ORLEN Group consolidated financial results

2Q23

24 August 2023

#ORLEN2Q23@GrupaORLEN

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Key facts

Key facts 2Q23

Revenues

74,6 PLN bn

EBITDA LIFO

8,7 PLN bn

Record-high dividend

6,4 PLN bn

Payments of taxes and fees in the first half of 2023

36,5 PLN bn

TRANSFORMATION PROJECTS

- OFFSHORE: conditional investment decision for Baltic Power, 5 new locations for subsequent projects.
- Conditional agreements to purchase wind and PV farms with a capacity of over 200 MW.
- SMR: European Excellence Centre for Training and Safety.
- H2: Hydrogen Academy (1st edition final).
- ORLEN VC investment in EV battery recycling platform.

ORGANISATION

- Climate policy publication.
- Integration of rail, project and oil companies within ORLEN Group.
- The company renamed to ORLEN S.A.
- 216th position in the Fortune Global 500 (jump of 208 positions) – top5 of highest increases in the ranking.

CRUDE THROUGHPUT AND UPSTREAM

- Expanding the scope of investments in olefin complex.
- Delivery of a key element of deep crude oil throughput to Lithuania.
- New upstream concessions in Norway, higher reserves in the field Øst Frigg.

RETAIL

- Entrance in Austrian market and conditional agreement to purchase 266 fuel stations.
- Final stage of rebranding in Czechia: 90% of stations will be rebranded to ORLEN till the end of year.
- Opening of the first 'green' fuel stations (Bydgoszcz, Wola Korycka).

DIVERSIFICATION OF DELIVERIES

- Contract with BP for crude oil deliveries from the North Sea.
- Second vessel of ORLEN Group „Grażyna Gęsicka" in commercial use.

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Market environment

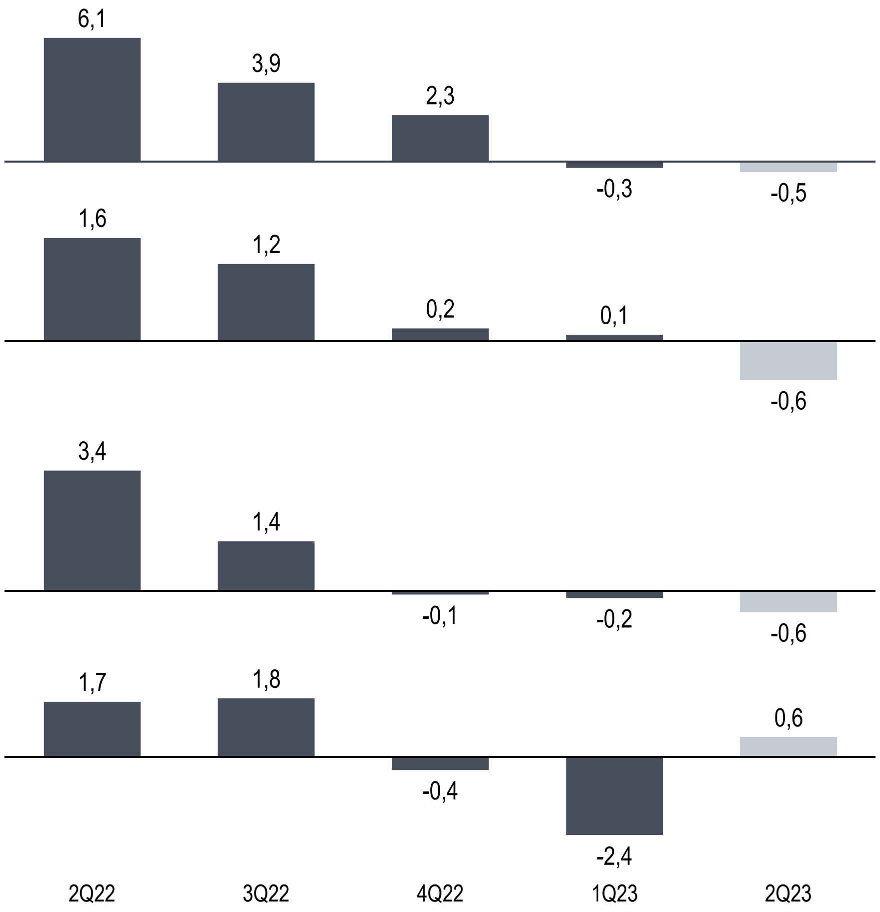
Macroeconomic environment 2Q23

		2Q22	1Q23	2Q23	Δ (y/y)
Brent crude oil	USD/bbl	114	81	78	-32%
Model refining margin[1]	USD/bbl	26,5	18,3	13,8	-48%
Differential[2]	USD/bbl	12,3	5,1	1,8	-85%
Natural gas price TTF month-ahead	PLN/MWh	468	249	158	-66%
Natural gas price TGEgasDA	PLN/MWh	471	275	176	-63%
Electricity price TGeBase	PLN/MWh	702	619	527	-25%
Refining products[4] - crack margins from quotations					
Diesel	USD/t	338	245	134	-60%
Gasoline	USD/t	432	300	304	-30%
HSFO	USD/t	-279	-239	-164	41%
Petrochemical products[4] - crack margins from quotations					
Polyethylene[5]	EUR/t	551	464	433	-21%
Polypropylene[5]	EUR/t	638	432	429	-33%
Ethylene	EUR/t	810	668	664	-18%
Propylene	EUR/t	820	564	554	-32%
PX	EUR/t	393	544	481	22%
Average exchange rates[6]					
USD/PLN	USD/PLN	4,36	4,39	4,17	-4%
EUR/PLN	EUR/PLN	4,65	4,71	4,54	-2%

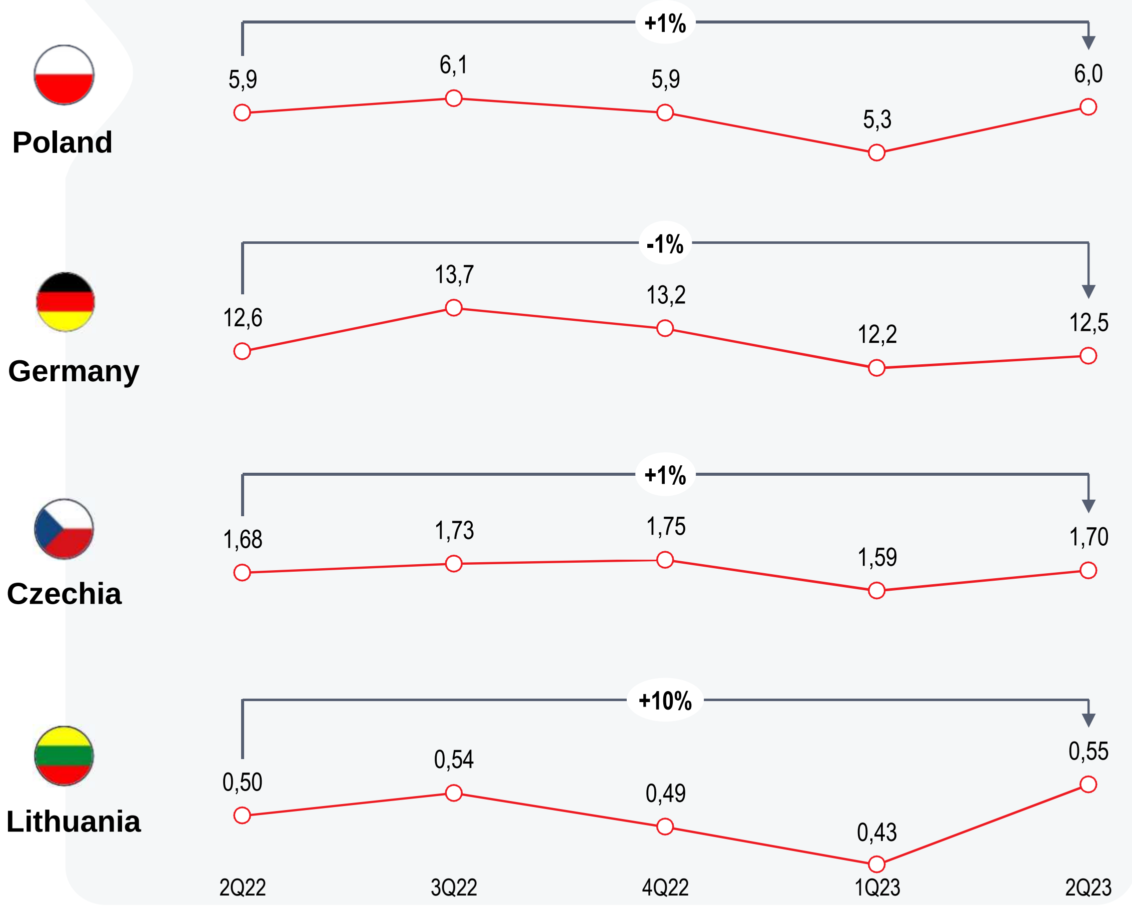
(1) Model refining margin = revenues (93,5% Products = 36% Gasoline + 43% Diesel + 14,5% HHO) - costs (100% input: Brent crude oil and other raw materials). Spot quotations. (valid till 31.07.2022)
Model refining margin = revenues (93,6% Products = 33% Gasoline + 48% Diesel + 13% HHO) - costs (100% input: 98% Brent crude oil + 2% natural gas). Spot quotations. (valid from 01.08.2022)
(2) Differential calculated on the real share of processed crude oils. Spot quotations.
(4) Margin (crack) for refining and petrochemical products (excluding polymers) calculated as difference between a quotation of given product and a quotation of Brent DTD crude oil.
(5) Margin (crack) for polymers calculated as difference between quotations of polymers and monomers
(6) Average exchange rates according to the data of the National Bank of Poland.

Diesel consumption decrease as a result of economic slowdown at higher gasoline consumption

GDP[1]
Change % (y/y)



Fuel consumption[2]
mt



[1] 2Q23 – estimates: Poland (NBP) / Czechia, Germany, Lithuania (European Commission)
[2] 2Q23 – estimates: Poland (ARE), Lithuania (Statistical Office), Czechia (Statistical Office), Germany (Association of Petroleum Industry)

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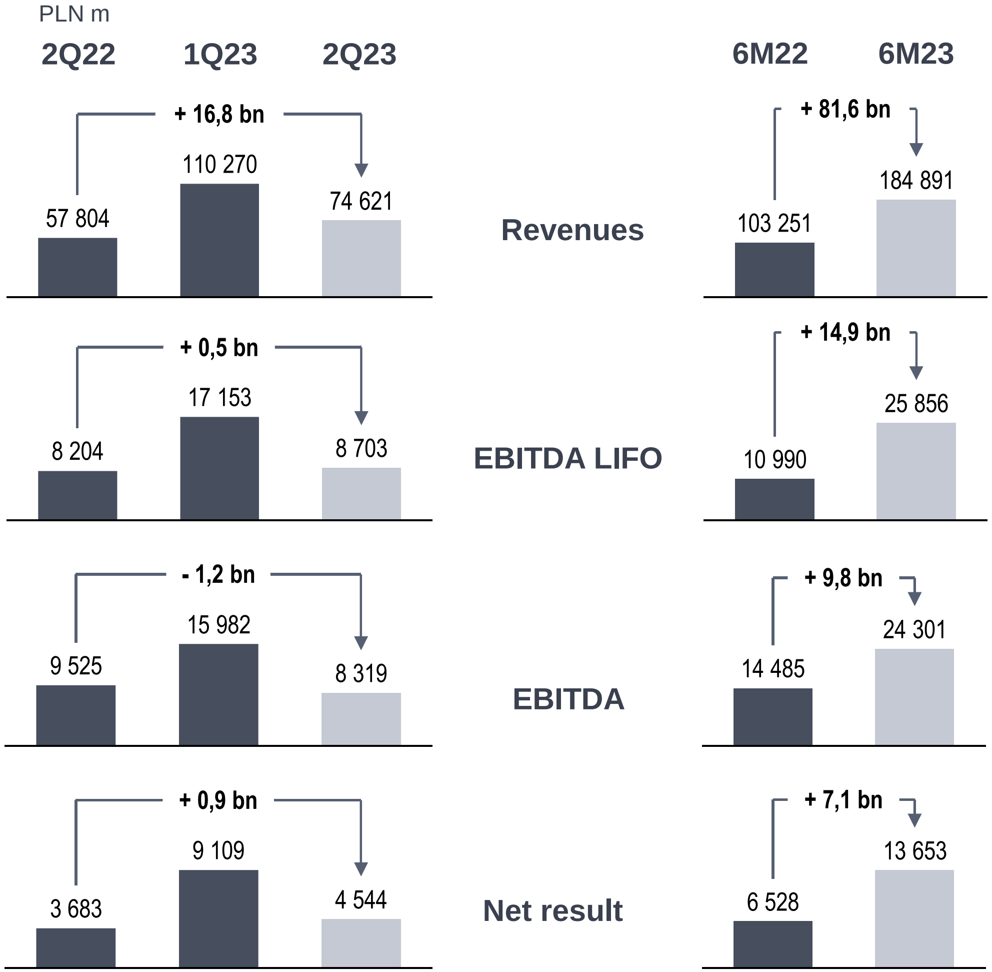
Financial and operating results

Financial results

PLN ~ 75 bn of revenues due to consolidation of Lotos Group and PGNiG Group



Revenues: increase by 29% (y/y) due to higher sales volumes resulting from consolidation of acquired Lotos Group and PGNiG Group at lower quotations of refining products, petchem products and hydrocarbons.

EBITDA LIFO: increase by PLN 0,5 bn (y/y) due to positive impact of consolidation of acquired Lotos Group and PGNiG Group in the amount of PLN 6,3 bn, hedging and lower provisions for CO_2 emissions. Abovementioned effects were limited by negative impact of lower sales volumes, lower refining margins, lower differential, strengthening PLN/USD, lower petchem margins, lower margins in upstream, lower fuel margins in retail, usage of historical inventory layers, write-offs on inventories (NRV), CO_2 contracts valuation as well as higher overheads and labour costs.

LIFO effect: PLN (-) 0,4 bn impact of changes in crude oil prices on inventory valuation.

Financial result: PLN 1,0 bn as a result of positive impact of net FX differences and interests at negative impact of settlement and valuation of net derivative financial instruments.

Net result: PLN 4,5 bn of net profit.

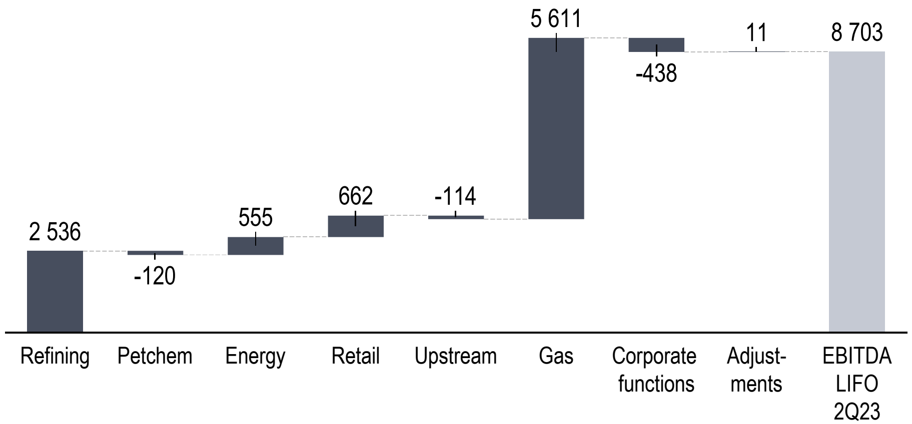
Operational results before impairments of assets: 2Q22 PLN (-) 2860 m / 1Q23 PLN (-) 529 m / 2Q23 PLN (-) 77 m / 6M22 PLN (-) 2887 m / 6M23 PLN (-) 606 m

EBITDA LIFO

PLN 6,3 bn of positive impact of consolidation of Lotos Group and PGNiG Group results

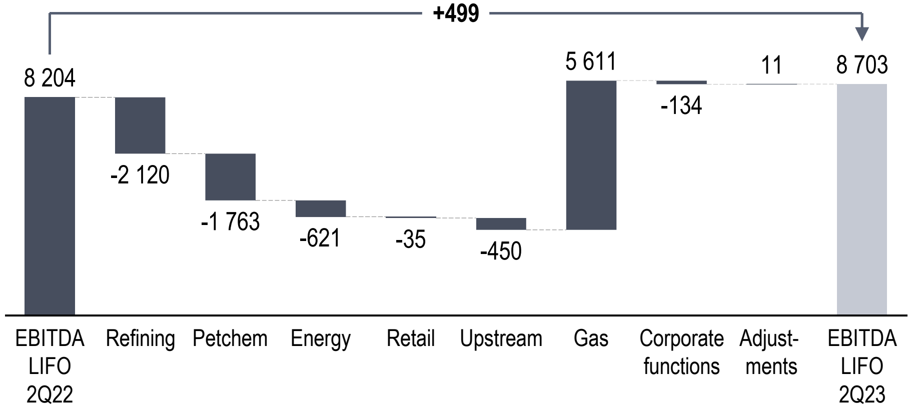
Segments' results

PLN m



Change in segments' results (y/y)

PLN m



Refining: lower by PLN (-) 2,1 bn (y/y) due to negative macro impact, usage of historical inventory layers, write-offs on inventories (NRV) as well as higher overheads and labour costs. Abovementioned effects were limited by positive impact of Lotos Group results' consolidation in the amount of PLN 0,5 bn.

Petchem: lower by PLN (-) 1,8 bn (y/y) due to negative impact of macro, lower sales volumes, lower trading margins as well as higher overheads and labour costs.

Energy: lower by PLN (-) 0,6 bn (y/y) as a result of negative impact of lower sales volumes as well as higher overheads and labour costs. Abovementioned effects were limited by positive impact of PGNiG Group results' consolidation in the amount of PLN 0,3 bn.

Retail: comparable result (y/y) as a result of negative impact of lower fuel margins and higher costs of running fuel stations at positive impact of higher sales volumes.

Upstream: lower by PLN (-) 0,5 bn (y/y) due to negative macro impact, lower sales volumes, higher overheads and labour costs as well as negative impact of Lotos Group and PGNiG Group results' consolidation in the amount of PLN (-) 0,2 bn.

Gas: higher by PLN 5,6 bn (y/y) as a result of positive impact of PGNiG Group results' consolidation in the amount of PLN 5,6 bn.

Corporate functions: higher costs by PLN 0,1 bn (y/y) due to increase in the scale of ORLEN Group's operations.

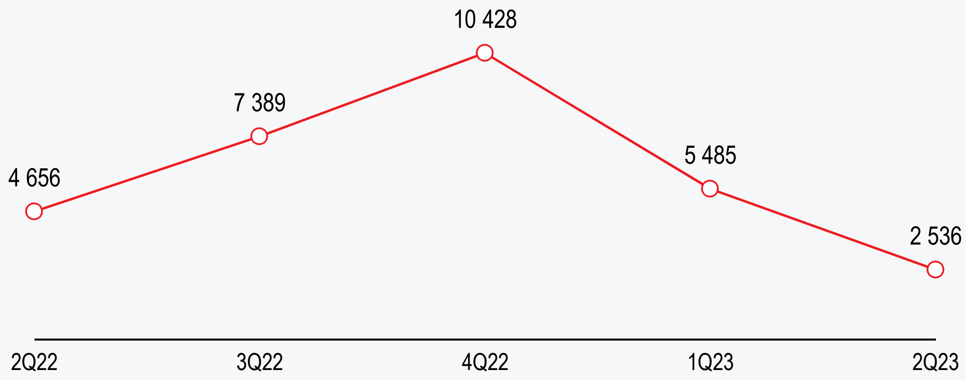
Operational results before impairments of assets: 2Q22 PLN (-) 2860 m / 1Q23 PLN (-) 529 m / 2Q23 PLN (-) 77 m / 6M22 PLN (-) 2887 m / 6M23 PLN (-) 606 m

Refining – EBITDA LIFO

Negative impact of macro and volumes due to reduction of Russian crude oil throughput

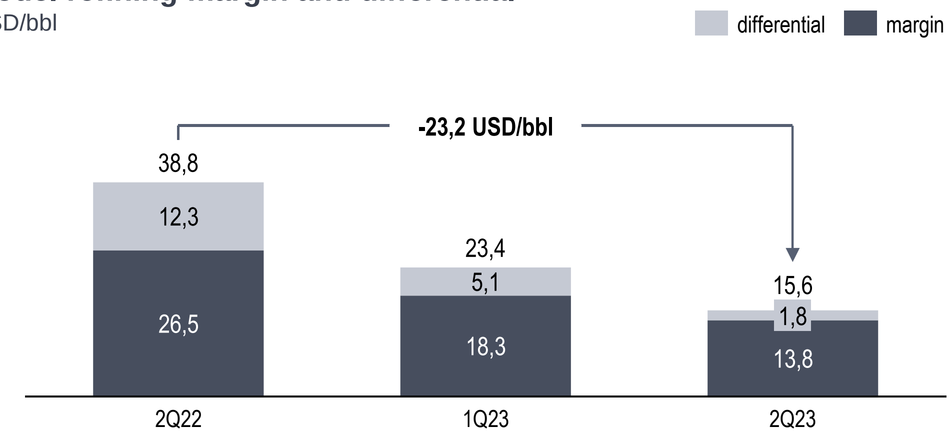
EBITDA LIFO

PLN m



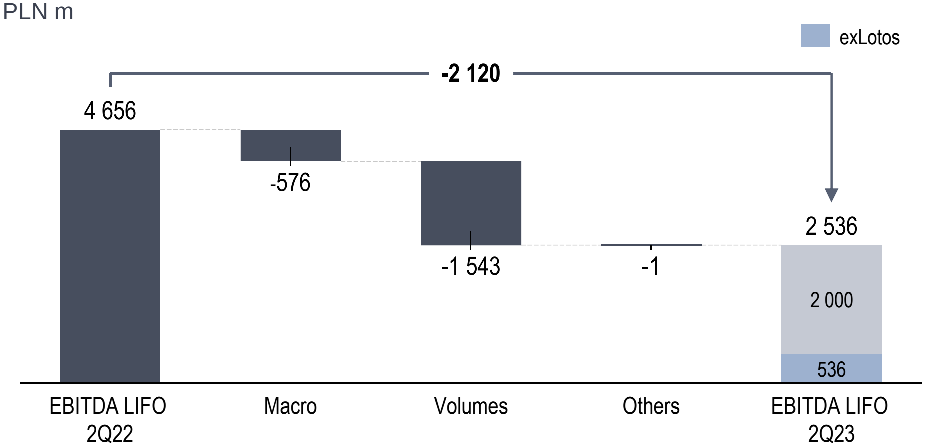
Model refining margin and differential

USD/bbl



EBITDA LIFO – impact of factors

PLN m



- Negative macro impact (y/y) as a result of lower cracks on light and middle distillates, change in the structure of processed crude oils due to the reduction of REBCO throughput, strengthening of PLN/USD. Abovementioned effects were limited by higher cracks on heavy fuel oil, positive impact of hedging and the provision for CO_2 emissions with lower costs of internal usage as a result of crude oil prices decrease.
- Higher sales volumes by 36% (y/y), of which:
  - higher sales of gasoline by 67%, diesel by 23%, LPG by 51%, JET fuel by 44% and HSFO by 10%.
  - higher sales volumes in Poland by 48% with lower sales in Czechia by (-) 2% and Lithuania by (-) 10%.
  - volumes effect negatively impacted by changes in the structure of processed crude oils, i.e. reduction of REBCO that was replaced with more expensive grades.
- Others include: positive impact of consolidation of Lotos Group of PLN 0,5 bn with negative impact of usage of historical inventory layers, inventory write-downs (NRV) and higher fixed costs and labour costs.

Operational results before impairment of assets: 2Q22 PLN (-) 2811 m / 2Q23 PLN (-) 17 m

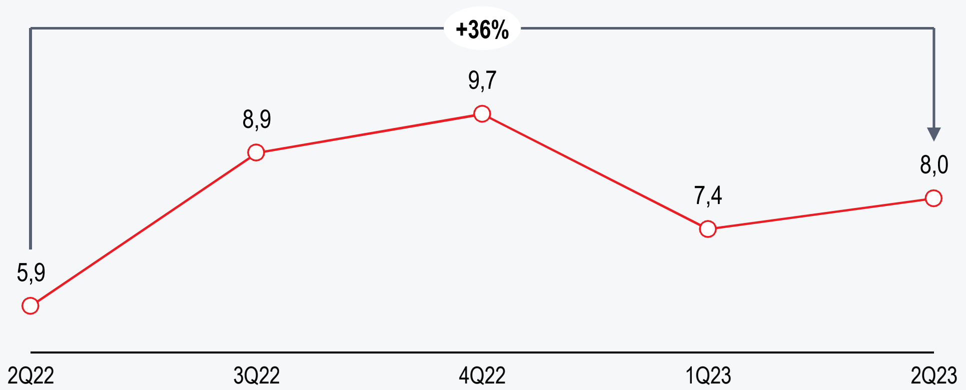
Macro: margins PLN (-) 2329 m, differential PLN (-) 835 m, exchange rate PLN (-) 140 m, hedging PLN 2609 m, valuation of CO2 contracts PLN (-) 21 m, CO2 provision PLN 140 m

Refining – operational data

Higher throughput and sales volumes as a result of Lotos Group consolidation

Sales volumes

mt



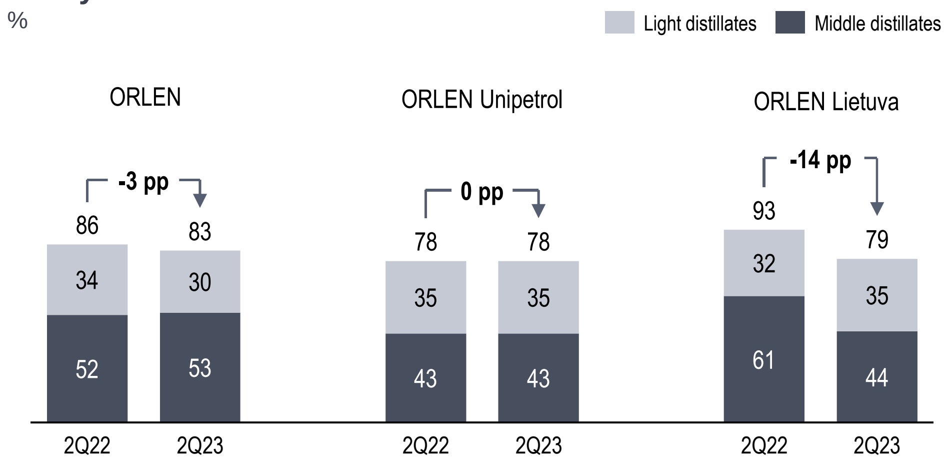
Crude oil throughput and utilization ratio

mt, %

Throughput (mt)	2Q22	1Q23	2Q23	Δ (y/y)
ORLEN	4,3	5,5	5,3	1,0
ORLEN Unipetrol	1,7	1,8	1,9	0,2
ORLEN Lietuva	1,2	2,1	2,3	1,1
ORLEN Group	7,2	9,5	9,5	2,3
Utilization (%)	**2Q22**	**1Q23**	**2Q23**	**Δ (y/y)**
ORLEN	107%	93%	89%	-18 pp
ORLEN Unipetrol	77%	83%	87%	10 pp
ORLEN Lietuva	46%	85%	89%	43 pp
ORLEN Group	83%	90%	90%	7 pp

Fuel yield

%



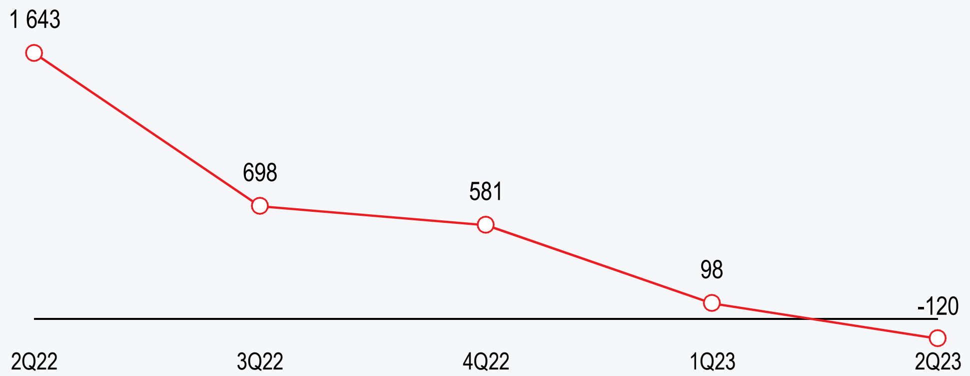
- Crude oil throughput amounted to 9,5 mt, i.e. increase by 2,3 mt (y/y), of which:
  - ORLEN – higher throughput by 1,0 mt (y/y) as a result of including Gdańsk refinery throughput in the amount of 2,0 mt, with lower throughput of Płock refinery by (-) 1,0 mt (y/y) due to maintenance shutdowns: CDU III, FCC II, Hydrocracking, Hydrogen Unit II, Metathesis and H-Oil. Lower fuel yield by (-) 3 pp (y/y) due to abovementioned shutdowns of conversion installations.
  - ORLEN Unipetrol – higher throughput by 0,2 mt (y/y) due to lack of cyclical maintenance shutdown in Kralupy refinery from 1Q/2Q22. Stable fuel yield (y/y) with lower use of low sulphur crude oils.
  - ORLEN Lietuva – higher throughput by 1,1 mt (y/y) due to lack of cyclical maintenance shutdown from 2Q22. Fuel yield in 2Q23 at standard level – lower yield by (-) 14 pp (y/y) due to inflated level of 2Q22 in shutdowns period (use of inventories of fuel semi-products).

Petrochemicals – EBITDA LIFO

Negative impact of macro and lower sales volumes

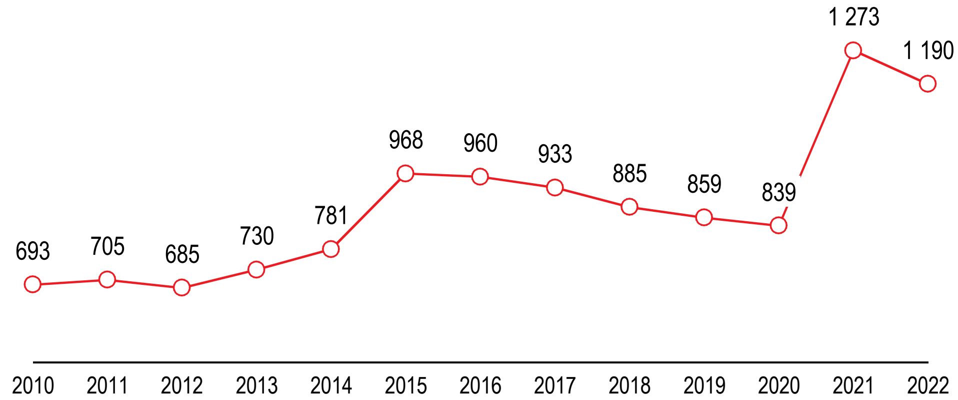
EBITDA LIFO

PLN m



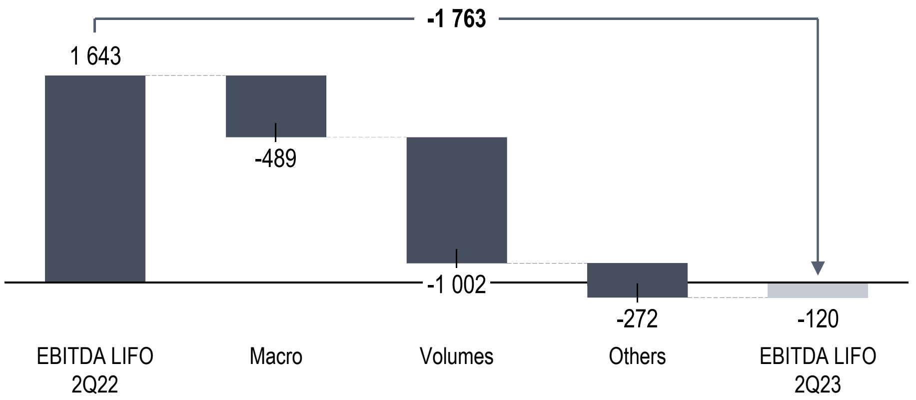
Model petrochemical margin

EUR/t



EBITDA LIFO – impact of factors

PLN m



- Negative impact of macro (y/y) as a result of lower margins on olefins, polyolefins, fertilizers, PVC and PTA.
- Lower sales volumes by (-) 16% (y/y), including:
  - decrease in sales of olefins by (-) 23%, polyolefins by (-) 9%, fertilizers by (-) 1%, PVC by (-) 47% and PTA by (-) 37%.
  - lower sales in Poland by (-) 17% and Czechia by (-) 16% with higher sales in Lithuania by 20%.
- Others include: lower trade margins and higher overheads and labour costs.
- EBITDA LIFO includes:
  - PLN (-) 144 m of Anwil result; decrease of PLN (-) 599 m (y/y).
  - PLN (-) 119 m of PTA result; increase of PLN 14 m (y/y).

Operational results before impairment of assets: 2Q22 PLN 0 m / 2Q23 PLN (-) 3 m

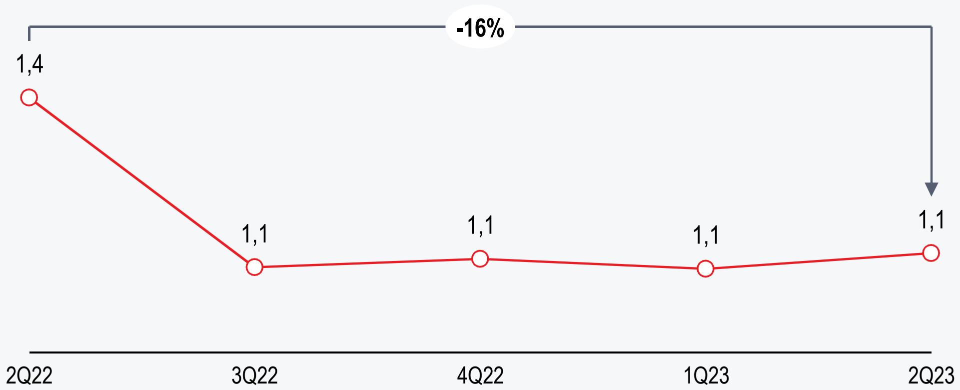
Macro: margins PLN (-) 526 m, exchange rate PLN (-) 13 m, hedging PLN 42 m, valuation of CO2 contracts PLN (-) 23 m, CO2 provision PLN 31 m.

Petrochemicals – operational data

Lower utilization due to weak demand and maintenance shutdowns

Sales volumes

mt



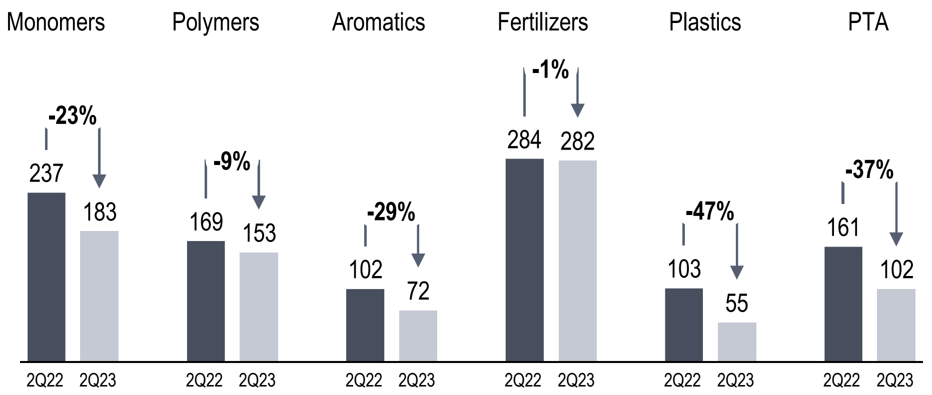
Utilization ratio

%

Petchem installations	2Q22	1Q23	2Q23	Δ (y/y)
Olefins (Płock)	89%	78%	70%	-19 pp
BOP (Płock)	74%	70%	67%	-7 pp
Metathesis (Płock)	65%	51%	18%	-47 pp
Fertilizers (Włocławek)	78%	81%	60%	-18 pp
PVC (Włocławek)	82%	64%	42%	-40 pp
PTA (Włocławek)	97%	66%	51%	-46 pp
Olefins (ORLEN Unipetrol)	87%	85%	49%	-38 pp
PPF Splitter (ORLEN Lietuva)	34%	81%	80%	46 pp

Sales volumes – split by product

kt

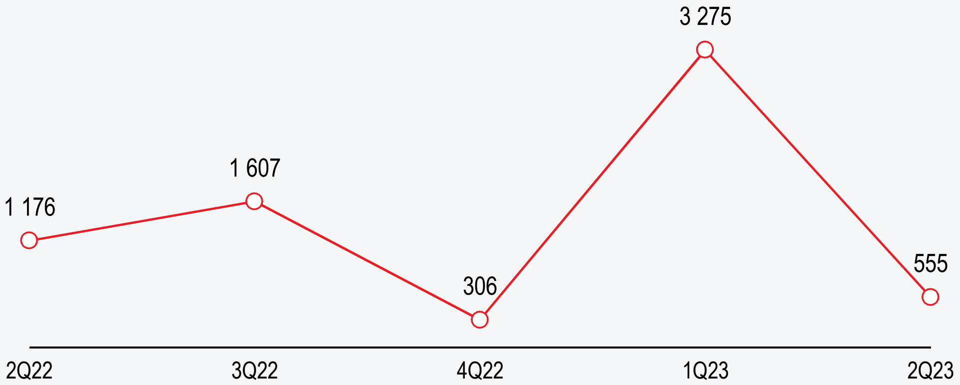


- Utilization ratio of petrochemical installations:
  - Olefins (Płock) – lower utilization (y/y) due to decrease in demand and shutdowns of PVC unit in Anwil.
  - BOP (Płock) – lower utilization (y/y) due to decrease in demand for polyolefins.
  - Metathesis (Płock) – lower utilization (y/y) due to weaker market demand and FCC II shutdown (longer maintenance shutdown).
  - Fertilizers – lower utilization (y/y) reflecting market situation and decreased demand for ammonia and fertilizers.
  - PVC (Włocławek) – lower utilization (y/y) due to installation shutdowns in 2Q23 and adaptation to current market situation.
  - PTA (Włocławek) – lower utilization (y/y) due to decrease in demand and realization of planned maintenance shutdown.
  - Olefins (ORLEN Unipetrol) – lower demand (y/y) due to Steam Cracker maintenance shutdown and fire on polypropylene installation in May 23.
  - PPF Splitter (ORLEN Lietuva) – higher utilization (y/y) as a result of lack of installation shutdown from 2Q22.

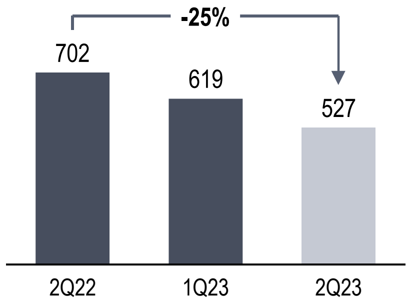
Energy – EBITDA

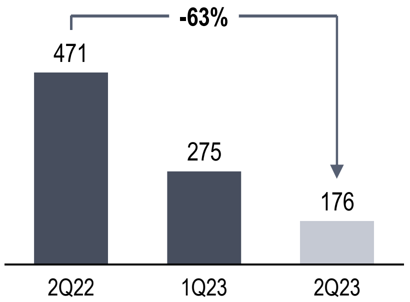
Decrease in margins on electricity sales

EBITDA
PLN m

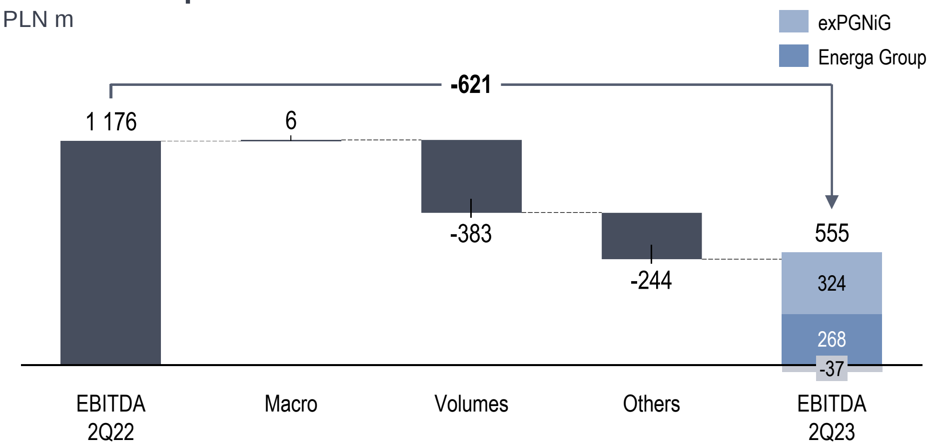


Electricity and natural gas prices
PLN/MWh





EBITDA – impact of factors
PLN m



- Impact of macro (y/y) – positive impact of electricity prices hedging in Energa Group, reduced (y/y) costs of CO_2 provisions with lower production and sales margins in Energa Group with higher distribution margins. Negative impact (y/y) of relation between contract price of network losses and market balancing in Distribution. Positive impact (y/y) of electricity/natural gas spread on the segment's results in ORLEN S.A.
- Negative volumes effect due to lower electricity production and distribution volumes in Energa Group with higher sales. Additionally, electricity production and sales increase (y/y) in Włocławek and Płock CCGTs with negative impact of higher use of gas as an effect of lower prices.
- Others include: negative impact of higher fixed costs and labour costs, payments to the Price Difference Payment Fund and higher (y/y) costs of transmission and transit fees with positive impact of the consolidation of PGNiG Group's results of PLN 0,3bn.
- **Heating (exPGNiG):**
  - Increase of PGNiG TERMIKA's average heat selling prices as a result of tariff changes.

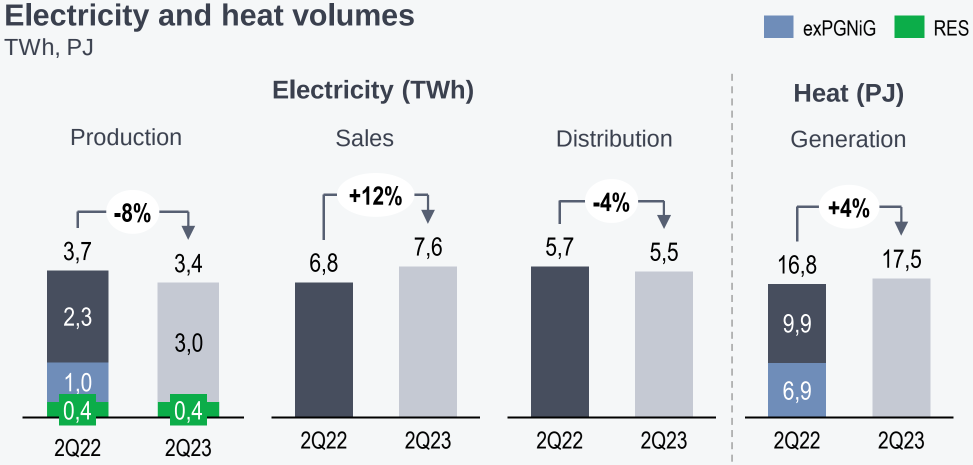
Operational results before impairments of assets: PLN 2Q22 (-) 15 m / PLN 2Q23 (-) 3 m
Macro: margins PLN (-) 195 m, exchange rate PLN 12 m, hedging PLN 73 m, valuation of CO2 contracts PLN (-) 21 m, CO2 provision PLN 137 m.

Energy – operational data

Over 60% of electricity production from zero and low emission sources

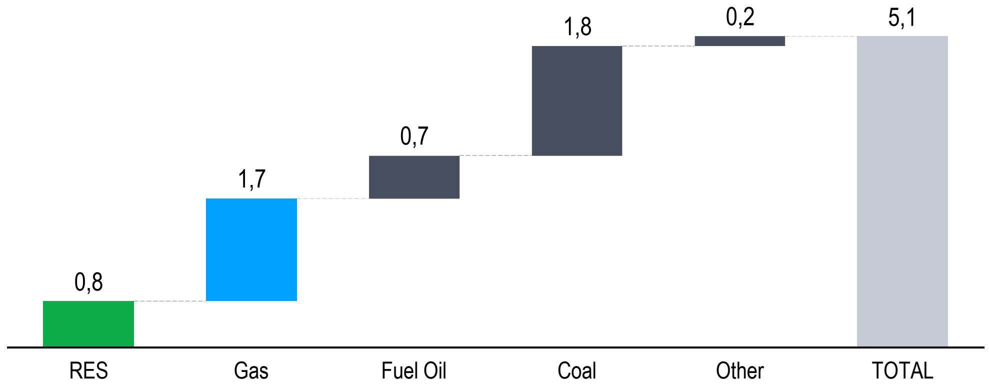
Electricity and heat volumes

TWh, PJ



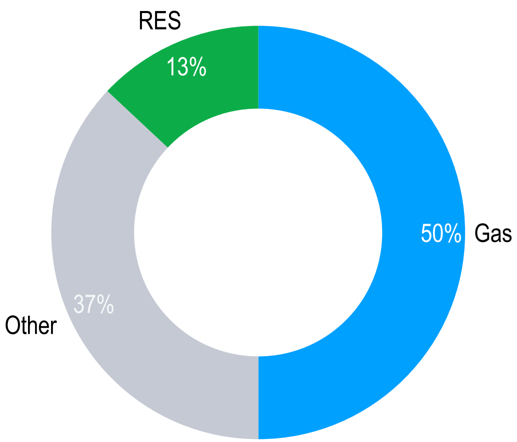
Installed capacity

GWe



Electricity production by type of sources

%



- Installed capacity: 5,1 GWe (electricity) / 13,4 GWt (heat).
- Production: 3,4 TWh (electricity) / 17,5 PJ (heat).

Electricity

- Decrease in production (including exPGNiG and exLOTOS) by (-) 8% (y/y) as a result of decreasing electricity usage in the country.
- Increase in sales by 12% (y/y) as a result of increased activity on the Polish Power Exchange by the new trading company ORLEN Energia.
- Electricity distribution decreased by (-) 4% (y/y) as a result of introduced incentives to reduce consumption with higher production by prosumers.

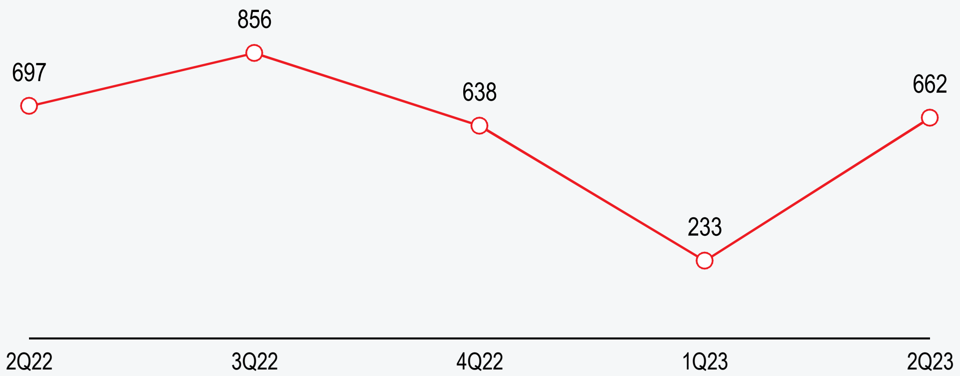
Heat:

- Heat sales increased by 4% (y/y) as a result of lower quarterly average temperature by 0,8°C (y/y).

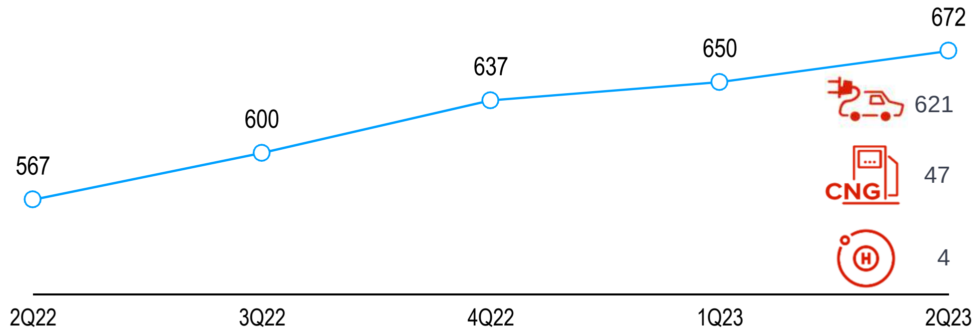
Retail – EBITDA

Decrease in fuel margins and higher operating costs of fuel stations limited by sales increase

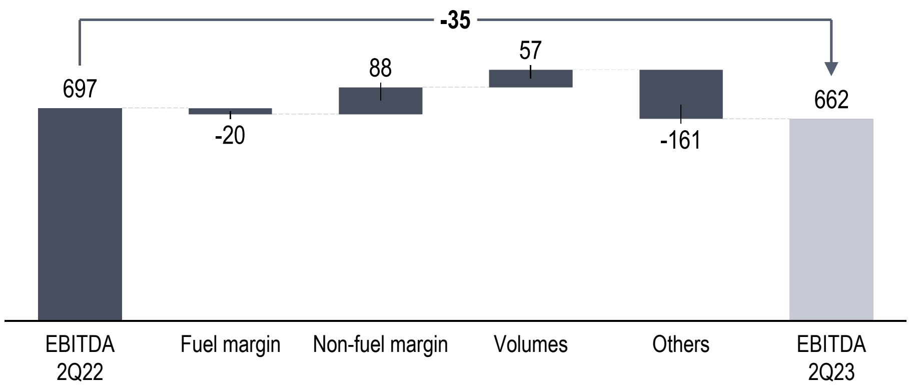
EBITDA
PLN m



Alternative fuel stations
#



EBITDA – impact of factors
PLN m



- Higher by 5% (y/y) sales volumes, of which: higher sales of gasoline by 8%, diesel by 3% and LPG by 4%.
- Decrease in fuel margin (y/y).
- 2570 non-fuel locations; increase by 261 (y/y).
- 672 alternative fuel stations; increase by 105 (y/y).
- 8255 „ORLEN Paczka" locations in Poland; increase by 1805 (y/y).
- Others include: higher operating costs of fuel stations (y/y).

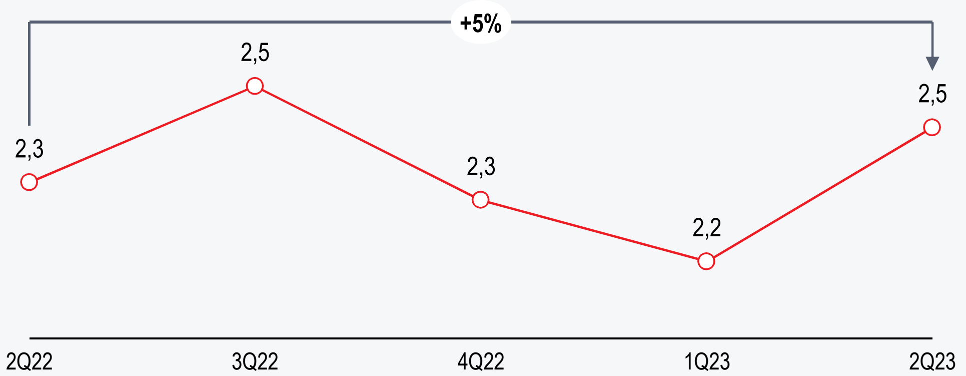
Operational results before impairment of assets: 2Q22 PLN (-) 2 m / 2Q23 PLN (-) 1 m

Retail – operational data

Increase in the number of fuel stations, non-fuel locations and alternative fuel stations

Sales volumes

mt



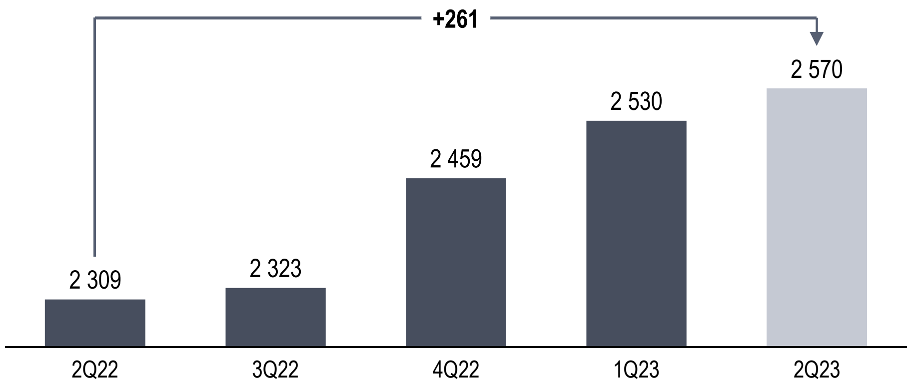
Number of fuel stations and market shares

#, %

	# stations	(y/y)	% market	(y/y)
Poland	1 919	100	34,1	2,0 pp
Germany	605	18	6,0	- 0,1 pp
Czechia	435	8	24,2	1,6 pp
Lithuania	29	0	4,1	0,2 pp
Slovakia	90	67	2,6	1,3 pp
Hungary*	79	79	2,4	2,4 pp

Non-fuel locations

#



- Sales amounted to 2,5 mt, i.e. an increase by 5% (r/r), of which: higher sales in Czechia by 66% with lower sales in Poland and Germany by (-) 1%.
- 3157 fuel stations, i.e. an increase by 272 (y/y), of which: in Poland, Hungary and Slovakia as a result of the implementation of remedies related to the merger with LOTOS Group, additionally in Slovakia due to launch and rebranding of self-service fuel stations acquired from the local network and in Germany due to launch of self-service fuel stations acquired from OMV. Conditional acquisition of 266 fuel stations in Austria.
- Market share increase in Poland, Hungary, Czechia and Slovakia (y/y).
- 2570 non-fuel locations, of which: 1902 in Poland (incl. 36 ORLEN w ruchu), 342 in Czechia, 185 in Germany, 29 in Lithuania, 48 in Slovakia and 64 in Hungary.
- 672 alternative fuel stations, including: 514 in Poland, 139 in Czechia and 19 in Germany.
- 8255 „ORLEN Paczka" locations in Poland, of which: 901 ORLEN stations, 715 RUCH kiosks, 3614 partner points, 3025 parcel machines.

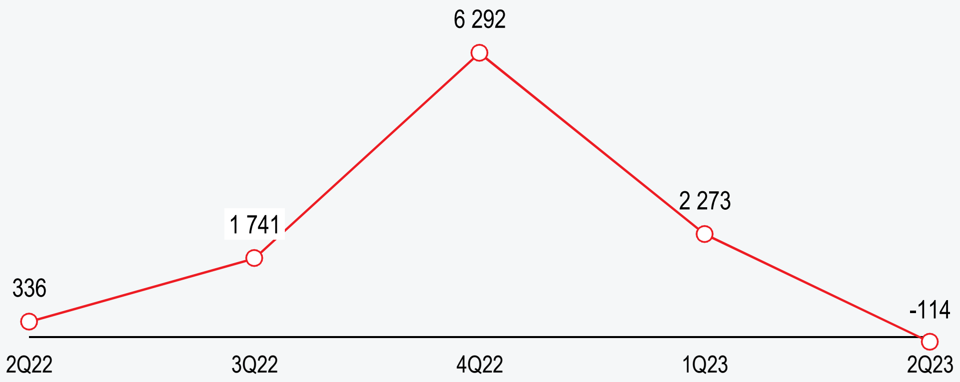
*Targeted 144 fuel stations in Hungary. PKN ORLEN will gain over 7% market share in Hungary and will be the fourth concern on this market in terms of the number of fuel stations.

Upstream – EBITDA

Write-down on the Price Difference Payment Fund, decrease of hydrocarbons prices, lower sales and higher costs

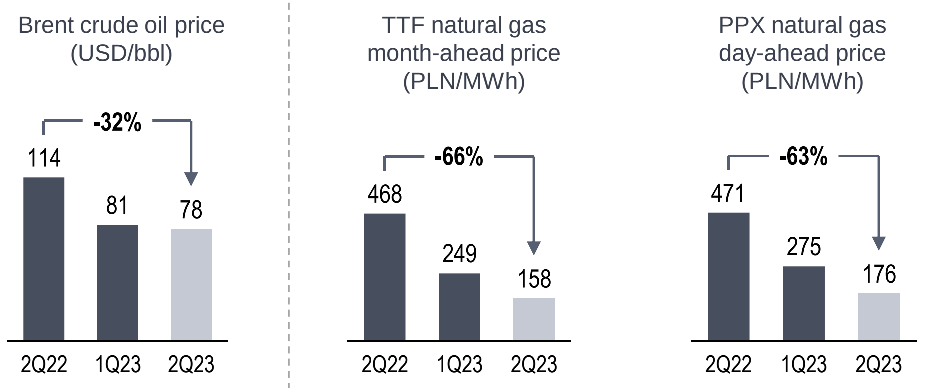
EBITDA

PLN m



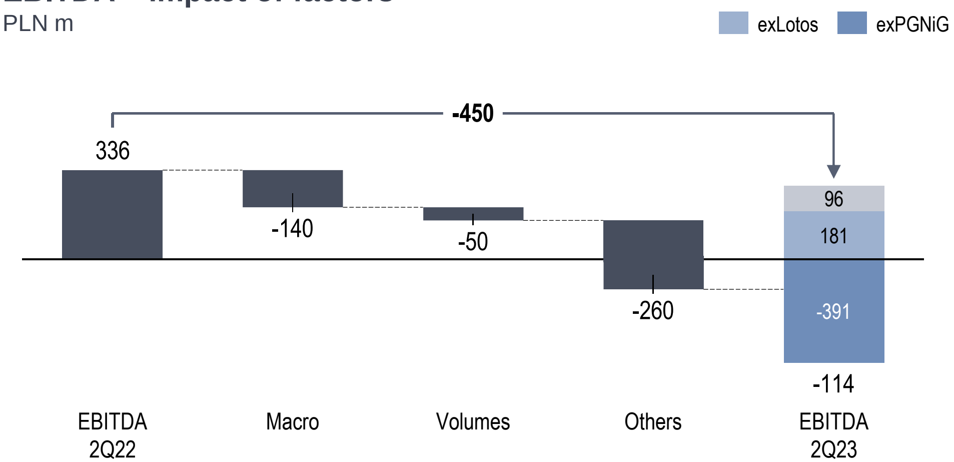
Oil & natural gas prices

USD/bbl, PLN/MWh



EBITDA – impact of factors

PLN m



- Decrease in oil and gas prices (y/y).
- The average price of gas transferred to Gas segment was PLN 176/MWh.
- Increase in average gas production by 99,5 kboe/d (y/y); decrease by (-) 25,5 kboe/d (q/q).
- Increase in average crude oil and NGL production by 38,2 kboe/d (y/y); decrease by (-) 5,1 kboe/d (q/q).
- Increase in total average production by 137,7 kboe/d (y/y) at decrease by (-) 30,6 kboe/d (q/q), of which:
  - lower production in Poland by (-) 8,2 kboe/d (q/q), in Norway by (-) 23,4 kboe/d (q/q) and in Pakistan by (-) 0,3 kboe/d (q/q) with an increase in production in Canada by 1,2 kboe/d (q/q) and comparable level of production in Lithuania (q/q).
- Others include:
  - negative impact of the gas write-down on the Price Difference Payment Fund in the amount of PLN (-) 3,1 bn with positive impact of consolidation of the financial results of PGNiG Upstream Norway and Lotos Group.

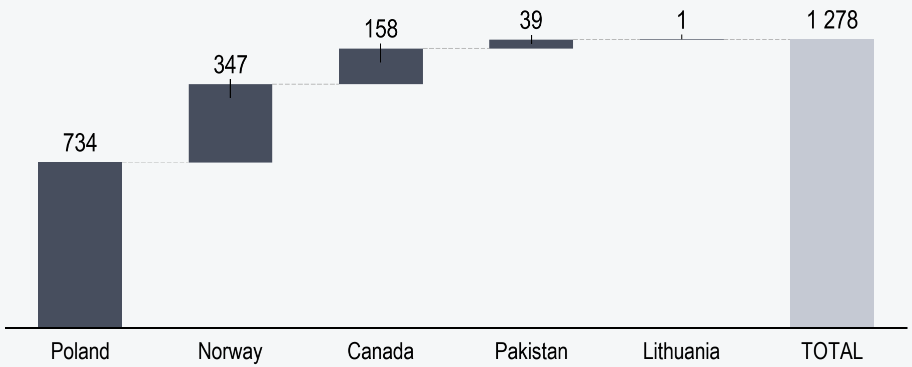
Operational results before impairments of assets: 2Q22 PLN (-) 32 m / 2Q23 PLN (-) 41 m.
Macro: margins PLN (-) 173 m, hedging PLN 33 m.

Upstream – operational data

Upstream segment scale-up as a result of acquisition of Lotos Group and PGNiG Group

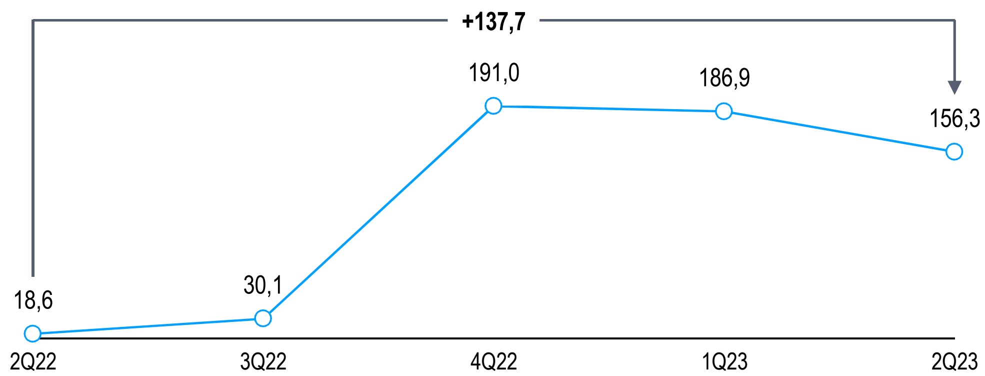
Crude oil and natural gas reserves (2P)*

m boe



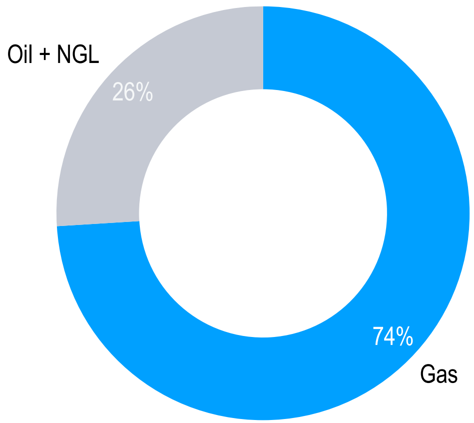
Average production**

kboe/d



Average production – share of hydrocarbons

%



Poland
2P reserves: 733,6 m boe (19% oil / 81% gas)
Average production: 73,9 kboe/d
(23% oil / 77% gas)

Norway
2P reserves: 346,6 m boe (30% oil / 70% gas)
Average production: 63,8 kboe/d
(28% oil / 72% gas)

Canada
2P reserves: 158,0 m boe (58% oil + NGL / 42% gas)
Average production: 13,1 kboe/d
(42% oil + NGL / 58% gas)

Pakistan
2P reserves: 38,7 m boe (100% gas)
Average production: 5,1 kboe/d
(100% gas)

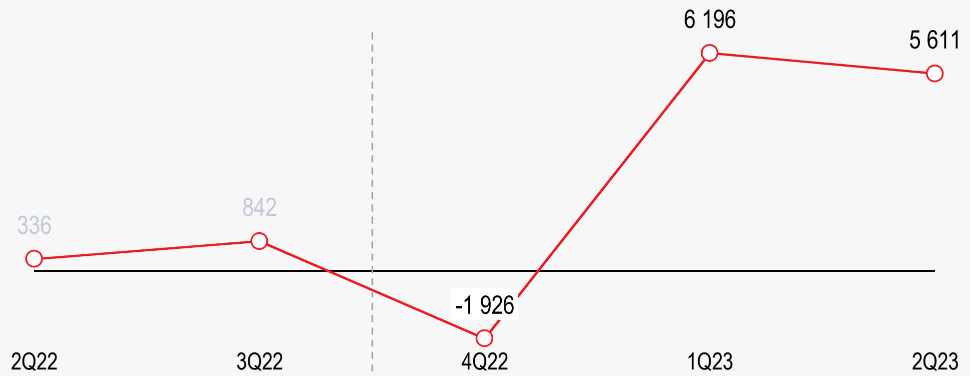
Lithuania
2P reserves: 1,3 m boe (100% oil)
Average production: 0,4 k boe/d
(100% oil)

* As at 31.12.2022; presented data do not include production of hydrocarbons in 2023.
** Conversion factors: 1 m tonnes crude oil = 7,33 m boe; 1 TWh of gas = 0,59 m boe.

Gas (distribution with trade & storage) – EBITDA

Positive impact of results consolidation of acquired PGNiG Group

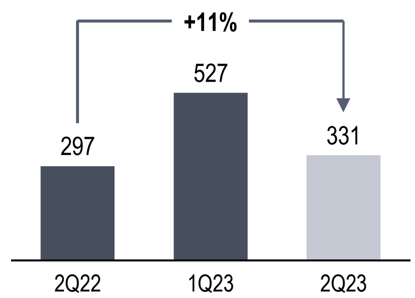
EBITDA
PLN m



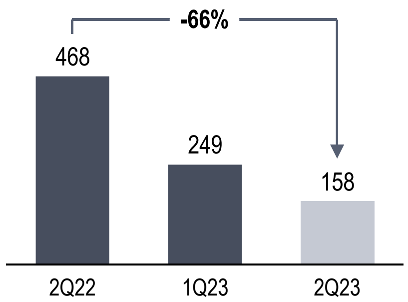
Creation of Gas segment due to results consolidation of acquired PGNiG Group from in November 2022

Natural gas prices
PLN/MWh

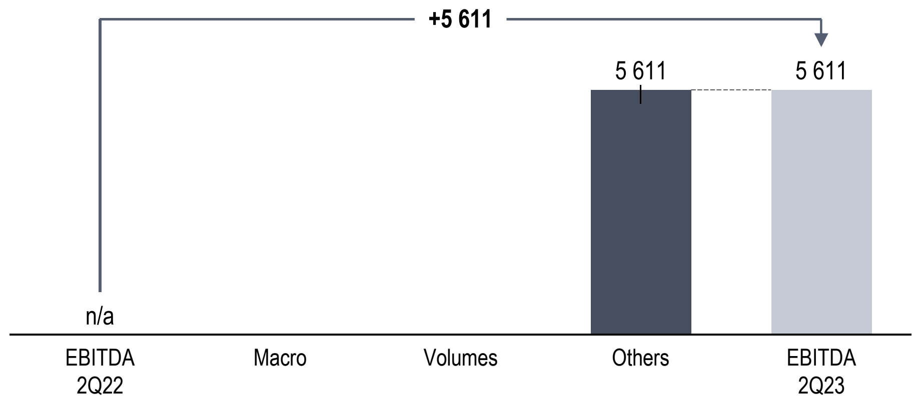
Average volume-weighted price on PPX



Natural gas price (TTF gasMA)



EBITDA – impact of factors
PLN m



- EBITDA (trade and storage) of PLN 5,1 bn, i.e. an increase of PLN 8,5 bn (y/y).
- EBITDA (distribution) of PLN 0,5 bn, i.e. an increase of PLN 0,1 bn (y/y).
- Increase in average price of volume-weighted contracts on PPX by 11% (y/y).
- Lower costs of gas in the segment as a result of falling prices on the spot market and in monthly contracts.
- Price for households and protected customers: PLN 516,73/MWh (17.01-30.06.).
- Price reductions for business in the quarter by (-) 17%: PLN 355/MWh (1-31.04.), PLN 302/MWh (1-31.05.), PLN 293/MWh (1-30.06.).
- Others include:
  - positive impact of consolidation of PGNiG Group's results in the amount of PLN 5,6 bn including impact of compensation received by PGNiG Obrót Detaliczny from the Price Difference Payment Fund in the amount of PLN 3,1 bn.

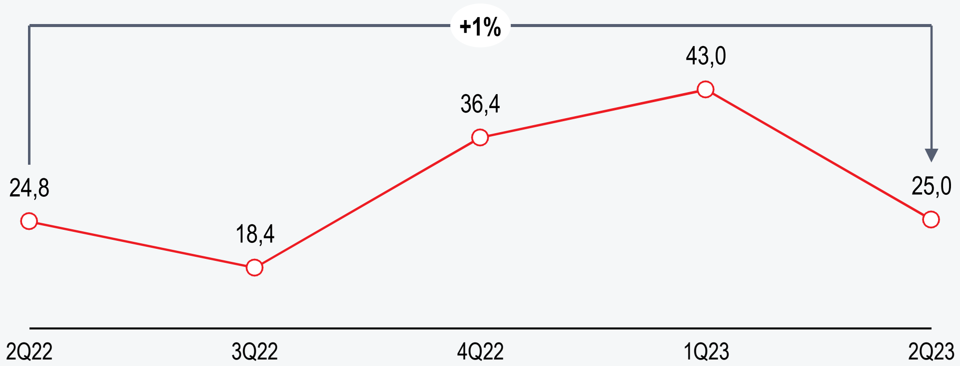
Operational results before impairments of assets: 2Q22 n/a / 2Q23 PLN (-) 12 m

Gas (distribution with trade & storage) – operational data

Decrease in sales volumes (y/y) as a result of continuing low gas demand

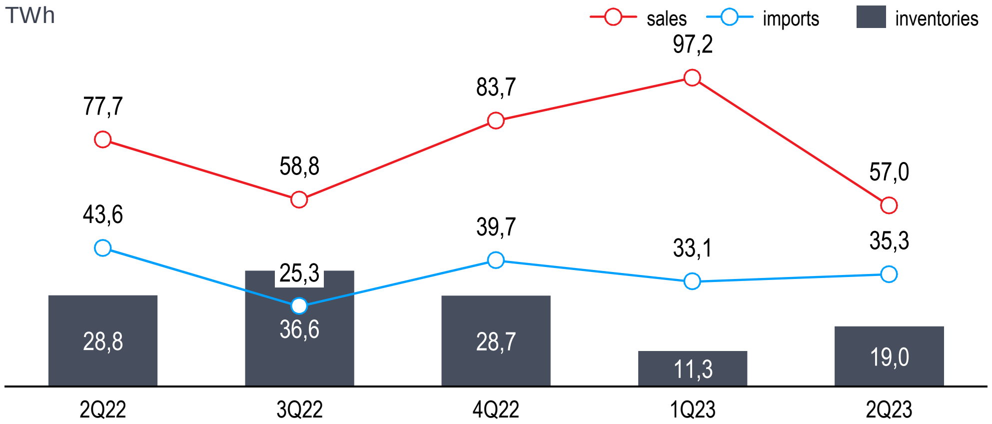
Volumes of distributed gas

TWh



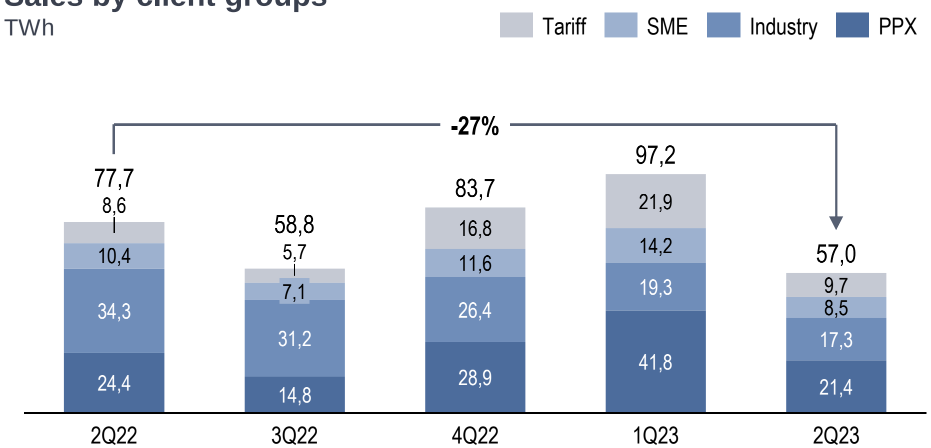
Gas sales volumes, inventory levels and imports

TWh



Sales by client groups

TWh



Trade & storage

- Gas imports to Poland: 35,3 TWh, of which 47% was LNG. 15 ships were unloaded at the LNG terminal in Świnoujście, including 11 under contracts, i.e.: Qatargas (5) and Cheniere (6) along with spot deliveries (4).
- Volumes of gas stored by ORLEN Group (Poland and abroad) amounted to 19,0 TWh at the end of 2Q23. Overall level of stored gas in the country reached 70% at the end of June.
- Total gas sales outside ORLEN Group amounted to 57,0 TWh i.e. decrease by (-) 27% (y/y) as a result of consolidation of companies (intra-group sales) and decrease in demand. Internal sales in ORLEN Group amounted to 30 TWh.

Distribution

- Increase in volumes of distributed gas by 1% (y/y) to 25,0 TWh with lower average temperature by 0,8°C (y/y).
- Increase in average tariff distribution rates from 1 January 2023 by 21% compared to the previous tariff.

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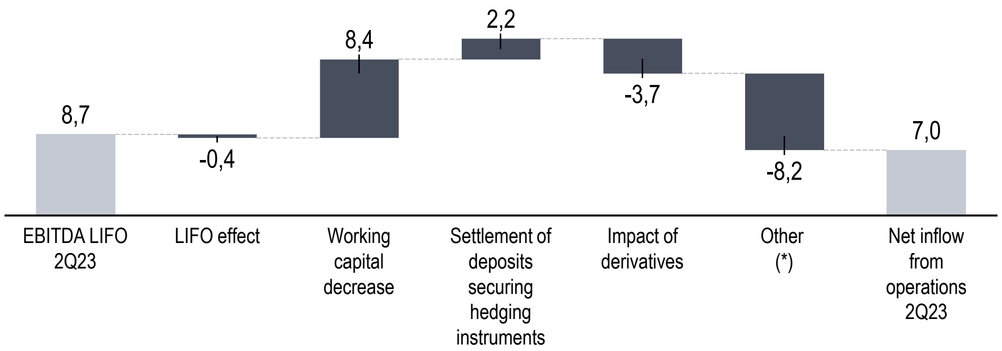
Financial situation

Cash flow

Cash flow from operations

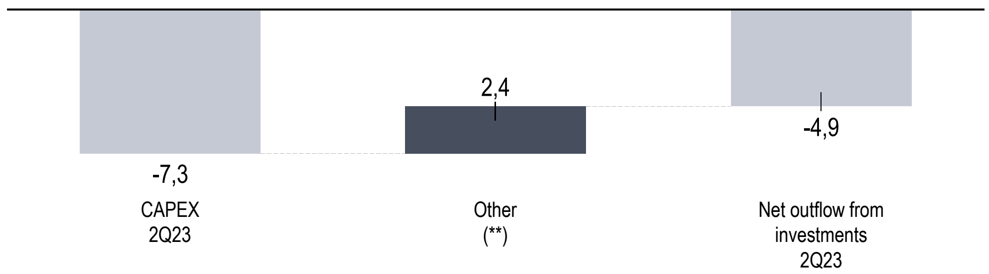
PLN bn



* mainly: income tax paid PLN (-) 9,9 bn, change in provisions PLN 1,4 bn, settlement of grants for property rights PLN (-) 1,1 bn, change in liabilities from contracts with customers PLN 0,5 bn, effect of exchange rate and interest differences adjusting operating activities PLN 0,9 bn.

Cash flow from investments

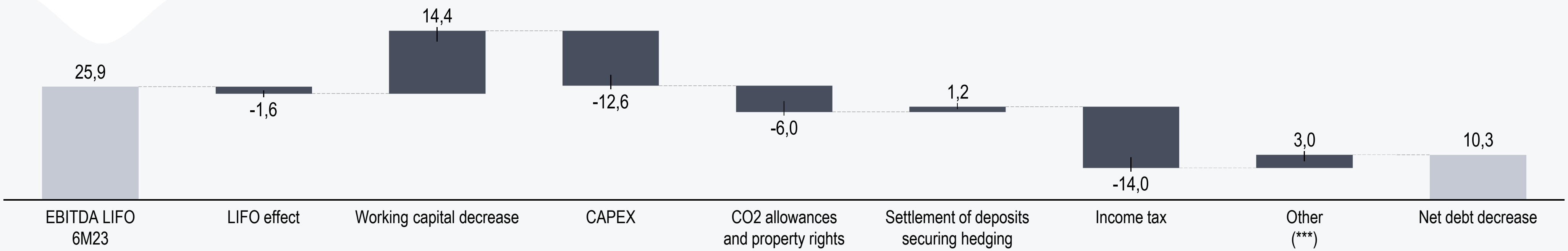
PLN bn



** mainly purchase of CO_2 allowances and property rights PLN (-) 2,2 bn, changes in advance payments and investment commitments PLN 0,8 bn, increase in rights-of-use assets PLN 0,8 bn, and purchase/sale of bonds PLN 2,1 bn inflows from the sale of shares/stake in connection with the implementation of the Remedies PLN 0,3 bn, provision for reclamation PLN 0,1 bn, interest received PLN 0,1 bn dividends received PLN 0,1 bn

Free cash flow 6M23

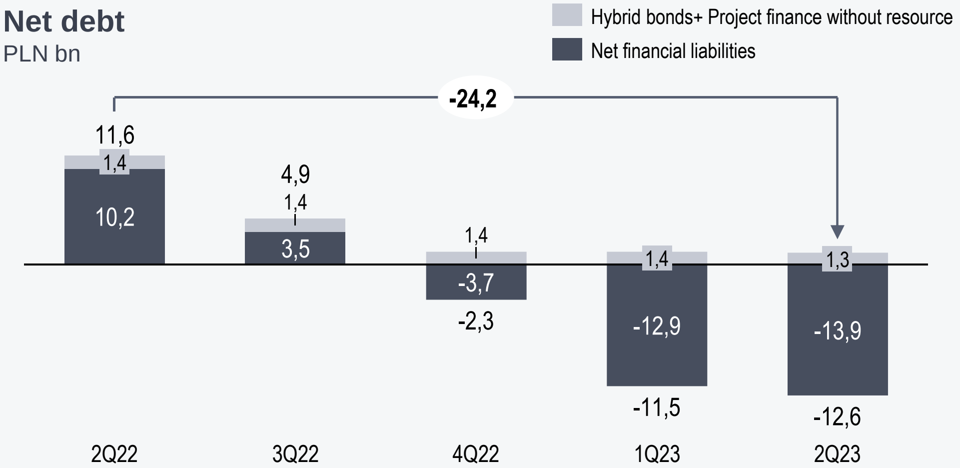
PLN bn



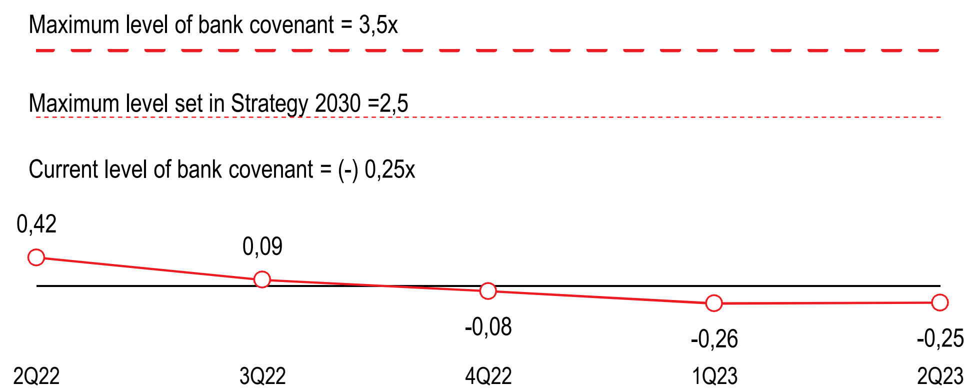
*** mainly: increase in rights-of-use assets PLN 1,6 bn, change in reserves PLN 4,6 bn, change in advances and investment liabilities (-) 0,9 mld PLN, settlement of grants for property rights PLN (-) 2,1 bn, purchase/sale of bonds PLN (-) 1,0 bn, inflows from the sale of shares/stake in connection with the implementation of the Remedies PLN 0,3 bn, Acquisition of petrochemical assets less cash PLN (-) 0,2 bn, Baltic JV capital subsidies PLN (-) 0,5 bn, lease payments PLN (-) 0,9 bn, provision for reclamation PLN 0,3 bn, subsidies received PLN 0,3 bn , interest received PLN 0,1 bn, dividends received PLN 0,1 bn, change in liabilities from contracts with customers PLN 0,5 bn

Debt

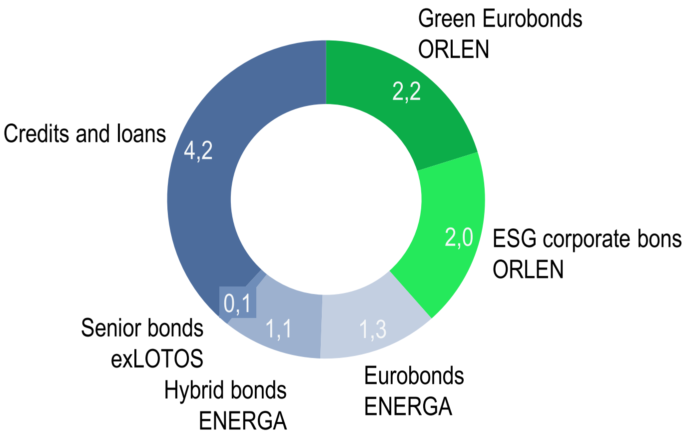
Net debt
PLN bn



Net debt/EBITDA*



Gross debt – sources of financing
PLN bn



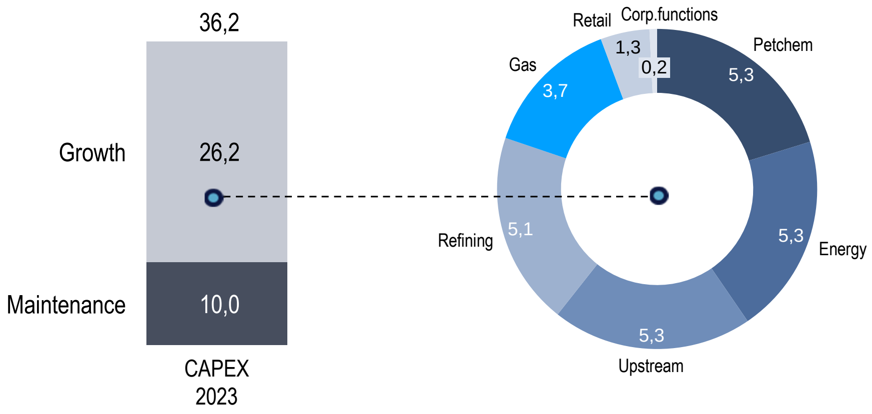
- Decrease in net debt by PLN (-) 24,2 bn (y/y) to the level of PLN (-) 12,6 bn at the end of 2Q23. Compared to the previous quarter, net debt decreased by PLN (-) 1,1 bn as a result of net inflow from operations of PLN 7,0 bn at net outflow from investments of PLN (-) 4,9 bn as well as payments lease liabilities in the amount of PLN (-) 0,4 bn, interest paid in the amount of PLN (-) 0,3 bn, PLN 0,6 bn net effect of valuation and revaluation of debt due to exchange differences and changes in cash and cash equivalents in the amount of PLN (-) 0,9 bn.
- Gross debt currency structure: EUR 57%, PLN 41%, USD 1%, CAD 1%.
- Weighted average debt maturity: 2025
- Investment grade: A3 stable outlook (Moody's), BBB+ stable outlook (Fitch). Moody's and Fitch Rating at the highest level in the Concern's history due to effective realization of merger processes and strong financials of ORLEN Group.

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

CAPEX

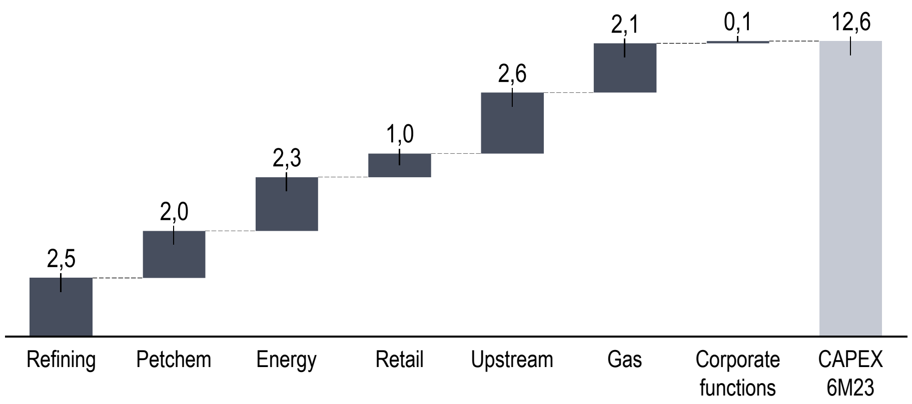
Planned CAPEX in 2023

PLN bn



Realized CAPEX 6M23 – split by segment

PLN bn



Main growth projects in 2023

Refining

- Construction of Hydrocracking unit – Lithuania
- Construction of Bioethanol 2 Gen. unit – ORLEN Południe
- Construction of Visbreaking unit – Płock
- Construction of HVO (Hydrotreated Vegetable Oils) – Płock
- Construction of the Hydrocracking Oil Block installation – Gdańsk
- Construction of a sea terminal for transhipment of petroleum products on Martwa Wisła - Gdańsk

Petchem

- Expansion of olefins capacities – Płock
- Expansion of fertilizers production – Anwil

Energy

- Modernization of current assets and connection of new clients – ENERGA Group
- Construction of CCGT Ostrołęka and CCGT Grudziądz
- Construction of PV farms
- Construction project of a wind farm in the Baltic Sea

Retail

- Growth of fuel and non-fuel stations network
- Growth of alternative fuel stations network
- Automated Parcel Machines

Upstream

- PGNiG Upstream Norway and Lotos Norge projects
- ORLEN Upstream projects in Poland and Canada

Gas

- Construction and modernization of customer connections to the grid - PSG

CAPEX includes IFRS16 leasing.

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Outlook

Macroeconomic environment 3Q23*

		3Q22	2Q23	3Q23	Δ (q/q)	Δ (y/y)
Brent crude oil	USD/bbl	101	78	82	5%	-19%
Model refining margin[1]	USD/bbl	16,4	13,8	19,8	43%	21%
Differential[2]	USD/bbl	7,4	1,8	-0,6	-	-
Natural gas price TTF month-ahead	PLN/MWh	965	158	135	-15%	-86%
Natural gas price TGEgasDA	PLN/MWh	954	176	154	-13%	-84%
Electricity price TGeBase	PLN/MWh	1 067	527	493	-6%	-54%
Refining products[4] - crack margins from quotations						
Diesel	USD/t	328	134	207	54%	-37%
Gasoline	USD/t	287	304	322	6%	12%
HSFO	USD/t	-325	-164	-132	20%	59%
Petrochemical products[4] - crack margins from quotations						
Polyethylene[5]	EUR/t	471	433	368	-15%	-22%
Polypropylene[5]	EUR/t	460	429	361	-16%	-22%
Ethylene	EUR/t	639	664	555	-16%	-13%
Propylene	EUR/t	598	554	435	-21%	-27%
PX	EUR/t	586	481	430	-11%	-27%
Average exchange rates[6]						
USD/PLN	USD/PLN	4,71	4,17	4,03	-3%	-14%
EUR/PLN	EUR/PLN	4,75	4,54	4,44	-2%	-7%

*Data as of 11.08.2023

(1) Model refining margin = revenues (93,5% Products = 36% Gasoline + 43% Diesel + 14,5% HHO) - costs (100% input: Brent crude oil and other raw materials). Spot quotations. (valid till 31.07.2022)
Model refining margin = revenues (93,6% Products = 33% Gasoline + 48% Diesel + 13% HHO) - costs (100% input: 98% Brent crude oil + 2% natural gas). Spot quotations. (valid from 01.08.2022)
(2) Differential calculated on the real share of processed crude oils. Spot quotations.
(4) Margin (crack) for refining and petrochemical products (excluding polymers) calculated as difference between a quotation of given product and a quotation of Brent DTD crude oil.
(5) Margin (crack) for polymers calculated as difference between quotations of polymers and monomers
(6) Average exchange rates according to the data of the National Bank of Poland.

Market outlook for 2023

Macro

- Brent crude oil – in 2023 we expect oil prices to drop (y/y) to the level of ca. 80 USD/bbl. Price forecasts have been lowered due to higher OPEC spare capacity, reduced risk premium, concerns about the Chinese economy, higher interest rates and strong growth in supply from non-OPEC+. In 3Q23, oil prices are expected to rise as a result of low supply. Forecasted Brent Dated in the second half of 2023 is 82 USD/bbl.
- Refining margin – in 2023 we expect refining margins to decline (y/y) to ca.15 USD/bbl. Strong gasoline position in European markets continues to be supported by strong export demand (summer season in the US) and increase in holiday travel in Europe. Despite much weaker demand for diesel and clear visible signs of economic slowdown, diesel cracks received strong support, especially in North-West Europe as a result of shutdown of Pernis refinery (Shell) due to planned and unplanned maintenance shutdowns.
- Differential – in 2023 we expect differential to fall (y/y) to ca.1-2 USD/bbl as a result of changes in the structure of processed crude oils, i.e. reduction of REBCO in the throughput of ORLEN Group.
- Petrochemical margin – in 2023 we expect a decrease in petrochemical margins (y/y) a result of a drop in demand for petrochemical products due to economic slowdown and maintained inflation.
- Natural gas – in 2023 we expect a drop in natural gas prices (y/y) to ca. 200 PLN/MWh. The volume of LNG imports to Europe has increased significantly, making European gas market more of a global market and now more dependent on the behaviour of external factors, including weather.
- Electricity – in 2023 we expect a decrease in electricity prices (y/y) to ca. 500 PLN/MWh.

Economy

- GDP* – Poland 0,6% (according to the latest data from NBP), Czechia 0,1%, Lithuania (-) 1,3%, Germany (-) 0,3%. We expect the economy recovery in Poland in the second half of the year.
- Decrease in demand for fuels and petrochemical products (r/r) as a result of economic slowdown.
- Lower gas consumption (y/y) as a result of energy crisis, high feedstock prices and reductions.
- Comparable consumption of electricity (y/y).

Regulations

- EU embargo on fuel imports from Russia from 5 February 2023
- Act on special protection of certain customers consuming gas - gas write-down for the Price Difference Payment Fund in upstream of natural gas production in Poland (negative impact on the result of the Upstream segment in the amount of PLN 14 bn) and inflows from compensation in gas sales and distribution in Poland resulting from setting the maximum price below tariffs (positive impact on the result of the Gas segment).
- National Index Target – base level increase from 8,8 to 8,9% (reduced ratio for ORLEN Group is 5,8%).
- E10 – we are working on implementation of gasoline with increased bioethanol content on ORLEN stations from beginning of 2024.

* Data: NBP 10.07.2023, OECD 07.06.2023, CNB 03.08.2023, LB 19.06.2023.

ORLEN

Powering the future.
Sustainably.

06

Supporting slides

Results – split by quarter

PLN m	1Q22	2Q22	3Q22	4Q22	12M22	1Q23	2Q23	(y/y)
Revenues	45 447	57 804	72 915	101 317	277 483	110 270	74 621	16 817
EBITDA LIFO	2 786	8 204	19 485	24 011	54 486	17 153	8 703	499
LIFO effect	2 174	1 321	-553	-1 845	1 097	-1 171	-384	-1 705
EBITDA	4 960	9 525	18 932	22 166	55 583	15 982	8 319	-1 206
Depreciation	-1 400	-1 447	-1 549	-2 559	-6 955	-3 049	2 872	4 319
EBIT LIFO	1 386	6 757	17 936	21 452	47 531	14 104	11 575	4 818
EBIT	3 560	8 078	17 383	19 607	48 628	12 933	11 191	3 113
Net result	2 845	3 683	14 751	13 465	34 744	9 109	4 544	861

Operational results before impairments of assets : 1Q22 PLN (-) 27 m / 2Q22 PLN (-) 2860 m / 3Q22 PLN (-) 53 m / 4Q22 PLN (-) 3734 m / 12M22 PLN (-) 6674 m / 1Q23 PLN (-) 529 m / 2Q23 PLN (-) 77 m

EBITDA LIFO – split by segment

PLN m	1Q22	2Q22	3Q22	4Q22	12M22	1Q23	2Q23	(y/y)
Refining, incl:	**900**	**4 656**	**7 389**	**10 428**	**23 373**	**5 485**	**2 536**	**-2 120**
NRV	-30	26	-28	13	-19	-59	-121	-147
hedging	-1 913	-2 558	726	-59	-3 804	365	51	2 609
valuation of CO2 contracts	-568	21	-175	125	-597	52	0	-21
Petchem, incl:	**451**	**1 643**	**698**	**581**	**3 373**	**98**	**-120**	**-1 763**
NRV	0	0	-8	-16	-24	-1	-16	-16
hedging	48	58	63	57	226	86	100	42
valuation of CO2 contracts	-614	23	-84	84	-591	0	0	-23
Energy, incl:	**1 004**	**1 176**	**1 607**	**306**	**4 093**	**3 275**	**555**	**-621**
hedging	50	-62	134	126	248	38	11	73
valuation of CO2 contracts	-543	21	128	68	-326	11	0	-21
Retail	**585**	**697**	**856**	**638**	**2 776**	**233**	**662**	**-35**
Upstream, incl:	**162**	**336**	**1 741**	**6 292**	**8 531**	**2 273**	**-114**	**-450**
hedging	-80	-24	15	2	-87	0	9	33
Gas,incl:	**n/a**	**n/a**	**n/a**	**-1 926**	**-1 926**	**6 196**	**5 611**	**5 657**
hedging	n/a	n/a	n/a	141	141	83	1 002	1 002
valuation of CO2 contracts	n/a	n/a	n/a	116	116	85	6	6
Corporate functions	**-316**	**-304**	**7 199**	**7 698**	**14 277**	**-399**	**-438**	**-134**
Adjustments	**n/a**	**n/a**	**-5**	**-6**	**-11**	**-8**	**11**	**11**
EBITDA LIFO, incl:	**2 786**	**8 204**	**19 485**	**24 011**	**54 486**	**17 153**	**8 703**	**499**
NRV	-30	26	-36	-3	-43	-60	-137	-163
hedging	-1 895	-2 586	938	267	-3 276	572	1 173	3 759
valuation of CO2 contracts	-1 725	65	-131	393	-1 398	148	6	-59

Operational results before impairments of assets : 1Q22 PLN (-) 27 m / 2Q22 PLN (-) 2860 m / 3Q22 PLN (-) 53 m / 4Q22 PLN (-) 3734 m / 12M22 PLN (-) 6674 m / 1Q23 PLN (-) 529 m / 2Q23 PLN (-) 77 m

2Q23 results – split by company

PLN m	ORLEN	ORLEN Lietuva	ORLEN Unipetrol	ENERGA Group	Others	ORLEN Group
Revenues	49 102	6 971	7 532	6 011	5 005	74 621
EBITDA LIFO	3 389	234	750	268	4 062	8 703
LIFO effect	-408	41	-	-	-17	-384
EBITDA	2 981	275	750	268	4 045	8 319
Depreciation	802	23	302	294	1 451	2 872
EBIT	2 179	252	448	-26	2 594	5 447
EBIT LIFO	2 587	211	448	-26	2 611	5 831
Net result	3 946	193	311	-174	268	4 544

- **ORLEN Lietuva** – EBITDA LIFO increased by PLN 635 m (y/y) as a result of higher sales volumes, hedging transactions (y/y) and trading margins partially limited by the negative impact (y/y) of usage of historical inventory layers and decrease (y/y) of margins (cracks) on light and middle distillates.
- **ORLEN Unipetrol** – EBITDA LIFO decreased by PLN (-) 944 m (y/y) as a result of lower margins (cracks) on light and middle distillates and petrochemical products, negative impact (y/y) of usage of historical inventory layers, increase in fixed and labour costs partially offset by the impact of higher trade margins, hedging transactions and lower costs of CO2 reserves.
- **ENERGA Group** – lower EBITDA by PLN (-) 688 m PLN (y/y) as a result of lower results in the Distribution Business Line (lower distribution volumes and negative impact (y/y) between the contract price of network losses in relation to the price from the balancing market) and in the Generation Business Line (lower production at the Ostrołęka Power Plant partially offset by the positive impact of lower costs of CO2 reserves and hedging transactions) with higher results of the Sales Business Line (higher volumes).
- **exPGNiG** – no possibility to calculate business effects due to the incomparability of consolidation periods – consolidation of PGNiG Group in ORLEN Group results amounted PLN 5 639 bn.

Operational results before impairments of assets : 2Q23 PLN (-) 77 m

ORLEN Group refinery production data

ORLEN Group	2Q22	1Q23	2Q23	∆ (y/y)	∆ (q/q)	6M22	6M23	∆ 6M/6M
Crude oil throughput (kt)	7 245	9 474	9 535	32%	1%	15 407	19 009	23%
Utilization	83%	90%	90%	7 pp	0 pp	89%	90%	2 pp
ORLEN [1]								
Crude oil throughput (kt)	4 331	5 476	5 289	22%	-3%	8 437	10 765	28%
Utilization	107%	93%	89%	-18 pp	-4 pp	104%	91%	-13 pp
Fuel yield [4]	86%	83%	83%	-3 pp	0 pp	83%	83%	0 pp
Light distillates yield [5]	34%	28%	30%	-4 pp	2 pp	33%	29%	-4 pp
Middle distillates yield [6]	52%	55%	53%	1 pp	-2 pp	50%	54%	4 pp
ORLEN Unipetrol [2]								
Crude oil throughput (kt)	1 670	1 782	1 879	13%	5%	3 373	3 661	9%
Utilization	77%	83%	87%	10 pp	4 pp	78%	85%	7 pp
Fuel yield [4]	78%	78%	78%	0 pp	0 pp	81%	78%	-3 pp
Light distillates yield [5]	35%	35%	35%	0 pp	0 pp	36%	35%	-1 pp
Middle distillates yield [6]	43%	43%	43%	0 pp	0 pp	45%	43%	-2 pp
ORLEN Lietuva [3]								
Crude oil throughput (kt)	1 163	2 131	2 275	96%	7%	3 426	4 406	29%
Utilization	46%	85%	89%	43 pp	4 pp	68%	87%	19 pp
Fuel yield [4]	93%	77%	79%	-14 pp	2 pp	81%	78%	-3 pp
Light distillates yield [5]	32%	32%	35%	3 pp	3 pp	32%	34%	2 pp
Middle distillates yield [6]	61%	45%	44%	-17 pp	-1 pp	49%	44%	-5 pp

[1] Throughput capacity for ORLEN is 23,7 mt/y, including: Płock 16,3 mt/y and Gdańsk 7,4 mt/y.
[2] Throughput capacity for ORLEN Unipetrol is 8,7 mt/y, including: Litvinov 5,4 mt/y and Kralupy 3,3 mt/y
[3] Throughput capacity for ORLEN Lietuva is 10,2 mt/y.
[4] Fuel yield equals middle distillates yield plus light distillates yield.
[5] Light distillates yield is a ratio of gasoline, naphtha, LPG production excluding BIO and internal transfers to crude oil throughput.
[6] Middle distillates yield is a ratio of diesel, light heating oil (LHO) and JET production excluding BIO and internal transfers to crude oil throughput.

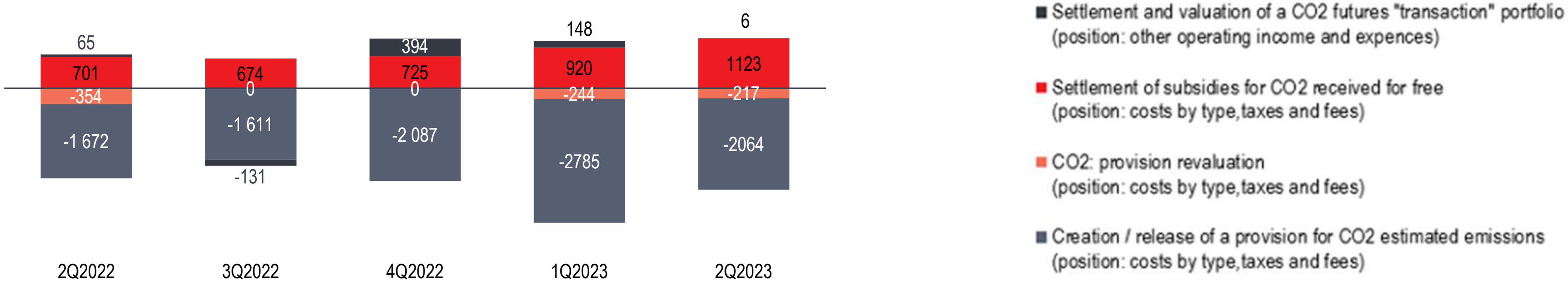
Effect of the operations related to reserve on CO_2 and valuation of CO_2 contracts on ORLEN Group consolidated financial results

Contracts portfolio for purchase of CO_2 emission rights in ORLEN Group and EUA balance on ORLEN Group accounts
(mt)

Portfels	Approach to valuation		30.06.2022	30.09.2022	31.12.2022	31.03.2023	30.06.2023
Own contracts portfolio for purchase of emission rights*	Is not subject to fair value valuation at the balance sheet date		2,04	0,14	3,74	0,00	0,00
Transaction portfolio for purchase of emission rights**	It is subject to fair value valuation at the balance sheet date	with Hedge Accounting (HA)	2,33	3,07	2,37	1,34	1,34
		without Hedge Accounting (noHA)		3,91	1,66	-0,10	0,10
EUA portfolio on ORLEN Group accounts (intangible assets)***	Is not subject to fair value valuation at the balance sheet date		5,24	9,37	22,56	29,46	20,58

* Own use contracts portfolio with physical delivery, not subject to fair value valuation.
** Transaction portfolio is valuated in accordance with the IFRS9 requirements. From 1st of July 2022, the Group started to apply hedge accounting (HA) regarding the EUA transactions, therefore Transaction portfolio was divided into instruments without HA, whose valuation and settlement is recognized in other operating profit and lost and instruments with HA, whose valuation is recognized in capital and the financial effect of settlement adjusts the purchase price of EUA contracts. (according to IFRS9)
*** Recognized as intangible assets, which are not amortized and analyzed for impairment. Purchased rights valuated according to the purchase price, received for free in fair value fixed for registration on the account day less any write-offs for impairment.

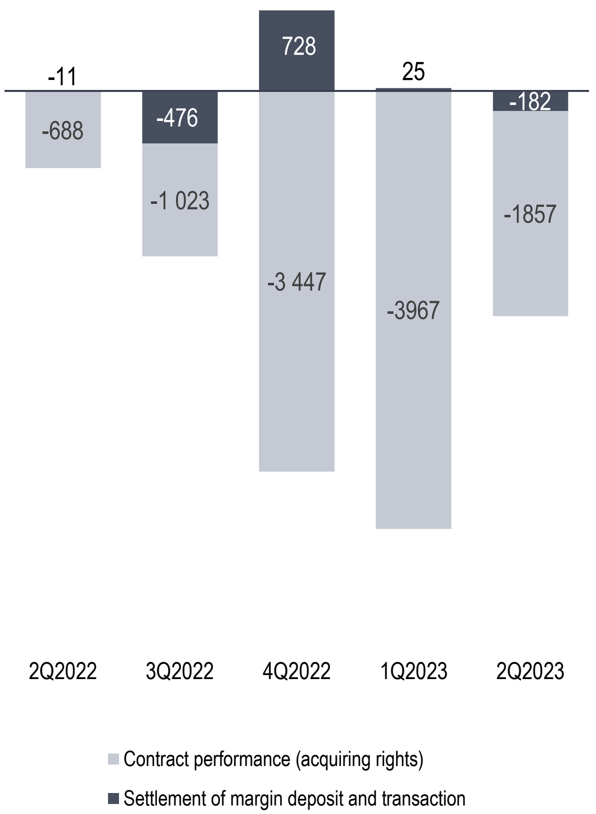
Impact of activities related to CO_2 on ORLEN Group consolidated financial result (PLN m)



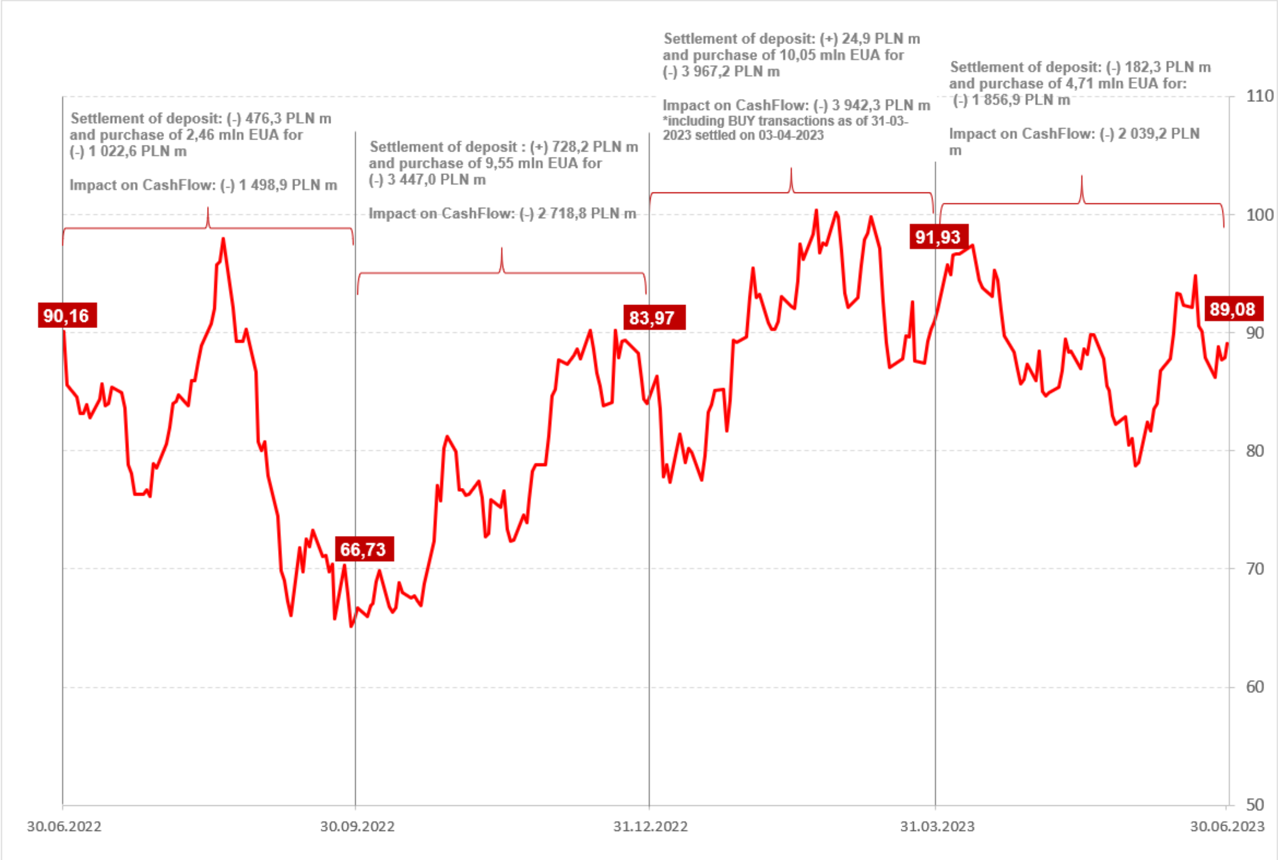
35

Settlement of securing deposit and realization of CO_2 contracts on cash flow

Impact on cash flow
(PLN m)



Impact on cash flow from settlement of securing deposit and settlement of transactions vs CO_2 contracts quotations



Dictionary

Model refining margin = revenues (93,6% Products = 33% Gasoline + 48% Diesel + 13% HHO) **-** costs (100% input: 98% Brent crude oil + 2% natural gas). Spot quotations. (valid from 01.08.2022)

Model refining margin = revenues (93,5% Products = 36% Gasoline + 43% Diesel + 14,5% HHO) - costs (100% input: Brent crude oil and other raw materials). Spot quotations. (valid till 31.07.2022)

Differential calculated on the real share of processed crude oils. Spot quotations.

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

Fuel yield = middle distillates yield + gasoline yield. Yields are calculated in relation to crude oil.

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

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

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

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