized, the most important of which include the following projects:

- Building of over 100 publicly accessible hydrogen refuelling stations with necessary logistics infrastructure in Central Europe.
- Building new low- and zero-carbon hydrogen capacity of approximately 540 MW, including from water electrolysis powered by renewables and municipal waste to hydrogen.
- Building of units dedicated to CO₂ emission reduction from existing hydrogen production units with using of carbon capture, utilisation and/or storage technologies.

Realization of above projects allow for production of zero- and low-carbon hydrogen in ORLEN Group in 2030 on the level of approximately 50% of the total planned volume of hydrogen production in ORLEN Group in 2030, which will lead to avoidance of approximately 1,6 Mt of CO₂ emission from hydrogen production yearly.

The scale of CAPEX planned in the Hydrogen Strategy may be lowered due to use of external financing, including non-returnable, connected with innovations and energy transition.

Change in the Management Board

PKN ORLEN announced that the Supervisory Board of PKN ORLEN., following its meeting on 15 February 2022 appointed Mr Piotr Sabat to hold the position of the Member of the Company's Management Board, with the effect from 1 March 2022.

MARCH 2022

Agreements for building of the complex of units for production of II generation bioethanol in the ORLEN Południe production plant

PKN ORLEN announced that ORLEN Południe S.A. ("ORLEN Południe") signed the agreements for building of the complex of units for production of II generation bioethanol (B2G) in EPC formula (Engineering, Procurement and Construction) in the ORLEN Południe production plant in Jedlicze ("B2G Complex").

Within the B2G Complex main unit for bioethanol production, heat and power plant and ancillary infrastructure will be built.

The general contractor of the main B2G unit, with yearly capacity of 25 thousand tonnes, will be ZARMEN Sp. z o.o. headquartered in Warsaw. CAPEX for B2G unit will amount to approximately PLN 550 million.

The contractor of biomass heat and power plant will be Valmet Technologies Oy headquartered in Espoo, Finland. CAPEX for heat and power plant will amount to approximately PLN 170 million.

In the next stage, for the purpose of the B2G Complex, the biogas plant will also be built.

Total CAPEX for building of the B2G Complex is estimated at approximately PLN 1.12 billion. The completion of the building is planned by the end of 2024.

The Polish Office of Competition and Consumer Protection conditional consent regarding concentration between PKN ORLEN and PGNiG S.A.

PKN ORLEN announced that on 16 March 2022 it received the conditional positive decision from the Chairman of the Polish Office of Competition and Consumer Protection ("UOKiK") regarding consent for concentration consisting in merger with Polskie Górnictwo Naftowe i Gazownictwo S.A. headquartered in Warsaw („PGNiG”).

The positive decision of the Chairman of UOKiK was submitted under condition of implementing by PKN ORLEN and PGNiG the remedy in the form of getting rid of control over Gas Storage Poland Sp. z o.o., the subsidiary of PGNiG, which core field of activity is performing tasks of a storage system operator of natural gas. The decision provides also an obligation to conclude or maintain with Gas Storage Poland Sp. z o.o. an agreement entrusting the duties of storage system operator after getting rid of control over that company. PKN ORLEN and PGNiG have 12 months from the moment of concertation for realization of the remedy.

MAY 2022

Agreement for building of the new Air Separation Unit III in the Production Plant in Plock

PKN ORLEN announced that on 17 May 2022 it signed with Linde GmbH, Linde Engineering an agreement for building of the new Air Separation Unit III in the Production Plant in Plock ("Investment") in EPC (Engineering, Procurement and Construction) formula for ISBL. The annual production capacity of the unit will amount to 38 500 Nm³/h of oxygen and 75 000 Nm³/h of nitrogen. Realization of the Investment is necessary due to the need to secure oxygen gas and nitrogen gas to new, building Olefins III complex and other units in the Production Plant in Plock. Additionally realization of the Investment will allow to extent the scope of the offered products with high-margin liquid gases and also there will be achieved savings due to improved operation and processing efficiency.

Total cost of the Investment is estimated at the level of approximately PLN 760 million. The completion of the Investment is planned for the beginning of 2025.

JUNE 2022**Agreement of merger plan between PKN ORLEN and Grupa LOTOS S.A. and agreement on the ratio of the shares to be exchanged in connection with that merger**

PKN ORLEN announced that on 2 June 2022 the Company and Grupa LOTOS have concluded a written agreement on the merger plan ("Merger Plan"). The merger will be conducted on the base of Art. 492.1.1 of the Polish Code of Commercial Companies through transfer of all assets and liabilities of Grupa LOTOS (company being acquired) to PKN ORLEN (acquiring company) in exchange for shares which the Company will issue to the shareholders of Grupa LOTOS ("Merger").

In connection with the Merger the Company will made a public offer of the shares that will be issued within the process of the Merger ("Merger Shares"), the public offer will be addressed to the shareholders of Grupa LOTOS and it will be exempted from the formal prospectus requirements, providing that an information document will be prepared in line with the Commission Delegated Regulation (EU) 2021/528 of 16 December 2020 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division, in connection with Art. 1.4.g, Art. 5.f and Art. 1.6 of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC ("Regulation 2017/1129") ("Information Document"). Information Document will not subject to the approval or verification by any of the authority according to Art. 20 of the Regulation 2017/1129, in particular it will not subject to the approval of the Polish Financial Supervision Authority.

According to the Merger Plan the Shareholders of Grupa LOTOS, in exchange for their shares in Grupa LOTOS, will be issued the Merger Shares in the following proportions: 1,075 (PKN ORLEN shares) : 1 (Grupa LOTOS shares) ("Share Swap Ratio").

The foregoing means that, in exchange for 1 (one) share in Grupa LOTOS, the Shareholders of Grupa LOTOS will receive 1,075 PKN ORLEN shares (Merger Shares), with reservation that the number of allotted shares will be a natural number, while the non-allotted fractions of the Merger Shares resulting from the application of the Share Swap Ratio will be compensated to the Shareholders of Grupa LOTOS by way of payouts under the terms set out in the Merger Plan.

The first and the second notification for shareholders of the intention to merge PKN ORLEN with Grupa LOTOS

The Management Board of PKN ORLEN acting in compliance with Art. 504.1. of the Polish Code of Commercial Companies notifies shareholders as at 15 June and as at 4 July 2022 of the intention to merge PKN ORLEN with Grupa LOTOS, that will be conducted on the base of Art. 492.1.1 of the Polish Code of Commercial Companies through transfer of all assets and liabilities of Grupa LOTOS (company being acquired) to PKN ORLEN (acquiring company) in exchange for shares which the Company will issue to the shareholders of Grupa LOTOS ("Merger").

The transfer of all assets and liabilities of Grupa LOTOS to PKN ORLEN will take place on the Merger Date, i.e. when the Merger is recorded in the business 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 Grupa LOTOS in compliance with Art. 494.1 of the Polish Code of Commercial Companies (universal succession). Pursuant to Art. 494.4 of the Polish Code of Commercial Companies, as from the Merger Day, the shareholders of Grupa LOTOS will become PKN ORLEN shareholders.

On 2 June 2022 the Company and Grupa LOTOS agreed in writing the merger plan ("Merger Plan").

The Merger requires resolutions of general meetings of the Merging Companies. Pursuant to the Merger Plan, the general meetings of the Merging Companies will be presented draft resolutions on the Merger, which will include, in particular: (i) approval of the Merger Plan and (ii) approval of the proposed amendments to PKN ORLEN's Articles of Association in connection with the Merger ("Merger resolutions"). To conclude the Merger resolutions the Company will convey the general meeting pursuant to the provisions of the Polish Code of Commercial Companies and to the Company's Articles of Association. Moreover the Company informs that on 15 June 2022 an opinion of an expert has been delivered to the Company regarding the Merger of the Company with Grupa LOTOS, prepared pursuant to Art. 503.1 of the Polish Code of Commercial Companies.

The Merger Plan together with the other documents published by the Company in connection with the Merger, including:

1. Company Extraordinary General Meeting draft resolution on the Merger;
2. Grupa LOTOS Extraordinary General Meeting draft resolution on the Merger;
3. Draft amendments to Company Articles of Association;
4. Document setting forth the value of the assets and liabilities of the Company (prepared pursuant to Art. 499.2.2 of the Polish Code of Commercial Companies);
5. Document setting forth the value of the assets and liabilities of Grupa LOTOS (prepared pursuant to Art. 499.2.2 of the Polish Code of Commercial Companies);
6. Financial statements of the Company and the Company's Management Board reports for 2019, 2020 and 2021, together with the auditor's report;
7. Financial statements of Grupa LOTOS and Grupa LOTOS Management Board reports for 2019, 2020 and 2021, together with the auditor's report;
8. Company Management Board Report drawn up for the purpose of Merger, pursuant to Art. 501 of the Polish Code of Commercial Companies;
9. Grupa LOTOS Management Board Report drawn up for the purpose of Merger, pursuant to Art. 501 of the Polish Code of Commercial Companies;
10. The expert opinion, pursuant to Art. 503.1 of the Polish Code of Commercial Companies

- will be permanently available (in electronic version, printable) on the Company's website under the following address: <https://www.orlen.pl/en/investor-relations/merger-with-the-LOTOS-Group> by the day of closing of the general meetings concluding the Merger resolutions.

JULY 2022**European Commission approval for taking control by PKN ORLEN over Grupa LOTOS S.A.**

PKN ORLEN announced that on 20 June 2022 the European Commission ("Commission") has approved the purchasers of the assets that are being disposed in order to implement the remedies ("Remedies") that were specified in conditional decision of the Commission as of 14 July 2020 on the concentration involving the acquisition of control by Company over Grupa LOTOS. The Commission has also approved the the agreements concluded with those purchasers. The promised agreements with the abovementioned purchasers shall be concluded and, as the case may be, the conditional agreements shall come into force within 6 months from the day of their approval by the Commission.

Publication of the Exemption Document in connection with the planned merger between PKN ORLEN and Grupa LOTOS S.A.

In connection with the planned merger between PKN ORLEN and Grupa LOTOS that will take place pursuant to Article 492.1.1 of the Polish Code of Commercial Companies ("Merger") a document for a prospectus exemption has been prepared in line with Regulation 2021/528 and publicly disclosed ("Exemption Document"). The Exemption Document relates to the public offer of the shares that will be issued within the process of the Merger, addressed to the shareholders of Grupa LOTOS, and to admission and introduction of that shares to public trading organized by the Warsaw Stock Exchange, that is subject to exemption from the prospectus obligations and requirements according to Regulation 2017/1129. The Exemption Document is not subject to the review or approval by a competent authority pursuant to Article 20 of Regulation 2017/1129, in particular, it is not subject to the approval of the Polish Financial Supervision Authority. The Exemption Document is available on the Company's website under the following address: <https://www.orklen.pl/en/investor-relations/merger-with-the-LOTOS-Group>

New deadline for finalization of the Visbreaking Installation at production plant in Plock

PKN ORLEN announced that on 14 July 2022 it signed with KTI Poland S.A. an annex to the agreement for design, deliveries and building "in turn key" formula of the Visbreaking Installation at production plant in Plock. On the base of the annex the realization of the investment has been postponed from the end of 2022 to the mid-2023.

The agreement between PKN ORLEN and the State Treasury regarding planned merger of PKN ORLEN with Grupa LOTOS S.A.

PKN ORLEN announced that on 20 July 2022 there has been signed an agreement between the Company and the State Treasury regarding the planned merger of the Company with Grupa LOTOS ("Agreement").

The Agreement sets forth the Company's declarations of intent not constituting a contractual obligation of the Company regarding: (i) realization of the energy policy of Poland for crude oil and liquid fuels (traditional) and (ii) continuation of employment policy towards employees of the LOTOS Group, who will become employees of the Company's capital group after the merger, assuring proper and safe operating of the workplaces belonging to the LOTOS Group before the merger and also Company's commitment to continue key investments that are realized by Grupa LOTOS before the merger, indicated in the Agreement.

The parties of the Agreement assumes that after the merger of the Company with Grupa LOTOS the key investments of Grupa LOTOS, indicated in the Agreement, will be continued in the minimum scope specified in the Agreement ("Investment Commitments"). The Company declared that immediately after the merger it will verify the conditions for continuation of these investments.

The Company declared also that after the merger and subject to the exceptions described in the Agreement it will take steps towards: (i) diversifying of the supplies of natural resources, in particular crude oil and independence of Poland from Russian crude oil deliveries, (ii) strengthening of the Company's position on the production and distribution of liquid fuels (traditional) market while endeavouring to reduce their emissivity, (iii) development of the Company on the petrochemical products market, including searching for and undertaking investments, (iv) research and projects on the use of alternative fuels, as well as electromobility and (v) maintaining the proper operation of Gdańsk refinery.

Declaration on the Company's realization of the energy policy of Poland will be realized in the scope permitted by the generally applicable law and provisions of the Company's Articles of Association.

The Agreement is not legally binding except for selected provisions regulating, among others, execution of the Investment Commitments, including the Company's liability for breach of these obligations.

In case of culpable non-performance or improper performance of legally binding Investment Commitments by the Company and ineffective expiry of the deadlines provided by the parties of the Agreement to develop the recovery plan for non-performance or improper performance of the Investment Commitments, the Company will be obliged to pay contractual penalties to the State Treasury, which are in a precisely defined amount described in the Agreement.

Subject to the exceptions set out in the Agreement, it will remain in force for a period of 10 years from the date of its conclusion and will be automatically extended in the circumstances defined in the Agreement, for the period necessary for realization of the Investment Commitments. The Agreement will enter into force in principle on the date of the merger of the Company with Grupa LOTOS, i.e. with the date of entry the merger in the relevant register.

EGM adopted resolutions regarding the merger of PKN ORLEN with Grupa LOTOS

PKN ORLEN announced that on 21 July 2022 Extraordinary General Meeting of the Company adopted resolutions regarding:

- 1) merger between the Company and Grupa LOTOS, the increase of the Company's share capital and the approval of the proposed amendments to the Company's Articles of Association;
- 2) consent for transfer of fuel storage terminals located in Gdańsk, Gutkowo, Szczecin and Bolesławiec by the Company, which constitute an organized part of enterprise of the Company, in the form of an in-kind contribution to cover shares

in the increased share capital of LOTOS Terminale S.A. with its registered office in Czechowice-Dziedzice, which will remain a subsidiary of the Company as a result of the merger of the Company with Grupa LOTOS pursuant to Article 492 § 1.1. of the Code of Commercial Companies;
as presented to the Company's shareholders in the regulatory announcement no 28/2022 dated 23 June 2022.

Agreement of merger plan between PKN ORLEN and PGNiG S.A. and agreement on the ratio of the shares to be exchanged in connection with that merger

PKN ORLEN announced that on 29 July 2022 the Company and Polskie Górnictwo Naftowe i Gazownictwo S.A. headquartered in Warsaw ("PGNiG") have signed the merger plan ("Merger Plan"). The Merger Plan assumes that merger will be conducted on the base of Art. 492.1.1 of the Polish Code of Commercial Companies, i.e. merger by acquisition of PGNiG (company being acquired) by PKN ORLEN (acquiring company), through transfer of all assets and liabilities of PGNiG to the Company in exchange for shares of the Company that will be issued to the shareholders of PGNiG ("Merger"). The shares will be newly issued through the increase of the Company's share capital ("Merger Shares").

The Company will make a public offer of the Merger Shares addressed to the shareholders of PGNiG on the base of the prospectus approved by the Polish Financial Supervision Authority, in line with Regulation (EU) 2017/1129 of the European Parliament and of the Council as of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJEU L 168, 30.6.2017, p. 12 with amendments).

According to the Merger Plan the Shareholders of PGNiG, in exchange for their shares in PGNiG, will be issued the Merger Shares in the following proportions: 0.0925 (PKN ORLEN shares): 1 (PGNiG shares) ("Share Swap Ratio"). The foregoing means that, in exchange for 1 (one) share in PGNiG, the Shareholders of PGNiG will receive 0.0925 Merger Shares, with reservation that the number of allotted Merger Shares will be a natural number, while the non-allotted fractions of the Merger Shares resulting from the application of the Share Swap Ratio will be compensated to the Shareholders of PGNiG by way of payouts under the terms set out in the Merger Plan.

AUGUST 2022

Registration of merger between PKN ORLEN and Grupa LOTOS, increase in share capital and changes of PKN ORLEN Articles of Association connected with that merger

PKN ORLEN announced that on the basis of the Central Information Office of the National Court Register data it has been informed that on 1 August 2022 merger between PKN ORLEN and Grupa LOTOS S.A. („Grupa LOTOS”) ("Merger"), increase in share capital and changes to the Articles of Association of PKN ORLEN ("Articles of Association"), approved by the Company Extraordinary General Meeting on 21 July 2022, were registered in National Court Register by the District Court for Łódź Śródmieście in Łódź, XX Commercial Division of the National Court Register.

The Merger has been conducted pursuant to Article 492.1.1. of the Polish Code of Commercial Companies by transferring all the rights and obligations (assets and liabilities) of Grupa LOTOS (company being acquired) to PKN ORLEN (acquiring company) with the relevant increase of PKN ORLEN's share capital by issuing merger shares to be allocated by PKN ORLEN to Grupa LOTOS' Shareholders.

In accordance with Article 493.2 of the Polish Code of Commercial Companies the Merger is effected on the day when the Merger has been recorded in the register of the National Court Register by the registry court of proper venue for the registered office of PKN ORLEN. As a result of the registration Grupa LOTOS shall be struck off the register.

As from 1 August 2022, the Company has assumed any and all rights and obligations of Grupa LOTOS in compliance with Article 494.1. of the Polish Code of Commercial Companies (universal succession).

In connection with the Merger the share capital of PKN ORLEN has been increased from PLN 534,636,326.25 (five hundred and thirty four million six hundred and thirty six thousand three hundred and twenty six point twenty five zloty) to the amount of PLN 783,059,906.25 (seven hundred and eighty three million fifty nine thousand nine hundred and six point twenty five zlotys). After registration of the Company's share capital increase the total amount of all issued shares amounts to 626,447,925 (six hundred and twenty six million four hundred and forty seven thousand nine hundred and twenty five) shares with the nominal value of PLN 1.25 (one point twenty five zloty) per one share. The total number of votes resulting from all shares issued by the Company amounts to 626,447,925 (six hundred and twenty six million four hundred and forty seven thousand nine hundred and twenty five).

Conditional registration of PKN ORLEN series E shares in Central Securities Depository of Poland, exchange of Grupa LOTOS shares into PKN ORLEN shares and withdrawal of Grupa LOTOS shares from securities depository

PKN ORLEN announced that on 3 August 2022 Central Securities Depository of Poland ("KDPW") has made a conditional registration of 198,738,864 ordinary series E shares with a nominal value of PLN 1.25 each issued in connection with the merger between the Company and Grupa LOTOS S.A. ("Series E shares") under the condition that: (i) the Series E shares will be introduced to trading on the regulated market where other Company's shares with ISIN code PLPKN0000018 were introduced to trading and (ii) submission by the National Support Centre for Agriculture (KOWR) the representation of will concerning its exercise of the right to acquire the above mentioned shares in accordance with the Act on the Structuring of the Agrarian System dated 11.04.2003 (unified text Journal of Laws 2022 No. 461) or until the lapse of the time during which such right could be exercised.

The registration of the Series E shares will take place within 3 days from receiving by KDPW the decision that the shares will be introduced to trading on the regulated market, however not sooner than on the date indicated in that decision as the day of introduction of that shares to trading on that regulated market and not sooner than after receiving by KDPW of KOWR representation of will concerning its exercise of the right to acquire the above mentioned shares or until the lapse of the time during which such right could be exercised.

Moreover KDPW decided about:

1) exchange of Grupa LOTOS S.A. shares into PKN ORLEN shares, in accordance with the following conditions:

(i) reference date, referred to in § 228 of the Detailed Rules of the KDPW – 3 August 2022

(ii) share swap ratio 1:1.075,

2) in connection with the exchange of shares, mentioned above, withdraw from securities depository:

(i) 184,825,312 of ordinary bearer shares of Grupa LOTOS S.A., with ISIN code: PLOTOS00025,

(ii) 48,050 of ordinary registered shares of Grupa LOTOS S.A., with ISIN code: PLOTOS00033.

Information on the registration of Series E shares will be provided in the form of KDPW operating announcement.

Nationale-Nederlanden OFE Notification of shareholding change in Grupa LOTOS S.A.

PKN ORLEN announced that the Company, acting as legal successor of Grupa LOTOS S.A., received a notification from Nationale Nederlanden Otwarty Fundusz Emerytalny about decreasing of shareholding in Grupa LOTOS S.A. below 5% of total voting rights at the General Meeting of Grupa LOTOS S.A.

National Support Centre for Agriculture representation of will of not exercising the right to acquire PKN ORLEN merger shares issued to be allocated to Grupa LOTOS' shareholders

PKN ORLEN announced that on the basis of information published on 10 August 2022 on the webpage of National Support Centre for Agriculture ("KOWR") in Public Information Bulletin it has been informed that KOWR did not exercise its right under provisions of the Act on the Structuring of the Agrarian System as of 11 April 2003 concerning shaping of agricultural system (unified text as of 13 January 2022; Journal of Laws of 2022, No. 461) to acquire 198,738,864 ordinary series E shares with a nominal value of PLN 1.25 each, with a total nominal value of PLN 248,423,580 ("Series E shares") issued by the Company in connection with the merger between the Company and Grupa LOTOS Spółka Akcyjna, headquartered in Gdańsk ("Grupa LOTOS"), to be allocated by PKN ORLEN to Grupa LOTOS' shareholders.

Submission by the KOWR the above mentioned representation of will was one of the condition to register Series E shares by the Central Securities Depository of Poland, about which The Company informed in the regulatory announcement no 40/2022 dated 3 August 2022.

Admission and introduction to stock exchange trading on the WSE Main Market of merger shares and delisting of Grupa LOTOS shares

PKN ORLEN announced that on 10 August 2022 the Management Board of the Warsaw Stock Exchange ("WSE"), in connection with the merger between PKN ORLEN and Grupa LOTOS Spółka Akcyjna, headquartered in Gdańsk ("Grupa LOTOS"), has adopted following resolutions:

- regarding delisting of Grupa LOTOS shares on 12 August 2022 from the Main Market of the WSE,

- regarding admission and introduction to stock exchange trading on the WSE Main Market of 198,738,864 ordinary bearer series E shares with a nominal value of PLN 1.25 each ("Series E shares"). WSE Management Board decided to introduce Series E shares on 12 August 2022 to stock exchange trading on the main market, under the condition that the Central Securities Depository of Poland ("KDPW") on 12 August 2022 will register that shares and will mark them with code PLPKN0000018.

Introduction of Series E shares to regulated market was the last condition of registration of Series E shares by KDPW, therefore, the conditions of registration of Series E shares in securities depository have been fulfilled.

Registration of series E shares issued under the public offering in connection with merger between PKN ORLEN and Grupa LOTOS and summary of issue of these shares

PKN ORLEN announced that the Central Securities Depository of Poland published an announcement regarding registration in the securities depository, on 12 August 2022 and under the ISIN code PLPKN0000018, of 198,738,864 ordinary bearer series E shares ("Series E shares") issued under the public offering in connection with merger between PKN ORLEN and Grupa LOTOS Spółka Akcyjna, headquartered in Gdańsk ("Grupa LOTOS") ("Merger"). Therefore, the condition of introduction of Series E shares to stock exchange trading on the Warsaw Stock Exchange Main Market on 12 August 2022 have been fulfilled.

Moreover, the Company provides information about Series E shares:

– Series E shares will be handed over to the Grupa LOTOS shareholders, in connection with the Merger, according to the number of Grupa LOTOS shares held as of the reference day i.e. 3 August 2022, based on the share swap ratio: 1.075 (PKN ORLEN shares) : 1 (Grupa LOTOS shares),

– Series E shares will be handed over to the Grupa LOTOS shareholders on 12 August 2022,

– the number of Series E shares, which will be handed over to the Grupa LOTOS shareholders, resulted from the share swap ratio as of the reference day, without taking into account the shares vested to the Grupa LOTOS shareholders which are subject to sanctions or these for which it cannot be established whether they are exempt from them amounts to 198,092,050,

– the number of Series E shares, which won't be handed over to the Grupa LOTOS shareholders due to their being subject to sanctions or these for which it cannot be established whether they are exempt from them amounts to 639,594,

– the number of Series E shares which won't be handed over due to use of the share swap ratio amounts to 7,220.

The Company indicates that Series E shares for Grupa LOTOS shareholders which are subject to sanctions imposed in connection with aggression of Russia on Ukraine and participation of Belarus in it, or these for which it cannot be established whether they are exempt from above mentioned sanctions were registered on the securities account kept for the Company and were blocked according to the instruction submitted by the Company. Series E shares, referred to in the preceding sentence, will be registered on the securities accounts kept for these shareholders, after establishing by entities keeping securities accounts, grounds for exemption from the above mentioned sanctions and delivering to the Company of statements of these entities stating these circumstances. In the matters set out above the shareholders should directly contact entities keeping their securities accounts.

Due to lack of final settlement of the costs of the issue as of the date of this report PKN ORLEN will prepare and publish a separate regulatory announcement regarding the final costs of the issue.

The opinion of an expert regarding the merger plan of the Company with PGNiG S.A.

PKN ORLEN announced that on 12 August 2022 an opinion of an expert has been delivered to the Company regarding the merger plan dated 29 July 2022 regarding the merger between PKN ORLEN and Polskie Górnictwo Naftowe i Gazownictwo S.A. headquartered in Warsaw (about which the Company informed in the regulatory announcement no 37/2022 dated 29 July 2022), prepared pursuant to Art. 503.1 of the Polish Code of Commercial Companies.

The expert opinion is available on the PKN ORLEN's website, according to Art. 505. 31 of the Polish Code of Commercial Companies, in the tab Merger with PGNiG under the following address: <https://www.orklen.pl/en/investor-relations/merger-with-pgnig>, where this document will be, as other documents published there, available not less than until the Company's General Meeting, on which the resolutions are to be adopted, indicated as projects in the attachment no 1 to the merger plan dated 29 July 2022.

Notification from a Shareholder – the State Treasury of shareholding change in PKN ORLEN

PKN ORLEN S announced that the Company received a notification from a Shareholder – the State Treasury, represented by the Minister of the State Assets about an increase in shareholding in PKN ORLEN as a result of the fact that on 1 August 2022 the District Court for Łódź Śródmieście in Łódź, XX Commercial Division of the National Court Register, registered the merger between PKN ORLEN and Grupa LOTOS S.A., increase in share capital and changes to the Articles of Association of PKN ORLEN approved by the Company Extraordinary General Meeting on 21 July 2022.

Before the change, the State Treasury, represented by the Minister of State Assets, held 117,710,196 of PKN ORLEN shares, which constituted 27.52% of the share capital of the Company and entitled to 117,710,196 of votes at the Company General Meeting, which constituted 27.52% of the total number of votes.

Currently, the State Treasury, represented by the Minister of State Assets, holds 223,414,424 of PKN ORLEN shares, which constitutes 35.66% of the share capital of the Company and entitles to exercise 223,414,424 votes at the General Meeting of the Company, which constitutes 35.66% of the total number of votes.

Moody's Investors Service upgraded PKN ORLEN's rating

PKN ORLEN announced that on 18 August 2022 Moody's Investors Service ("Agency") upgraded issuer rating of PKN ORLEN from the level of Baa2 to Baa1 and also upgraded the baseline credit assessment from Baa3 to Baa2.

The Agency has also upgraded the rating, from the level of Baa2 to Baa1 for the medium term Eurobonds programme up to the amount of EUR 5,000,000,000 ("EMTN Programme"), established by PKN ORLEN.

Concurrently, the Agency also upgraded the rating, from the level of Baa2 to Baa1, of following Eurobonds:

- EUR 500 million maturing in 2028, issued by PKN ORLEN within the EMTN Programme, an
- EUR 750 million maturing in 2023, issued by ORLEN Capital AB and guaranteed by PKN ORLEN.

The outlook on all of today upgraded ratings remains positive.

Temporary shut-down of the nitrogen fertilizers production in Anwil

PKN ORLEN announced that due to unprecedented and record high increase of natural gas prices in Europe, Anwil S.A. decided to temporarily shut-down the production of nitrogen fertilizers. Anwil S.A. constantly monitors the situation on the raw materials market. Once the macroeconomic conditions on the natural gas market stabilize, production will be resumed.

During the shut-down of production lines, Anwil S.A. will be realizing maintenance and investment works.

Change in the Management Board

PKN ORLEN announced that the Supervisory Board of PKN ORLEN, following its meeting on 25 August 2022 appointed Mr Krzysztof Nowicki the Member of the Company's Management Board, with the effect from 1 September 2022.

The first and the second notification for shareholders of the intention to merge PKN ORLEN with PGNiG S.A. headquartered in Warsaw

The Management Board of PKN ORLEN acting in compliance with Art. 504.1. of the Polish Code of Commercial Companies notified shareholders on 26 August and 12 September 2022, respectively of the intention to merge PKN ORLEN with Polskie Górnictwo Naftowe i Gazownictwo S.A. headquartered in Warsaw ("PGNiG"), that will be conducted on the basis described in the merger plan, concluded by the Company and PGNiG on 29 July 2022 ("Merger Plan"), information about which has been published by the Company in the regulatory announcement no 37/2022.

The merger, according to the Merger Plan, will be conducted on the base of Art. 492.1.1 of the Polish Code of Commercial Companies through transfer of all assets and liabilities of PGNiG (company being acquired) to PKN ORLEN (acquiring company) in exchange for shares which the Company will issue to the shareholders of PGNiG ("Merger").

The transfer of all assets and liabilities of PGNiG to PKN ORLEN will take place on the Merger Date, i.e. when the Merger is recorded in the business 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 PGNiG in compliance with Art. 494.1 of the Polish Code of Commercial Companies (universal succession). Pursuant to Art. 494.4 of the Polish Code of Commercial Companies, as from the Merger Day, the shareholders of PGNiG will become PKN ORLEN shareholders.

The Merger requires resolutions of general meetings of the merging companies. Pursuant to the Merger Plan, the general meeting of the Company and the general meeting of PGNiG will be presented draft resolutions on the Merger, which will include, in particular: (i) approval of the Merger Plan and (ii) approval of the proposed amendments to PKN ORLEN's Articles of Association in connection with the Merger ("Merger resolutions"). To conclude the Merger resolutions the Company conveyed the general meeting, pursuant to the provisions of the Polish Code of Commercial Companies and to the Company's Articles of Association, for 28 September 2022, according to regulatory announcement no 51/2022.

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

1. Merger Plan with schedules no 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 statements of PGNiG and PGNiG Management Board reports for 2019, 2020 and 2021, together with the auditor's report;
4. PKN ORLEN Management Board Report drawn up for the purpose of Merger;
5. PGNiG Management Board Report drawn up for the purpose of Merger;
6. The expert opinion on the Merger Plan, as of 12 August 2022,
 - will be permanently available (in electronic version, printable) on the PKN ORLEN's website under the following address: <https://www.orlen.pl/en/investor-relations/merger-with-PGNiG> by the day of closing of the general meetings concluding the Merger resolutions.

The Company also informs that it has received a confirmation – an opinion of an independent auditor – that the Merger will not be classified as reverse acquisition in the meaning of IFRS 3 Business Combinations (IFRS adopted by Regulation (EC) No 1126/2008 as of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council, OJ L 320, 29.11.2008, p. 1. with amendments). It means that the Company is entitled to use the exemption from the formal prospectus requirements, in line with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12 with amendments) providing that an information document will be prepared in line with the Commission Delegated Regulation (EU) 2021/528 of 16 December 2020 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division (OJ L 106, 26.3.2021, p. 32), that information document will not be subject to the approval of the Polish Financial Supervision Authority.

As a result of the above the legal condition specified in the Merger Plan, i.e. the obligation to prepare the prospectus regarding the Company's shares to be issued to the shareholders of PGNiG (see point 3.4 and 9.1 of the Merger Plan), will not be applicable to the Merger.

As a result of the confirmation that there is no legal obligation to prepare prospectus, the Company, in line with the exemption provided by Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, will prepare and publish an information document, pursuant to the Commission Delegated Regulation (EU) 2021/528 of 16 December 2020.

The expert who examined the Merger Plan has been informed about the opinion of the auditor as well as about the Company's intention to prepare the information document in place of the prospectus and he stated that circumstances have no impact on conclusions provided in his report.

The statement of claim for annulment of the resolution of Extraordinary General Meeting of Grupa LOTOS S.A.

PKN ORLEN announced that it has received information from the District Court for Łódź-Śródmieście in Łódź, that the Shareholders of the former Grupa LOTOS S.A. ("Grupa LOTOS") filed a claim for annulment of Resolution No. 3 adopted at the Extraordinary General Meeting of Grupa LOTOS on 20 July 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.

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

Resumption of nitrogen fertilizers production in Anwil

PKN ORLEN announced that for the sake of the food security in the country and of the health protection in Poland, despite the difficult macroeconomic conditions, Anwil S.A. decided to resume the production of nitrogen fertilizers.

SEPTEMBER 2022

Agreement between PKN ORLEN and ENERGA on financing of CCGT power plant in Gdansk

PKN ORLEN announced that on 16 September 2022 it concluded with ENERGA an agreement regarding financing ("Agreement") of building of gas power plant (CCGT) in Gdansk ("Project"). If the investment decision regarding the Project is made, PKN ORLEN declared in the Agreement to finance the whole CAPEX of the Project, but not more than PLN 2.5 billion, while the financing provided by PKN ORLEN will take place after the financing provided by ENERGA.

PKN ORLEN may withdraw from the Agreement if a capacity agreement is not concluded by the company CCGT Gdańsk Sp. z o.o. (special purpose vehicle company that realizes the Project).

Covering of indicated CAPEX will take place through the provision of cash to ENERGA S.A. or the company CCGT Gdańsk Sp. z o.o. for equity or on a debt financing basis. The Agreement specifies also the principles of supervision over the company CCGT Gdańsk Sp. z o.o. and managing of the Project.

The Agreement replaces the letter of intent about which PKN ORLEN informed in the regulatory announcements no. 54/2021 dated 29 December 2021 and no. 58/2020 dated 2 November 2020.

PKN ORLEN holds 90.92% of ENERGA S.A. shares that entitle to 93.28% of the total votes at the ENERGA S.A. general meeting of shareholders.

Motion of the Shareholder the State Treasury regarding PKN ORLEN Extraordinary General Meeting convened for 28 September 2022

PKN ORLEN announced that on 20 September 2022 to the Company there was delivered a motion of the Shareholder, the State Treasury, represented by the Minister of the State Assets, with a proposal for changes to the published draft resolution regarding point no 6 of the agenda of the PKN ORLEN Extraordinary General Meeting, convened for 28 September 2022:

"6. Voting on a resolution on merger between the Company and Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna, registered office in Warsaw, KRS No. 0000059492 and the increase of the Company's share capital and the approval of the proposed amendments to the Company's Articles of Association."

Publication of the Exemption Document in connection with the planned merger between PKN ORLEN and Polskie Górnictwo Naftowe i Gazownictwo S.A. headquartered in Warsaw

In connection with the planned merger between PKN ORLEN and Polskie Górnictwo Naftowe i Gazownictwo S.A. headquartered in Warsaw ("PGNiG"), that will take place pursuant to Article 492(1)(1) of the Polish Code of Commercial Companies ("Merger") a document for a prospectus exemption has been prepared in line with Regulation 2021/528 and publicly disclosed ("Exemption Document"). The Exemption Document relates to the public offer of the shares that will be issued within the process of the Merger, addressed to the shareholders of PGNiG, and to admission and introduction of that shares to public trading organized by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.), that is subject to exemption from the prospectus obligations and requirements according to Regulation 2017/1129. The Exemption Document is not subject to the review or approval by a competent authority pursuant to Article 20 of Regulation 2017/1129, in particular, it is not subject to the approval of the Polish Financial Supervision Authority.

The Exemption Document is available on the PKN ORLEN's website under the following address: <https://www.orlen.pl/en/investor-relations/merger-with-PGNiG>.

EGM adopted resolution regarding the merger of PKN ORLEN with PGNiG S.A.

PKN ORLEN announced that on 28 September 2022 Extraordinary General Meeting of the Company adopted resolution regarding merger between the Company and Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna, registered office in Warsaw, and the increase of the Company's share capital and the approval of the proposed amendments to the Company's Articles of Association.

OCTOBER 2022**New deadline for finalization of the investment - extension of fertilizers production capacities at ANWIL**

PKN ORLEN announced that on 7 October 2022 there have entered into force the terms of memorandum of understanding ("MoU") signed between ANWIL S.A. and Tecnimont S.p.A., on the base of which there will be prepared an annex to the agreement with Tecnimont S.p.A. as of 28 June 2019 for design, deliveries and building "in turn key" formula a granulation unit in ANWIL S.A. in Wloclawek ("Annex to the Agreement"). The main provisions of MoU that will be finally implemented in the Annex to the Agreement, caused the change of the date of finalizing of the building of granulation unit in ANWIL for the end of June 2023 and its start-up by the end of July 2023.

The agreement with Tecnimont S.p.A. is one of the three most important contracts concluded within the frames of the extension of fertilizers production capacities in ANWIL S.A.

In addition, unfavorable macroeconomic conditions in which the investment is realized affect not only the extension of the investment finalization but also the investment budget, which is currently estimated at approximately PLN 1.7 billion.

Moody's Investors Service upgraded PKN ORLEN's rating

PKN ORLEN announced that on 27 October 2022 Moody's Investors Service ("Agency") upgraded issuer rating of PKN ORLEN from the level of Baa1 to A3 and also affirmed Baa2 baseline credit assessment.

The Agency has also upgraded the rating, from the level of Baa1 to A3 for the medium term Eurobonds programme up to the amount of EUR 5,000,000,000 ("EMTN Programme"), established by PKN ORLEN.

Concurrently, the Agency also upgraded the rating, from the level of Baa1 to A3, of following Eurobonds:

- EUR 500 million maturing in 2028, issued by PKN ORLEN within the EMTN Programme, and
- EUR 750 million maturing in 2023, issued by ORLEN Capital AB and guaranteed by PKN ORLEN.

The outlook on all of today ratings has changed to stable from positive.

Change in the Management Board

PKN ORLEN announced that the Supervisory Board of PKN ORLEN following its meeting on 27 October 2022 appointed Ms. Iwona Waksmundzka-Olejniczak and Mr. Robert Perkowski to hold the position of the Member of the Company's Management Board, with the effect from 3 November 2022.

Registration of merger between PKN ORLEN and PGNiG, increase in share capital and changes of PKN ORLEN Articles of Association connected with that merger

PKN ORLEN announced that on the basis of the Central Information Office of the National Court Register data it has been informed today that on 2 November 2022 merger between PKN ORLEN and Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG") ("Merger"), increase in share capital and changes to the Articles of Association of PKN ORLEN ("Articles of Association"), approved by the Company Extraordinary General Meeting on 28 September 2022, were registered in National Court Register by the District Court for Łódź Śródmieście in Łódź, XX Commercial Division of the National Court Register.

The Merger has been conducted pursuant to Article 492(1)(1) of the Polish Code of Commercial Companies by transferring all the rights and obligations (assets and liabilities) of PGNiG (company being acquired) to PKN ORLEN (acquiring company) with the relevant increase of PKN ORLEN's share capital by issuing merger shares to be allocated by PKN ORLEN to PGNiG Shareholders.

In accordance with Article 493(2) of the Polish Code of Commercial Companies the Merger is effected on the day when the Merger has been recorded in the register of the National Court Register by the registry court of proper venue for the registered office of PKN ORLEN. As a result of the registration PGNiG shall be struck off the register.

As from 2 November 2022, the Company has assumed any and all rights and obligations of PGNiG in compliance with Article 494(1) of the Polish Code of Commercial Companies (universal succession).

In connection with the Merger the share capital of PKN ORLEN has been increased from PLN 783,059,906.25 (seven hundred and eighty three million fifty nine thousand nine hundred and six point twenty five zlotys) to the amount of PLN 1,451,177,561.25 (one billion four hundred and fifty one million one hundred and seventy seven thousand five hundred and sixty one point twenty five zlotys). After registration of the Company's share capital increase the total amount of all issued shares amounts to 1,160,942,049 (one billion one hundred and sixty million nine hundred and forty two thousand and forty nine) shares with the

nominal value of PLN 1.25 (one point twenty five zloty) per one share. The total number of votes resulting from all shares issued by the Company amounts to 1,160,942,049 (one billion one hundred and sixty million nine hundred and forty two thousand and forty nine).

The registered changes to the Company's Articles of Association related to the Merger were adopted in the resolution no. 4 of the PKN ORLEN Extraordinary General Meeting as of 28 September 2022.

NOVEMBER 2022**Notification from a Shareholder – the State Treasury of shareholding change in PKN ORLEN**

PKN ORLEN announced that the Company received a notification from a Shareholder – the State Treasury, about an increase of share in the total number of votes in PKN ORLEN, from 31,14% to 49,90%.

Before the change, the State Treasury, represented by the Minister of State Assets, held 195,092,264 of PKN ORLEN shares, which constituted 31.14% of the share capital of the Company and entitled to 195,092,264 of votes at the Company General Meeting, which constituted 31.14% of the total number of votes.

Currently, the State Treasury, represented by the Minister of State Assets, holds 579,310,083 PKN ORLEN shares, which constitutes 49.90% of the share capital of the Company and entitles to exercise 579,310,083 votes at the General Meeting of the Company, which constitutes 49.90% of the total number of votes.

Notification from a Shareholder – Aviva OFE of shareholding change in PKN ORLEN

PKN ORLEN announced that the Company received a notification from a Shareholder – Aviva Otwarty Fundusz Emerytalny Aviva Santander („Aviva OFE”) about a decrease of share in the total number of votes in PKN ORLEN, from 5.43% to 3.99%.

Before the change Aviva OFE held 34,023,504 of PKN ORLEN shares, which constituted 5.43% of the share capital of the Company and entitled to 34,023,504 of votes at the Company General Meeting, which constituted 5.43% of the total number of votes.

Currently, Aviva OFE will hold 46,274,140 PKN ORLEN shares, which will constitute 3.99% of the share capital of the Company and will entitle to exercise 46,274,140 votes at the General Meeting of the Company, which will constitute 3.99% of the total number of votes.

Fitch Ratings upgraded PKN ORLEN's rating

PKN ORLEN announced that on 9 November 2022 Fitch Ratings („Agency”) upgraded issuer rating of PKN ORLEN („Long-Term Issuer Default Rating”) from the level of „BBB-” to „BBB+” with the stable outlook. The upgrade of rating is a result of closing of the merger between PKN ORLEN and PGNiG S.A. as well as closing of the other recent merger and acquisitions transactions.

With reference to the change of the long-term rating of the Company the Agency also upgraded the other ratings of the Company and its debt:

- the Company's Short-Term Issuer Default Rating from „F3” to „F2”
- the Company's Local Currency Long-Term Issuer Default Rating from „BBB-” to „BBB+”
- the Company's Local Currency Short-Term Issuer Default Rating from „F3” to „F2”
- the Company's National Long-Term rating from „A(pol)” to „AA+(pol)”
- the rating of the medium term Eurobonds programme up to the amount of EUR 5,000 million, established by PKN ORLEN and issue of EUR 500 million maturing in 2028 („senior unsecured Long Term”) from „BBB-” to „BBB+”
- the rating of issue of EUR 750 million maturing in 2023, issued by ORLEN Capital AB and guaranteed by PKN ORLEN („senior unsecured Long Term”), from „BBB-” to „BBB+”
- the national rating of retail bond series B maturing in December 2022 („senior unsecured National Long-Term”) from „A(pol)” to „AA+(pol)”.

National Support Centre for Agriculture representation of will of not exercising the right to acquire PKN ORLEN merger shares issued to be allocated to PGNiG S.A. shareholders

PKN ORLEN announced that on the basis of information published on 10 November 2022 on the webpage of National Support Centre for Agriculture („KOWR”) in Public Information Bulletin it has been informed that KOWR did not exercise its right under provisions of the Act on the Structuring of the Agrarian System as of 11 April 2003 (unified text as of 13 January 2022; Journal of Laws of 2022, No. 461) to acquire 534,494,124 ordinary series F shares with a nominal value of PLN 1.25 each, with a total nominal value of PLN 668,117,655 („Series F shares”) issued by the Company in connection with the merger between the Company and Polskie Górnictwo Naftowe i Gazownictwo S.A. („PGNiG S.A.”), to be allocated by PKN ORLEN to PGNiG S.A. shareholders.

Admission and introduction to stock exchange trading on the WSE Main Market of merger shares and delisting of PGNiG S.A. shares

PKN ORLEN announced that on 15 November 2022 the Management Board of the Warsaw Stock Exchange („WSE”), in connection with the merger between PKN ORLEN and Polskie Górnictwo Naftowe i Gazownictwo S.A., headquartered in Warsaw („PGNiG”), has adopted following resolutions:

- regarding delisting of 5,778,314,857 PGNiG ordinary Series A bearer shares with a par value of PLN 1 each from the Main Market of the WSE on 18 November 2022,
- regarding admission and introduction to stock exchange trading on the WSE Main Market of 534,494,124 ordinary bearer Series F PKN ORLEN shares with a par value of PLN 1.25 each („Series F shares”). WSE Management Board decided to introduce Series F shares to stock exchange trading on the Main Market on 18 November 2022, under the condition that the Central Securities Depository of Poland („KDPW”) will register that shares and will mark them with code PLPKN0000018 on 18 November 2022.

Introduction of Series F shares to regulated market was the last condition of registration of Series F shares by KDPW, therefore, the conditions of registration of Series F shares in securities depository have been fulfilled.

Registration of Series F shares issued under the public offering in connection with merger of PKN ORLEN and PGNiG S.A. and summary of issue of these shares

PKN ORLEN announced that the Central Securities Depository of Poland published an announcement regarding registration of 534,494,124 ordinary bearer Series F shares ("Series F shares") in the securities depository, under the ISIN code PLPKN0000018 on 18 November 2022, and issued under the public offering in connection with merger between PKN ORLEN and Polskie Górnictwo i Gazownictwo S.A., headquartered in Warsaw ("PGNiG") ("Merger"). Therefore, the condition of Series F introduction to trading on the Warsaw Stock Exchange Main Market on 18 November 2022 have been fulfilled.

Moreover, the Company provides information about Series F shares:

- Series F shares will be handed over to the PGNiG shareholders, in connection with the Merger, according to the number of PGNiG shares held as of the reference day i.e., 4 November 2022, based on the share swap ratio: 0.0925 (PKN ORLEN shares): 1 (PGNiG shares),
- Series F shares will be handed over to the PGNiG shareholders on 18 November 2022,
- the number of Series F shares, which will be handed over to the PGNiG shareholders, resulted from the share swap ratio as of the reference day, without taking into account the shares vested to the PGNiG shareholders which are subject to sanctions or these for which it cannot be established whether they are exempt from them amounts to 534,206,038,
- the number of Series F shares, which will not be handed over to the PGNiG shareholders due to their being subject to sanctions or these for which it cannot be established whether they are exempt from them amounts to 261,148,
- the number of Series F shares which will not be handed over due to use of the share swap ratio amounts to 26,938.

The Company indicates that Series F shares for PGNiG shareholders which are subject to sanctions imposed in connection with aggression of Russia on Ukraine and participation of Belarus in it, or these for which it cannot be established whether they are exempt from above mentioned sanctions were registered on the securities account kept for the Company and were blocked according to the instruction submitted by the Company. Series F shares, referred to in the preceding sentence, will be registered on the securities accounts kept for these shareholders, after establishing by entities keeping securities accounts, grounds for exemption from the above-mentioned sanctions and delivering to the Company of statements of these entities stating these circumstances. In the matters set out above the shareholders should directly contact entities keeping their securities accounts.

Due to lack of final settlement of the costs of the issue as of the date of this report PKN ORLEN will prepare and publish a separate regulatory announcement regarding the final costs of the issue.

3. Other information

3.1. Composition of the Management Board and the Supervisory Board

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

Management Board

Daniel Obajtek	– President of the Management Board, Chief Executive Officer
Armen Konrad Artwich	– Member of the Management Board, Corporate Affairs
Adam Burak	– Member of the Management Board, Communication and Marketing
Patrycja Klarecka	– Member of the Management Board, Retail Sales
Krzysztof Nowicki	– Member of the Management Board, Production and Optimization
Robert Perkowski	– Member of the Management Board, Upstream
Michał Róg	– Member of the Management Board, Wholesale and International Trades
Piotr Sabat	– Member of the Management Board, Development
Jan Szewczak	– Member of the Management Board, Chief Financial Officer
Iwona Waksmundzka-Olejniczak	– Member of the Management Board, Strategy and Sustainability
Józef Węgrecki	– Member of the Management Board, 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
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 as at the submission date of this report

Shareholder	Percentage share in total voting rights at Shareholder's Meeting as at submission date
State Treasury*	49.90%
Nationale-Nederlanden OFE**	5.30%
Other	44.80%
	100.00%

* according to the notification submitted by the shareholder to PKN ORLEN on 7 November 2022

** PKN ORLEN estimates

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

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

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

Additionally, as at the submission date of these interim condensed consolidated financial statements, on the basis of a declaration submitted by the supervisory person, ownership of 925 PKN ORLEN's shares, acquired as a result of the merger with PGNiG.

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

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

QUARTERLY FINANCIAL INFORMATION
PKN ORLEN

FOR THE 3rd QUARTER

2022

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



C. QUARTERLY FINANCIAL INFORMATION OF PKN ORLEN

Separate statement of profit or loss and other comprehensive income

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)
Sales revenues	128 269	54 518	60 647	25 458
<i>revenues from sales of finished goods and services</i>	82 411	36 822	34 892	14 879
<i>revenues from sales of merchandise and raw materials</i>	45 858	17 696	25 755	10 579
Cost of sales	(107 532)	(46 419)	(52 375)	(22 069)
<i>cost of finished goods and services sold</i>	(63 322)	(29 344)	(27 748)	(11 899)
<i>cost of merchandise and raw materials sold</i>	(44 210)	(17 075)	(24 627)	(10 170)
Gross profit on sales	20 737	8 099	8 272	3 389
Distribution expenses	(4 590)	(1 903)	(3 664)	(1 333)
Administrative expenses	(1 011)	(349)	(848)	(233)
Other operating income, incl.:	6 208	5 038	2 832	979
<i>gain on bargain purchase of the Grupa LOTOS S.A.</i>	4 404	4 404	-	-
Other operating expenses	(7 406)	(762)	(1 226)	(442)
(Loss)/reversal of loss due to impairment of trade receivables	5	-	(4)	(3)
Profit from operations	13 943	10 123	5 362	2 357
Finance income	3 281	1 346	1 589	213
Finance costs	(3 094)	(1 465)	(959)	(410)
Net finance income and costs	187	(119)	630	(197)
(Loss)/reversal of loss due to impairment of loans and interest on trade receivables	(43)	7	(3)	1
Profit before tax	14 087	10 011	5 989	2 161
Tax expense	(1 790)	(943)	(882)	(350)
<i>current tax</i>	(2 448)	(1 223)	(724)	(418)
<i>deferred tax</i>	658	280	(158)	68
Net profit	12 297	9 068	5 107	1 811
Other comprehensive income:				
which will not be reclassified subsequently into profit or loss	6	-	16	13
<i>actuarial gains and losses</i>	13	3	11	11
<i>gains/(losses) on investments in equity instruments at fair value through other comprehensive income</i>	(6)	(4)	9	5
<i>deferred tax</i>	(1)	1	(4)	(3)
which will be reclassified into profit or loss	(282)	(80)	(110)	(217)
<i>hedging instruments</i>	(593)	(325)	(302)	(168)
<i>hedging costs</i>	245	227	166	(100)
<i>deferred tax</i>	66	18	26	51
	(276)	(80)	(94)	(204)
Total net comprehensive income	12 021	8 988	5 013	1 607
Net profit and diluted net profit per share (in PLN per share)	19.63	12.08	11.94	4.23



Separate statement of financial position

	30/09/2022 (unaudited)	31/12/2021
ASSETS		
Non-current assets		
Property, plant and equipment	19 507	17 997
Intangible assets	1 762	1 667
Right-of-use asset	2 348	2 382
Shares in subsidiaries and jointly controlled entities	22 709	19 274
Derivatives	558	265
Long-term lease receivables	20	20
Other assets, incl.:	3 324	2 704
<i>loans granted</i>	2 890	2 490
	50 228	44 309
Current assets		
Inventories	21 949	11 167
Trade and other receivables	21 165	9 867
Current tax assets	4	4
Cash	6 005	1 521
Derivatives	771	1 191
Other assets, incl.:	10 255	2 744
<i>security deposits</i>	1 947	247
<i>loans granted</i>	1 571	1 315
<i>financial assets measured at fair value through profit or loss</i>	3 585	-
Assets classified as held for sale	5 488	150
	65 637	26 644
Total assets	115 865	70 953
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1 306	1 058
Share premium	16 079	1 227
Hedging reserve	(705)	(423)
Revaluation reserve	6	11
Retained earnings	47 393	36 582
Total equity	64 079	38 455
LIABILITIES		
Non-current liabilities		
Loans, borrowings and bonds	5 685	8 953
Provisions	351	465
Deferred tax liabilities	520	613
Derivatives	1 249	769
Lease liabilities	2 264	2 127
Other liabilities	205	183
	10 274	13 110
Current liabilities		
Trade and other liabilities	24 827	12 144
Lease liabilities	345	356
Liabilities from contracts with customers	491	300
Loans, borrowings and bonds	4 421	945
Provisions	2 451	2 362
Current tax liabilities	3 366	621
Derivatives	1 633	623
Other liabilities	3 953	2 037
Liabilities directly associated with assets classified as held for sale	25	-
	41 512	19 388
Total liabilities	51 786	32 498
Total equity and liabilities	115 865	70 953



Separate statement of changes in equity

	Share capital	Share premium	Hedging reserve	Revaluation reserve	Retained earnings	Total equity
01/01/2022	1 058	1 227	(423)	11	36 582	38 455
Net profit	-	-	-	-	12 297	12 297
Items of other comprehensive income	-	-	(282)	(5)	11	(276)
Total net comprehensive income	-	-	(282)	(5)	12 308	12 021
Dividends	-	-	-	-	(1 497)	(1 497)
Issue of Merger Shares	248	14 852	-	-	-	15 100
30/09/2022	1 306	16 079	(705)	6	47 393	64 079
(unaudited)						
01/01/2021	1 058	1 227	(74)	(8)	29 666	31 869
Net profit	-	-	-	-	5 107	5 107
Items of other comprehensive income	-	-	(110)	7	9	(94)
Total net comprehensive income	-	-	(110)	7	5 116	5 013
Dividends	-	-	-	-	(1 497)	(1 497)
30/09/2021	1 058	1 227	(184)	(1)	33 285	35 385
(unaudited)						



Separate statement of cash flows

	9 MONTHS ENDED 30/09/2022 (unaudited)	3 MONTHS ENDED 30/09/2022 (unaudited)	9 MONTHS ENDED 30/09/2021 (unaudited)	3 MONTHS ENDED 30/09/2021 (unaudited)
Cash flows from operating activities				
Profit before tax	14 087	10 011	5 989	2 161
Adjustments for:				
Depreciation and amortisation	1 573	493	1 512	514
Foreign exchange (profit)/loss	153	214	(43)	80
Net interest	53	4	118	31
Dividends	(1 000)	(512)	(718)	-
(Profit)/Loss on investing activities, incl.:	1 369	(4 187)	(1 330)	(327)
<i>recognition/(reversal) of impairment allowances of property, plant and equipment, intangible assets and other assets</i>	2 129	3	19	2
<i>settlement and valuation of derivative financial instruments (gain) on bargain purchase of the Grupa LOTOS S.A.</i>	3 309	3	(1 397)	(320)
<i>(gain) on bargain purchase of the Grupa LOTOS S.A.</i>	(4 404)	(4 404)	-	-
Change in provisions	2 444	754	1 639	685
Change in working capital	(5 483)	(1 570)	(359)	(104)
<i>inventories</i>	(3 241)	814	(1 862)	(617)
<i>receivables</i>	(5 894)	(2 811)	(3 392)	(817)
<i>liabilities</i>	3 652	427	4 895	1 330
Other adjustments, incl.:	(2 608)	22	770	111
<i>settlement of grants for property rights</i>	(1 038)	(326)	(805)	(383)
<i>security deposits</i>	(1 824)	322	1 442	398
Income tax (paid)	(789)	(54)	(549)	(290)
Net cash from operating activities	9 799	5 175	7 029	2 861
Cash flows from investing activities				
Acquisition of property, plant and equipment, intangible assets and right-of-use asset	(6 062)	(1 960)	(3 360)	(742)
Acquisition of shares	(895)	(305)	(492)	(126)
Outflows from additional payments to equity in subsidiaries	(270)	(162)	(485)	-
Disposal of property, plant and equipment, intangible assets and right-of-use asset	1 666	785	533	26
Cash in the acquired Grupa LOTOS S.A. as at the merger date	3 235	3 235	-	-
Interest received	163	73	57	22
Dividends received	1 129	648	687	198
Expenses from non-current loans granted	(570)	(214)	(726)	(49)
Proceeds from non-current loans granted	569	296	6	3
Proceeds/(Expenses) from current loans granted	(78)	(250)	(430)	411
Net flows within cash-pool system	(1 789)	(1 789)	(528)	(454)
Settlement of derivatives not designated as hedge accounting	(2 146)	(215)	(102)	(21)
Other	1	(2)	(2)	(2)
Net cash from/(used in) investing activities	(5 047)	140	(4 842)	(734)
Cash flows from financing activities				
Proceeds from loans and borrowings received	7 837	1	7 521	2 865
Bonds issued	-	-	3 225	-
Repayments of loans and borrowings	(8 262)	(212)	(9 689)	(2 836)
Redemption of bonds	(600)	(200)	(200)	(200)
Interest paid from loans, borrowings, bonds and cash pool	(269)	(65)	(188)	(18)
Interest paid on lease	(64)	(12)	(62)	(11)
Dividends paid to equity owners of the parent	-	-	(1 497)	(1 497)
Net flows within cash-pool system	1 395	331	183	8
Payments of liabilities under lease agreements	(258)	(82)	(274)	(90)
Other	(41)	(23)	(20)	(6)
Net cash (used) in financing activities	(262)	(262)	(1 001)	(1 785)
Net increase in cash	4 490	5 053	1 186	342
Effect of changes in exchange rates	(6)	(9)	1	2
Cash, beginning of the period	1 521	961	586	1 429
Cash, end of the period	6 005	6 005	1 773	1 773
<i>including restricted cash</i>	291	291	119	119

This consolidated quarterly report was approved by the Management Board of the Parent Company on 28 November 2022.

signed digitally on the Polish original

.....
Daniel Obajtek
President of the Board

signed digitally on the Polish original

.....
Armen Artwich
Member of the Board

signed digitally on the Polish original

.....
Adam Burak
Member of the Board

signed digitally on the Polish original

.....
Patrycja Klarecka
Member of the Board

signed digitally on the Polish original

.....
Krzysztof Nowicki
Member of the Board

signed digitally on the Polish original

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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

.....
Józef Węgrecki
Member of the Board