



# ORLEN GROUP

CONSOLIDATED QUARTERLY REPORT

FOR THE 1<sup>st</sup> QUARTER

2024

**ORLEN GROUP - SELECTED DATA**

	PLN million	PLN million	EUR million	EUR million
	3 MONTHS ENDED 31/03/2024	3 MONTHS ENDED 31/03/2023 (restated data)	3 MONTHS ENDED 31/03/2024	3 MONTHS ENDED 31/03/2023 (restated data)
Sales revenues	82 332	115 828	19 053	24 642
Operating profit increased by depreciation and amortisation (EBITDA)	7 730	16 540	1 789	3 519
Profit from operations (EBIT)	4 321	12 718	1 000	2 706
Profit before tax	4 475	13 486	1 036	2 869
<b>Net profit</b>	<b>2 785</b>	<b>9 471</b>	<b>645</b>	<b>2 015</b>
Total net comprehensive income	547	13 859	127	2 948
Net profit attributable to equity owners of the parent	2 765	9 324	640	1 984
Total net comprehensive income attributable to equity owners of the parent	531	13 708	123	2 916
Net cash from operating activities	11 670	23 600	2 700	5 021
Net cash (used) in investing activities	(9 778)	(13 366)	(2 263)	(2 844)
Net cash (used) in financing activities	(3 649)	(2 735)	(844)	(582)
Net increase/(decrease) in cash and cash equivalents	(1 757)	7 499	(407)	1 595
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN/EUR per share)	2.38	8.03	0.55	1.71
	<b>31/03/2024</b>	<b>31/12/2023</b>	<b>31/03/2024</b>	<b>31/12/2023</b>
Non-current assets	176 442	170 795	41 024	39 281
Current assets	86 555	93 383	20 125	21 477
<b>Total assets</b>	<b>262 997</b>	<b>264 178</b>	<b>61 149</b>	<b>60 758</b>
Share capital	1 974	1 974	459	454
Equity attributable to equity owners of the parent	152 613	152 082	35 484	34 977
<b>Total equity</b>	<b>153 727</b>	<b>153 180</b>	<b>35 743</b>	<b>35 230</b>
Non-current liabilities	42 774	41 616	9 945	9 571
Current liabilities	66 496	69 382	15 461	15 957
Number of shares	1 160 942 049	1 160 942 049	1 160 942 049	1 160 942 049
Carrying amount and diluted carrying amount per share attributable to equity owners of the parent (in PLN/EUR per share)	131.46	131.00	30.57	30.13



## ORLEN – SELECTED DATA

	PLN million		EUR million	
	3 MONTHS ENDED 31/03/2024	3 MONTHS ENDED 31/03/2023 (restated data)	3 MONTHS ENDED 31/03/2024	3 MONTHS ENDED 31/03/2023 (restated data)
Sales revenues	54 891	76 121	12 703	16 194
Profit from operations increased by depreciation and amortisation (EBITDA)	1 655	12 046	383	2 563
Profit from operations (EBIT)	615	10 595	142	2 254
Profit before tax	1 536	11 494	355	2 445
<b>Net profit</b>	<b>1 299</b>	<b>9 393</b>	<b>301</b>	<b>1 998</b>
Total net comprehensive income	67	13 698	16	2 914
Net cash from operating activities	1 444	26 114	334	5 556
Net cash (used) in investing activities	(215)	(18 429)	(50)	(3 921)
Net cash (used) in financing activities	(2 446)	(1 766)	(566)	(376)
Net increase/(decrease) in cash	(1 217)	5 919	(282)	1 259
Net profit and diluted net profit per share (in PLN/EUR per share)	1.12	8.09	0.26	1.72

	31/03/2024	31/12/2023	31/03/2024	31/12/2023
Non-current assets	137 674	135 594	32 011	31 185
Current assets	63 318	68 775	14 722	15 818
<b>Total assets</b>	<b>200 992</b>	<b>204 369</b>	<b>46 733</b>	<b>47 003</b>
Share capital	1 974	1 974	459	454
<b>Total equity</b>	<b>140 966</b>	<b>140 899</b>	<b>32 776</b>	<b>32 405</b>
Non-current liabilities	16 334	16 552	3 798	3 807
Current liabilities	43 692	46 918	10 159	10 791
Number of shares	1 160 942 049	1 160 942 049	1 160 942 049	1 160 942 049
Carrying amount and diluted carrying amount per share (in PLN/EUR per share)	121.42	121.37	28.23	27.91

The above financial data for the 3-month period of 2024 and 2023 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 31 March 2024 – 4.3211 EUR/PLN and from 1 January to 31 March 2023 – 4.7005 EUR/PLN;
- items of assets, equity and liabilities – by the average exchange rate published by the National Bank of Poland as at 31 March 2024 – 4.3009 EUR/PLN and as at 31 December 2023 – 4.3480 EUR/PLN.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS

FOR THE 3 MONTH PERIOD ENDED 31 MARCH

2024

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	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
Sales revenues	5.1	82 332	115 828
<i>revenues from sales of finished goods and services</i>		69 104	97 428
<i>revenues from sales of merchandise and raw materials</i>		13 228	18 400
Cost of sales	5.2	(71 841)	(96 591)
<i>cost of finished goods and services sold</i>		(60 584)	(79 874)
<i>cost of merchandise and raw materials sold</i>		(11 257)	(16 717)
<b>Gross profit on sales</b>		<b>10 491</b>	<b>19 237</b>
Distribution expenses		(3 715)	(3 662)
Administrative expenses		(1 535)	(1 387)
Other operating income	5.4	720	2 023
Other operating expenses	5.4	(1 527)	(3 465)
(Loss) due to impairment of trade receivables		(76)	(27)
Share in profit from investments accounted for using the equity method		(37)	(1)
<b>Profit from operations</b>		<b>4 321</b>	<b>12 718</b>
Finance income	5.5	572	1 349
Finance costs	5.5	(385)	(567)
<b>Net finance income and costs</b>		<b>187</b>	<b>782</b>
(Loss) to impairment of financial assets other than trade receivables		(33)	(14)
<b>Profit before tax</b>		<b>4 475</b>	<b>13 486</b>
Tax expense		(1 690)	(4 015)
<i>current tax</i>		(1 997)	(3 755)
<i>deferred tax</i>		307	(260)
<b>Net profit</b>		<b>2 785</b>	<b>9 471</b>
<b>Other comprehensive income:</b>			
<b>which will not be reclassified subsequently into profit or loss</b>		<b>(18)</b>	<b>40</b>
<i>actuarial gains and losses</i>		(42)	51
<i>gains and losses on investments in equity instruments at fair value through other comprehensive income</i>		15	(5)
<i>deferred tax</i>		9	(6)
<b>which will be reclassified into profit or loss</b>		<b>(2 220)</b>	<b>4 348</b>
<i>cash flow hedging instruments</i>		(1 017)	5 438
<i>hedging costs</i>		(776)	140
<i>exchange differences on translating foreign operations</i>		(773)	(174)
<i>share in other comprehensive income of investments accounted for using the equity method</i>		4	-
<i>deferred tax</i>		342	(1 056)
		<b>(2 238)</b>	<b>4 388</b>
<b>Total net comprehensive income</b>		<b>547</b>	<b>13 859</b>
<b>Net profit attributable to</b>		<b>2 785</b>	<b>9 471</b>
<i>equity owners of the parent</i>		2 765	9 324
<i>non-controlling interest</i>		20	147
<b>Total net comprehensive income attributable to</b>		<b>547</b>	<b>13 859</b>
<i>equity owners of the parent</i>		531	13 708
<i>non-controlling interest</i>		16	151
Net profit per share attributable to equity owners of the parent (in PLN per share)			
<i>basic</i>		2.38	8.03
<i>diluted</i>		2.38	8.03

The accompanying notes disclosed on pages 10 – 43 are an integral part of these the interim condensed consolidated financial statements.

**Consolidated statement of financial position**

	NOTE	31/03/2024 (unaudited)	31/12/2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		137 238	134 685
Intangible assets and goodwill		16 418	14 150
Right-of-use asset		13 931	13 486
Investments accounted for using the equity method		2 136	2 170
Deferred tax assets		1 694	991
Derivatives	5.7	1 655	1 682
Other assets	5.7	3 370	3 631
		<b>176 442</b>	<b>170 795</b>
<b>Current assets</b>			
Inventories		30 780	32 794
Trade and other receivables		37 308	39 722
Current tax assets		1 569	1 417
Cash		11 414	13 282
Derivatives	5.7	1 596	2 617
Assets classified as held for sale		244	242
Other assets, incl.:		3 644	3 309
<i>security deposits</i>	5.7	1 347	644
<i>contract assets recognized for a business combination</i>		1 276	1 800
		<b>86 555</b>	<b>93 383</b>
<b>Total assets</b>		<b>262 997</b>	<b>264 178</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		1 974	1 974
Share premium		46 405	46 405
Own shares		(2)	(2)
Hedging reserve		2 316	3 767
Revaluation reserve		14	(1)
Exchange differences on translating foreign operations		(952)	(179)
Retained earnings		102 858	100 118
<b>Equity attributable to equity owners of the parent</b>		<b>152 613</b>	<b>152 082</b>
<b>Non-controlling interests</b>		<b>1 114</b>	<b>1 098</b>
<b>Total equity</b>		<b>153 727</b>	<b>153 180</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans, borrowings and bonds	5.6	11 035	10 671
Provisions	5.8	10 675	10 165
Deferred tax liabilities		10 470	10 337
Derivatives	5.7	199	241
Lease liabilities		9 543	9 343
Other liabilities	5.7	852	859
		<b>42 774</b>	<b>41 616</b>
<b>Current liabilities</b>			
Trade and other liabilities		39 466	41 509
Lease liabilities		1 541	1 386
Liabilities from contracts with customers		2 325	1 818
Loans, borrowings and bonds	5.6	1 215	4 496
Provisions	5.8	12 454	11 467
Current tax liabilities		2 750	2 331
Derivatives	5.7	1 706	1 797
Other liabilities	5.7	5 039	4 578
		<b>66 496</b>	<b>69 382</b>
<b>Total liabilities</b>		<b>109 270</b>	<b>110 998</b>
<b>Total equity and liabilities</b>		<b>262 997</b>	<b>264 178</b>

The accompanying notes disclosed on pages 10 – 43 are an integral part of these the interim condensed consolidated financial statements.

**Consolidated statement of changes in equity**

	Share capital	Share premium	Own shares	Hedging reserve	Revaluation reserve	Exchange differences on translating foreign operations	Retained earnings	Equity attributable to equity owners of the parent	Non-controlling interests	Total equity
01/01/2024	1 974	46 405	(2)	3 767	(1)	(179)	100 118	152 082	1 098	153 180
Net profit	-	-	-	-	-	-	2 765	2 765	20	2 785
Components of other comprehensive income	-	-	-	(1 451)	15	(773)	(25)	(2 234)	(4)	(2 238)
<b>Total net comprehensive income</b>	-	-	-	<b>(1 451)</b>	<b>15</b>	<b>(773)</b>	<b>2 740</b>	<b>531</b>	<b>16</b>	<b>547</b>
<b>31/03/2024</b>	<b>1 974</b>	<b>46 405</b>	<b>(2)</b>	<b>2 316</b>	<b>14</b>	<b>(952)</b>	<b>102 858</b>	<b>152 613</b>	<b>1 114</b>	<b>153 727</b>
(unaudited)										
01/01/2023	1 974	46 405	(2)	5 005	(5)	2 701	85 992	142 070	1 040	143 110
Net profit	-	-	-	-	-	-	9 324	9 324	147	9 471
Components of other comprehensive income	-	-	-	4 522	(4)	(174)	40	4 384	4	4 388
<b>Total net comprehensive income</b>	-	-	-	<b>4 522</b>	<b>(4)</b>	<b>(174)</b>	<b>9 364</b>	<b>13 708</b>	<b>151</b>	<b>13 859</b>
<b>31/03/2023</b>	<b>1 974</b>	<b>46 405</b>	<b>(2)</b>	<b>9 527</b>	<b>(9)</b>	<b>2 527</b>	<b>95 356</b>	<b>155 778</b>	<b>1 191</b>	<b>156 969</b>
(unaudited)										
(restated data)										

The accompanying notes disclosed on pages 10 – 43 are an integral part of these the interim condensed consolidated financial statements.



**Consolidated statement of cash flows**

	NOTE	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>4 475</b>	<b>13 486</b>
Adjustments for:			
Share in profit from investments accounted for using the equity method		37	1
Depreciation and amortisation	5.2	3 409	3 822
Foreign exchange (profit)		(116)	(220)
Net interest		118	111
Loss on investing activities		735	2 255
Change in provisions		2 017	3 162
Change in working capital		5 610	5 583
<i>inventories</i>		1 986	9 230
<i>receivables</i>		4 729	(4 913)
<i>liabilities</i>		(1 105)	1 266
Other adjustments, incl.:		(2 628)	(523)
<i>settlement of grants for property rights</i>		(610)	(961)
<i>security deposits</i>		(686)	4 918
<i>derivatives</i>		(1 044)	(2 039)
<i>change in contract assets and liabilities recognized for a business combination</i>		(612)	(2 788)
Income tax (paid)		(1 987)	(4 077)
<b>Net cash from operating activities</b>		<b>11 670</b>	<b>23 600</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment, intangible assets and right-of-use asset		(8 271)	(9 659)
Disposal of property, plant and equipment, intangible assets and right-of-use asset		27	52
(Purchase)/Disposal of bonds		-	(3 055)
Acquisition of petrochemical assets less cash		-	(218)
Recapitalisation in investments in joint ventures		(2)	(521)
Interest received		8	27
Proceeds net cash from loans		11	8
(Acquisition)/Disposal of shares lowered by cash		(1 552)	31
Other		1	(31)
<b>Net cash (used) in investing activities</b>		<b>(9 778)</b>	<b>(13 366)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings received		1 983	2 065
Repayment of loans and borrowings		(4 816)	(3 998)
Redemption of bonds		(23)	(51)
Interest paid from loans, borrowings and bonds		(125)	(161)
Interest paid on lease		(109)	(118)
Payments of liabilities under lease agreements		(526)	(447)
Grants received		23	42
Other		(56)	(67)
<b>Net cash (used) in financing activities</b>		<b>(3 649)</b>	<b>(2 735)</b>
<b>Net increase/(decrease) in cash</b>		<b>(1 757)</b>	<b>7 499</b>
Effect of changes in exchange rates		(111)	(187)
Cash at the beginning of the period		13 282	21 046
<b>Cash at the end of the period</b>		<b>11 414</b>	<b>28 358</b>
<i>including restricted cash</i>		1 155	4 491

The accompanying notes disclosed on pages 10 – 43 are an integral part of these the 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 ORLEN S.A. Capital Group ("Group", "ORLEN Group") is ORLEN S.A. ("ORLEN", "Company", "Parent Company") with its headquarters in Płock, 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. Moreover, the operations of the ORLEN Group also include exploration for and production of natural gas, import of natural gas, as well as storage, sale and distribution of gaseous and liquid fuels.

The activity of the ORLEN Group companies is also service-related activity: storage of crude oil and fuels, transportation, maintenance and overhaul services, laboratory, security, design, administrative, courier services, distribution of the press, insurance and financial services as well as media activities (newspapers and websites).

### **2. Information on principles adopted in the preparation of the 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 ORLEN Group's financial position as at 31 March 2024 and as at 31 December 2023, financial results and cash flows for the 3-month period ended 31 March 2024 and 31 March 2023.

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 analysed the existing risks, both financial and operational, and in particular assessed the impact of armed conflicts in the world, including the ongoing war in Ukraine for the Group's operations and the related changes in the macroeconomic situation in Europe and around the world.

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 2023.

##### **2.2.2. Restatement of comparative data**

In the Consolidated Half-Year Report for the 1<sup>st</sup> half of 2023, the Group presented the final settlement of the merger transaction with Grupa LOTOS, while in the Quarterly Report for the 4<sup>th</sup> quarter of 2023, the Group presented the final settlement of the merger transaction with the PGNIG Group and the purchase of Normbenz shares. As a result of determining the final fair values of the acquired assets and assumed liabilities as at the acquisition date for the above transactions, which resulted in an adjustment to the provisional values recognized so far, the Group revised the comparative information.

	3 MONTHS ENDED 31/03/2023 (unaudited) (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with the ORLEN Group	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
Sales revenues	110 270	5 558	115 828
Cost of sales	(92 875)	(3 716)	(96 591)
<b>Gross profit on sales</b>	<b>17 395</b>	<b>1 842</b>	<b>19 237</b>
Distribution expenses	(3 662)	-	(3 662)
Administrative expenses	(1 392)	5	(1 387)
Other operating income	2 021	2	2 023
Other operating expenses	(1 759)	(1 706)	(3 465)
(Loss) due to impairment of trade receivables	(27)	-	(27)
Share in profit from investments accounted for under equity method	(1)	-	(1)
<b>Profit from operations</b>	<b>12 575</b>	<b>143</b>	<b>12 718</b>
Finance income	1 349	-	1 349
Finance costs	(565)	(2)	(567)
<b>Net finance income and costs</b>	<b>784</b>	<b>(2)</b>	<b>782</b>
(Loss) due to impairment of loans and interest on trade receivables	(14)	-	(14)
<b>Profit before tax</b>	<b>13 345</b>	<b>141</b>	<b>13 486</b>
Income tax	(4 192)	177	(4 015)
<b>Net profit</b>	<b>9 153</b>	<b>318</b>	<b>9 471</b>
<b>Net profit attributable to</b>	<b>9 153</b>	<b>318</b>	<b>9 471</b>
<i>equity owners of the parent</i>	9 006	318	9 324
<i>non-controlling interest</i>	147	-	147
<b>Total net comprehensive income attributable to</b>	<b>13 498</b>	<b>361</b>	<b>13 859</b>
<i>equity owners of the parent</i>	13 346	362	13 708
<i>non-controlling interest</i>	152	(1)	151
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN per share)	7.76	0.27	8.03

In comparison to the figures presented in the interim condensed consolidated financial statements for the 1st quarter of 2023, as a result of the completion of merger clearance processes with the LOTOS Group and PGNiG Group the following items of income and expenses have changed:

- 1) sales revenues, the value of which for the 1<sup>st</sup> quarter of 2023 increased to the amount of PLN 115,828 million mainly as a result of the settlement of contract assets and liabilities related to sale of gas, for which the actual realization of the underlying contracts took place by the end of the 1<sup>st</sup> quarter of 2023 in the amount PLN 5,558 million;
- 2) cost of sales, the value of which for the 1<sup>st</sup> quarter of 2023 decreased to the amount of PLN (96,591) million, mainly due to the reversal of write-downs on inventories at PGNiG, recognition of changes in the depreciation of property, plant and equipment, intangible assets and rights-of-use assets, which were revalued as part of the purchase price allocation process and the settlement of contract assets and liabilities related to the purchase of gas and electricity, for which the actual realization of the underlying contracts took place by the end of the 1<sup>st</sup> quarter of 2023 in the total amount of PLN (3,716) million;
- 3) other net operating revenues/expenses, the value of which for the 1<sup>st</sup> quarter of 2023 decreased to PLN (1,442) million net, mainly as a result of impairment losses on fixed assets PLN (1,637) million.
- 4) as a result of the above changes, the deferred tax also changed by PLN 177 million.

	3 MONTHS ENDED 31/03/2023 (unaudited) (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with the ORLEN Group	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>	<b>13 345</b>	<b>141</b>	<b>13 486</b>
Adjustments for:			
Depreciation and amortisation	2 878	944	3 822
Net interest	110	1	111
Loss on investing activities	523	1 732	2 255
Change in working capital	6 013	(430)	5 583
inventories	9 702	(472)	9 230
receivables	(4 958)	45	(4 913)
liabilities	1 269	(3)	1 266
Other adjustments	1 744	(2 267)	(523)
<b>Net cash from operating activities</b>	<b>23 479</b>	<b>121</b>	<b>23 600</b>
<b>Cash flows from investing activities</b>			
Disposal of property, plant and equipment, intangible assets and right-of-use asset	80	(28)	52
Other	5	(9)	(4)
<b>Net cash from investing activities</b>	<b>(13 329)</b>	<b>(37)</b>	<b>(13 366)</b>
<b>Net increase in cash</b>	<b>7 415</b>	<b>84</b>	<b>7 499</b>
Effect of changes in exchange rates	(188)	1	(187)
Cash, beginning of the period	21 456	(410)	21 046
<b>Cash, end of the period</b>	<b>28 683</b>	<b>(325)</b>	<b>28 358</b>

### 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 ("NBP") in a given period).

Foreign exchange differences resulting from the above recalculations are recognised in equity in the line exchange differences on translating foreign operations. Upon disposal of foreign entity, foreign exchange differences accumulated in equity, relating to a given foreign entity, are recognised in the statement of profit and loss as the result on disposal.

CURRENCY	Average exchange rate for the reporting period		Exchange rate as at the end of the reporting period	
	3 MONTHS ENDED	3 MONTHS ENDED		
	31/03/2024	31/03/2023	31/03/2024	31/12/2023
EUR/PLN	4.3333	4.7111	4.3009	4.3480
USD/PLN	3.9920	4.3887	3.9886	3.9350
CZK/PLN	0.1728	0.1980	0.1700	0.1759
CAD/PLN	2.9611	3.2473	2.9439	2.9698
NOK/PLN	0.3795	0.4295	0.3675	0.3867
CHF/PLN	4.5660	4.7475	4.4250	4.6828

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

Sales and distribution of natural gas and production, sales and distribution electricity and heat during the year are subject to seasonal fluctuations. The volume of natural gas and energy sold and distributed, and consequently sales revenues, increases in the winter months and decreases in the summer months. This depends on the ambient temperature and day length. The range of these fluctuations is determined by low temperatures and shorter days in winter and higher temperatures and longer days in summer. The seasonal nature of this part of revenues applies to a much greater degree to individual customers than to the production/industrial sector clients.

In the other segments of the ORLEN Group is no significant seasonality or cyclicity of operations.

### 3. Financial situation and the organization of the ORLEN Group

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

##### Profit or loss for the 3 months of 2024

Sales revenues of the ORLEN Group for the 3 months of 2024 amounted to PLN 82,332 million and was lower by PLN (33,496) million (y/y). The decrease in sales revenues concerned mainly the Gas, Refining, Energy and Upstream segments.

The operating expenses amounted to PLN (77,091) million and were lower by PLN 24,549 million (y/y) mainly as a result of reduced operating costs of the Gas, Refinery and Energy segments.

##### Gas Segment

The decrease in sales revenues in the Gas segment amounted to PLN (27,571) million and resulted mainly from lower gas prices on the markets (y/y), including: natural gas TGEgasDA by (-) 48%, natural gas TTF month-ahead by (-) 52%, the weighted average price from transactions on POLPX (in Polish: TGE) by (-) 50% and the negative impact of the price freeze.

The decrease in operating costs in the Gas segment amounted to PLN 26,357 million and resulted mainly from lower gas purchase costs as a result of a drop in prices on the spot market and in monthly contracts.

##### Refining segment

The decrease in sales revenues in the Refining segment amounted to PLN (6,130) million and resulted mainly from lower sales volumes by (-) 1% (y/y), including diesel oil by (-) 2% and LPG by (-) 18 % with higher sales volumes of gasoline by 7%, JET aviation fuel by 21% and HHO (heavy heating oil) by 18% and lower sales margins.

The decrease in operating costs in the Refining segment amounted to PLN 4,436 million and resulted mainly from a lower differential due to a change in the structure of processed crude oil, strengthening of PLN against USD, higher costs of own consumption due to the increase in oil prices and lower CO<sub>2</sub> emission costs.

##### Energy Segment

The decrease in sales revenues in the Energy segment amounted to PLN (4,346) million and resulted mainly from a decrease in the price of energy (TGeBase) by (-) 43% and a decrease in the price of natural gas (TGEgasDA) by (-) 48%.

The decrease in operating costs in the Energy segment amounted to PLN 3,976 million and resulted mainly from lower energy production in the Energa Group and lower CO<sub>2</sub> emission costs.

##### Upstream Segment

The decrease in sales revenues in the Upstream segment amounted to PLN (1,970) million and resulted mainly from the negative macro impact (y/y) as a result of the drop in gas prices by (-) 48% and the strengthening of PLN against USD and EUR. The average price of gas sold from the Upstream segment to the Gas segment was PLN 142/MWh.

The increase in operating costs in the Upstream segment amounted to PLN (4,080) million and resulted mainly from the negative macro impact, higher contribution to the Price Difference Payment Fund and lower fixed costs.

In other segments, sales revenues increased by PLN 766 million, mainly in the Retail segment by PLN 1,527 million, with a decrease in the Petrochemical segment by PLN (767) million. Accordingly, operating costs increased by PLN (385) million, mainly in the Retail segment by PLN (1,287) million and in the Corporate Functions segment by PLN (123) million, with a decrease in the Petrochemical segment by PLN 1,025 million.

The result of other operating activities amounted to PLN (807) million and was lower by PLN 635 million (y/y) mainly as a result of the recognition of net impairment allowances of fixed assets lower by PLN 1,515 million than in the comparable period of the previous year, and the impact of the recognition in the comparable period last year 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 (655) million.

As a result, profit from operations amounted to PLN 4,321 million and was lower by PLN (8,397) 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 income in the described period amounted to PLN 187 million and included mainly net foreign exchange gain in the amount of PLN 115 million, net interest income in the amount of PLN 28 million and settlement and valuation of derivative financial instruments in the amount of PLN 68 million.

After the deduction of tax charges in the amount of PLN (1,690) million, the net profit of the ORLEN Group for the 1<sup>st</sup> quarter of 2024 amounted to PLN 2,785 million and was lower by PLN (6,686) million (y/y).

**Statement of financial position**

As at 31 March 2024, the total assets of the ORLEN Group amounted to PLN 262,997 million and was lower by PLN (1,181) million in comparison with 31 December 2023.

As at 31 March 2024, the value of non-current assets amounted to PLN 176,442 million and was higher by PLN 5,647 million in comparison with the end of the previous year, mainly due to increase in property, plant and equipment and intangible assets by PLN 4,821 million, decrease in the deferred tax asset by PLN 703 million.

The change in balance of property, plant and equipment and intangible assets by PLN 4,821 million (y/y) comprised:

- investment expenditures in the amount of PLN 5,721 million including construction of the Visbreaking and HVO (Hydrotreated Vegetable Oil) Installation in Plock, construction of the Bioetanol 2<sup>nd</sup> Gen installation in ORLEN Południe, construction of the Hydrocracking Oil Unit and a marine terminal for transhipment of petroleum products on the Martwa Wisła in Gdańsk, construction of the new hydrocracking in Lithuania, development of fertilizer production capacities in Anwil, 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, construction of photovoltaic farms, projects in the gas segment mainly related to construction and modernization of customer connections to the grid - PSG and projects in the Upstream segment regarding the development of the Tommeliten Alpha and Fenris deposits and the Yggdrasil area and projects in the Retail segment,
- depreciation and amortisation in the amount of PLN (3,032) million,
- purchase and amortisation of CO<sub>2</sub> allowances and energy certificates in the amount of PLN 1,366 million and PLN (907) million, respectively,
- rights received free of charge in the amount of PLN 293 million;
- recognition of net impairment allowances on assets mainly in the Petrochemical segment in the amount of PLN (718) million,
- effect of recognition new assets of the acquired units in the amount of PLN 1,825 million,
- effect of differences in balance on translating foreign operations in the amount of PLN (1,064) million.

The value of current assets as at 31 March 2024 decreased by PLN (6,828) million in comparison with the end of the previous year, mainly as:

- decrease in inventories and trade and other receivables by PLN (2,014) million and PLN (2,414) million, respectively, mainly due to decrease in crude oil prices and prices of products,
- decrease in balance of cash by PLN (1,868) million,
- decrease in other assets by PLN 335 million.

As at 31 March 2024, total equity amounted to PLN 153,727 and was higher by PLN 547 million in comparison with the end of 2023, mainly due to recognition of net profit for the 3 months of 2024 in the amount of PLN 2,785 million, impact of the change in hedging reserve in the amount of PLN (1,451) million and the impact of exchange differences on translating foreign operations in the amount of PLN (773) million.

The value of trade and other liabilities decreased by PLN (2,043) million in comparison to the end of 2023 mainly due to decrease of investment liabilities by PLN (1,969) million and trade liabilities by PLN (896) million mainly due to decrease in crude oil prices and prices of products and increase of tax liabilities by PLN 324 million.

Value of provisions as at 31 March 2024 amounted to PLN 23,129 million and was higher by PLN 1,497 million in comparison to the end of 2023. The change resulted mainly from a increase in the net provisions for estimated CO<sub>2</sub> emissions and energy certificates in the amount of PLN 1,392 million due to the recognition and updating of the net provision in the amount of PLN 2,487 million based on the weighted average price of allowances and certificates held and their use due to redemption of property rights for 2023 in the amount of PLN (907) million,

As at 31 March 2024, net financial indebtedness of the ORLEN Group amounted to PLN 780 million and was lower by PLN (1,027) million in comparison with the end of 2023 mainly due to the net outflows, including inflows and repayments of loans, and borrowings and redemption of bonds in the amount of PLN (2,856) million and an decrease in balance of cash by PLN 1,868 million.

**Statement of cash flows for the 3 months of 2024**

Proceeds of net cash from operating activities for the 3 months of 2024 amounted to PLN 11,670 million and comprised mainly result from operations increased by depreciation and amortisation (EBITDA) in the amount of PLN 7,730 million adjusted by:

- the positive impact of decrease in a net working capital by PLN 5,610 million,
- paid income taxes in the amount of PLN (1,987) million,
- loss on investing activities in the amount of PLN 735 million, including mainly the recognition of impairment allowances of property, plant and equipment and intangible assets, goodwill and other assets in the amount of PLN 718 million,
- change in provisions in the amount of PLN 2,017 million mainly as a result of creation of provision for CO<sub>2</sub> emission,
- other adjustments in the amount of PLN (2,628) million related mainly to securing the settlement of transactions hedging commodity risk traded with financial institutions and on commodity exchanges in the amount of PLN (686) million, settlement and valuation of derivatives in the amount of PLN (1,044) million, settlement of grants for property rights in the amount of PLN (610) million;

Net cash used in investing activities for the 3 months of 2024 amounted to PLN (9,778) 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 (8,244)

million and acquisition of shares lowered by cash of PLN (1,552) million concerning mainly ORLEN Upstream Norway 2 AS and Doppler Energie.

Net cash flows used in financing activities for the 3 months of 2024 amounted to PLN (3,649) million and comprised mainly the net repayment of loans and borrowings in the amount of PLN (2,833) million, interest paid in the amount of PLN (234) million and liabilities under lease agreements in the amount of PLN (526) million.

After taking into consideration of the revaluation of cash due to exchange differences, the cash balance in the 3 months of 2024 decreased by PLN (1,868) million and as at 31 March 2024 amounted to PLN 11,414 million.

### **Factors and events which may influence future results**

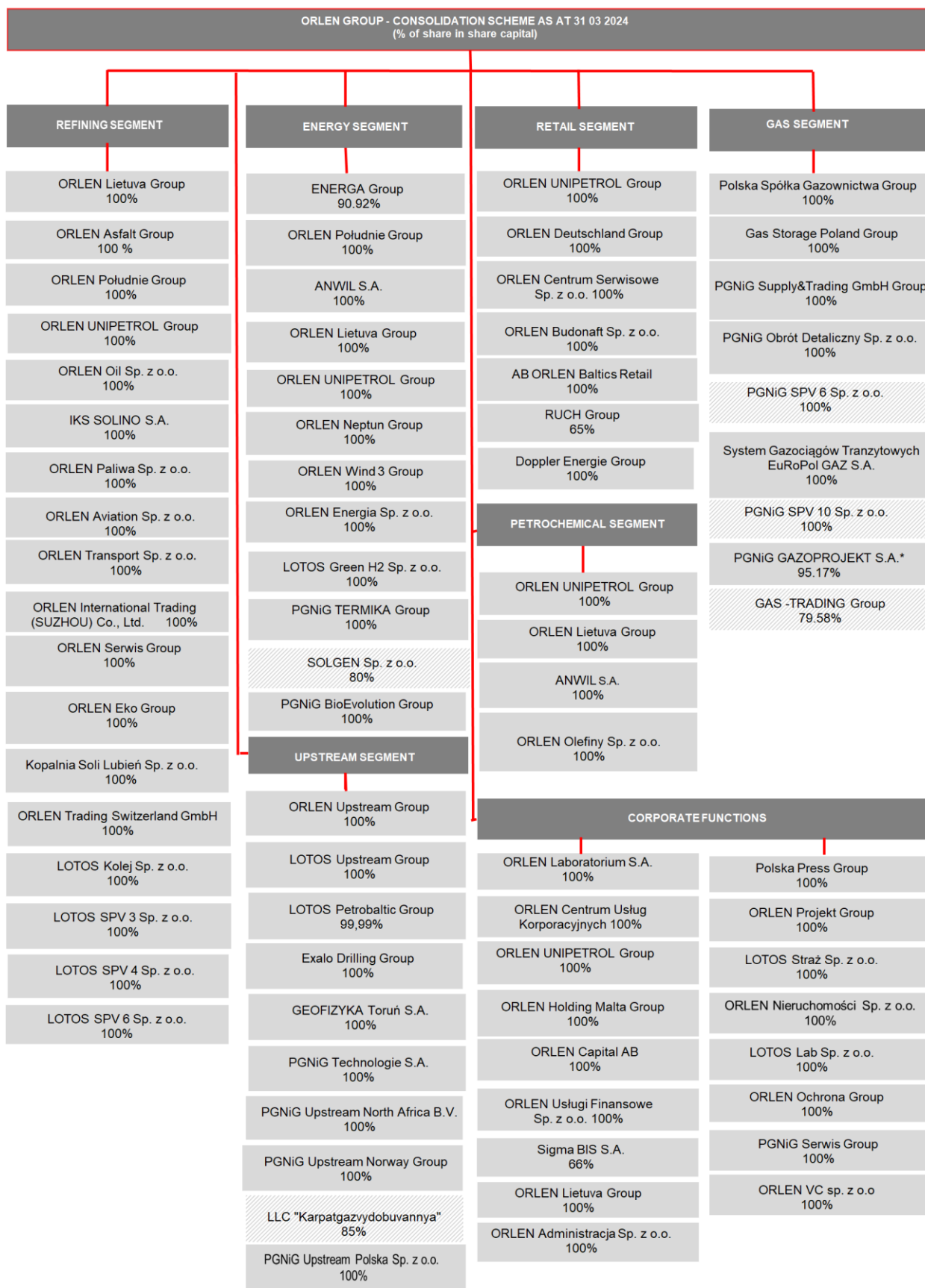
The key factors that will affect future financial results of the ORLEN Group include:

- impact of the geopolitical situation on the global economy and energy prices,
- inflation and market interest rates persisting at a high level,
- a significant decrease in the global GDP growth rate and the risk of recession,
- European Union’s climate policy and prices of rights and CO<sub>2</sub> 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,
- the pace of putting new refinery capacity into operation in Africa, South America, the Middle East and Asia,
- applicable legal regulations,
- investments in development projects of the ORLEN Group,
- progress in realizing synergies resulting from the Grupa LOTOS and PGNiG acquisition.
- availability of infrastructure for LPG import, enabling diversification of supply sources.

### **3.2. Description of the organization of the ORLEN Group**

As at 31 March 2024 the ORLEN Group includes ORLEN as the Parent Company and entities located in Poland, Germany, the Czech Republic, Lithuania, Norway, Austria, Canada, Slovakia, Hungary, Malta, Sweden, Cyprus, Estonia, Switzerland, United Kingdom, the Netherlands, Ukraine, Latvia, and China.

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



\* 96.53% in number of votes  
companies not consolidated using the full method due to their immateriality



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

Name of the Capital Group/Companies	The Group's ownership interest	Segment
<b>ORLEN Lietuva Group</b>		
AB ORLEN Lietuva	100%	Refinery, Petrochemical, Energy, Corporate Functions
ORLEN Eesti OÜ	100%	Refinery
ORLEN Latvija SIA	100%	Refinery
UAB ORLEN Mockavos terminalas	100%	Refinery
<b>ORLEN Asfalt Group</b>		
ORLEN Asfalt Sp. z o.o.	100%	Refinery
ORLEN Asfalt Ceska Republika s.r.o.	100%	Refinery
<b>ORLEN Południe Group</b>		
ORLEN Południe S.A.	100%	Refinery, Energy
Energomedia Sp. z o.o.	100%	Energy
Konsorcjum Olejów Przetworzonych - Organizacja Odzysku Opakowań i Olejów S.A.	90%	Refinery
<b>ORLEN UNIPETROL Group</b>		
ORLEN Unipetrol a.s.	100%	Corporate Functions
ORLEN UniCRE a.s.	100%	Corporate Functions
ORLEN UNIPETROL RPA s.r.o.	100%	Refinery, Petrochemical, Energy, Retail, Corporate Functions
ORLEN UNIPETROL Hungary Kft.	100%	Refinery
ORLEN UNIPETROL Deutschland GmbH	100%	Petrochemical
ORLEN UNIPETROL Doprava s.r.o.	100%	Refinery
ORLEN UNIPETROL Slovakia s.r.o.	100%	Refinery
Petrotrans s.r.o.	100%	Refinery
Spolana s.r.o.	100%	Petrochemical
ORLEN HUNGARY Kft.	100%	Retail
REMAQ, s.r.o.	100%	Petrochemical
HC Verva Litvinov a.s.	70.95%	Corporate Functions
Paramo a.s.	100%	Refinery
<b>ORLEN Serwis Group</b>		
ORLEN Serwis S.A.	100%	Refinery
ORLEN Service Česká Republika s.r.o.	100%	Refinery
UAB ORLEN Service Lietuva	100%	Refinery
<b>ORLEN Eko Group</b>		
ORLEN Eko Sp. z o.o.	100%	Refinery
ORLEN EkoUtylizacja Sp. z o.o.	100%	Refinery
<b>ENERGA Group</b>		
Energa S.A.	90.92%	Energy
CCGT Gdańsk Sp. z o.o.	100%	Energy
CCGT Grudziądz Sp. z o.o.	100%	Energy
CCGT Ostrołęka Sp. z o.o.	100%	Energy
Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.	100%	Energy
Energa Finance AB	100%	Energy
Energa Green Development Sp. z o.o.	100%	Energy
Farma Wiatrowa Szybowice Sp. z o.o.	100%	Energy
Energa Informatyka i Technologie Sp. z o.o.	100%	Energy
Energa Logistyka Sp. z o.o.	100%	Energy
Energa Prowis Sp. z o.o.	100%	Energy
Energa Oświetlenie Sp. z o.o.	100%	Energy
Energa-Obrót S.A.	100%	Energy
Enspirion Sp. z o.o.	100%	Energy
Energa Kogeneracja Sp. z o.o.	64.59%	Energy
Energa Ciepło Kaliskie Sp. z o.o.	91.24%	Energy
Energa Ciepło Ostrołęka Sp. z o.o.	100%	Energy
Energa-Operator S.A.	100%	Energy
Energa Operator Wykonawstwo Elektroenergetyczne Sp. z o.o.	100%	Energy
Energa Wytwarzanie S.A.	100%	Energy
Energa Elektrownie Ostrołęka S.A.	89.64%	Energy
ECARB Sp. z o.o.	100%	Energy
Energa Serwis Sp. z o.o.	100%	Energy
ENERGA MFW 1 Sp. z o.o.	100%	Energy
ENERGA MFW 2 Sp. z o.o.	100%	Energy

Energa Wind Service Sp. z o.o.	100%	Energy
<b>ORLEN Neptun Group</b>		
ORLEN Neptun I Sp. z o.o.	100%	Energy
ORLEN Neptun II Sp. z o.o.	100%	Energy
ORLEN Neptun III Sp. z o.o.	100%	Energy
ORLEN Neptun IV Sp. z o.o.	100%	Energy
ORLEN Neptun V Sp. z o.o.	100%	Energy
ORLEN Neptun VI Sp. z o.o.	100%	Energy
ORLEN Neptun VII Sp. z o.o.	100%	Energy
ORLEN Neptun VIII Sp. z o.o.	100%	Energy
ORLEN Neptun IX Sp. z o.o.	100%	Energy
ORLEN Neptun X Sp. z o.o.	100%	Energy
ORLEN Neptun XI Sp. z o.o.	100%	Energy
ORLEN Neptūnas, UAB	100%	Energy
<b>ORLEN Wind 3 Group</b>		
ORLEN Wind 3 Sp. z o.o.	100%	Energy
Livingstone Sp. z o.o.	100%	Energy
Nowotna Farma Wiatrowa sp. z o.o.	100%	Energy
Forthewind sp. z o.o.	100%	Energy
Copernicus Windpark sp. z o.o.	100%	Energy
Ujazd Sp. z o.o.	100%	Energy
EW Dobrzyca Sp. z o.o.	100%	Energy
Wind Field Wielkopolska Sp. z o.o.	100%	Energy
<b>PGNIG TERMIKA Group</b>		
PGNIG TERMIKA S.A.	100%	Energy
PGNIG TERMIKA Energetyka Przemysłowa S.A.	100%	Energy
PGNIG TERMIKA Energetyka Przemysłowa - Technika Sp. z o.o.*	100%	Energy
PGNIG TERMIKA Energetyka Przemysł sp. z o.o.	100%	Energy
PGNIG TERMIKA Energetyka Rozproszona sp. z o.o.	100%	Energy
Zakład Separacji Popiołów Siekierki Sp. z o.o.*	70%	Energy
<b>ORLEN Upstream Group</b>		
ORLEN Upstream Sp. z o.o.	100%	Upstream
ORLEN Upstream Canada Ltd.	100%	Upstream
KCK Atlantic Holdings Ltd.	100%	Upstream
<b>LOTOS Upstream Group</b>		
LOTOS Upstream Sp. z o.o.	100%	Upstream
AB LOTOS Geonaftha	100%	Upstream
UAB Genciu Nafta	100%	Upstream
UAB Manifoldas	100%	Upstream
LOTOS Exploration and Production Norge AS	100%	Upstream
<b>LOTOS Petrobaltic Group</b>		
LOTOS Petrobaltic S.A.	99.99%	Upstream
B8 Sp. z o.o.	100%	Upstream
B8 Sp. z o.o. BALTIC S.K.A.	100%	Upstream
Energobaltic Sp. z o.o.	100%	Upstream
Miliana Shipholding Company Ltd.	100%	Upstream
Bazalt Navigation Company Ltd.	100%	Upstream
Granit Navigation Company Ltd.	100%	Upstream
Kambr Navigation Company Ltd.	100%	Upstream
Miliana Shipmanagement Ltd.	100%	Upstream
Petro Aphrodite Company Ltd.	100%	Upstream
Petro Icarus Company Ltd.	100%	Upstream
St. Barbara Navigation Company Ltd.	100%	Upstream
Technical Ship Management Sp. z o.o.	100%	Upstream
SPV Baltic Sp. z o.o.	100%	Upstream
SPV Petro Sp. z o.o.	100%	Upstream
<b>Exalo Drilling Group</b>		
Exalo Drilling S.A.	100%	Upstream
Exalo Diament Sp. z o.o.	100%	Upstream
EXALO DRILLING UKRAINE LLC	100%	Upstream
Zakład Gospodarki Mieszkaniowej sp. z o.o. w Pile	100%	Upstream
<b>ORLEN Deutschland Group</b>		
ORLEN Deutschland GmbH	100%	Retail
ORLEN Deutschland Betriebsgesellschaft GmbH	100%	Retail
ORLEN Deutschland Süd Betriebsgesellschaft mbH	100%	Retail
<b>RUCH Group</b>		
RUCH S.A.	65%	Retail
Fincores Business Solutions Sp. z o.o.	100%	Retail
<b>ORLEN Holding Malta Group</b>		
ORLEN Holding Malta Ltd.	100%	Corporate Functions

Orlen Insurance Ltd.	100%	Corporate Functions
<b>Polska Spółka Gazownictwa Group</b>		
Polska Spółka Gazownictwa Sp. z o.o.	100%	Gas
Gaz Sp. z o.o.	100%	Gas
PSG Inwestycje Sp. z o.o.	100%	Gas
<b>Gas Storage Poland Group</b>		
Gas Storage Poland Sp. z o.o.	100%	Gas
Ośrodek Badawczo-Rozwojowy Górnictwa Surowców Chemicznych CHEMKOP Sp. z o.o.*	92.82%	Gas
<b>PGNiG Supply &amp; Trading Group</b>		
PGNiG Supply & Trading GmbH	100%	Gas
PGNiG Supply&Trading Polska Sp. z o.o.*	100%	Gas
PST LNG SHIPPING LIMITED	100%	Gas
PST LNG TRADING LIMITED	100%	Gas
<b>GAS - TRADING Group</b>		
GAS - TRADING S.A.*	79.58%	Gas
Gas-Trading Podkarpacie sp. z o.o.*	99.04%	Gas
<b>Polska Press Group</b>		
Polska Press Sp. z o.o.	100%	Corporate Functions
PL24 Sp. z o.o.	100%	Corporate Functions
Pro Media Sp. z o.o.	53%	Corporate Functions
<b>ORLEN Ochrona Group</b>		
ORLEN Ochrona Sp. z o.o.	100%	Corporate Functions
UAB ORLEN Apsauga	100%	Corporate Functions
<b>PGNiG Serwis Group</b>		
PGNiG Serwis Sp. z o.o.	100%	Corporate Functions
Polskie Centrum Brokerskie sp. z o.o.*	100%	Corporate Functions
<b>ORLEN Projekt Group</b>		
ORLEN Projekt S.A.	100%	Corporate Functions
ORLEN Projekt Česká republika s.r.o.	59.91%	Corporate Functions
Energa Invest Sp. z o.o.	100%	Corporate Functions
ENERGOP Sp. z o.o.	74.11%	Corporate Functions
<b>PGNiG Bioevolution Group</b>		
PGNiG Bioevolution sp. z o.o.	100%	Energy
Bioenergy Project Sp. z o.o.	100%	Energy
CHP Energia Sp. z o.o.	100%	Energy
Bioutil Sp. z o.o.	100%	Energy
<b>Doppler Energie Group</b>		
Doppler Energie GmbH	100%	Retail
Austrocard GmbH	100%	Retail
Doppler Badener Tankst	100%	Retail
Doppler Strom GmbH	100%	Retail
Doppler Kärntner Tankstellenbetriebs GmbH	100%	Retail
Doppler Klagenfurter Tankstellenbetriebs GmbH	100%	Retail
Doppler Korneuburger Tankstellenbetriebs GmbH	100%	Retail
Favoritner Tankstellenbetriebs GmbH	100%	Retail
FIDO GmbH	100%	Retail
Gmundner Tankstellenbetriebs GmbH	100%	Retail
Halleiner Tankstellenbetriebs GmbH	100%	Retail
Innviertler Tankstellenbetriebs GmbH	100%	Retail
Linzer Tankstellenbetriebs GmbH	100%	Retail
Mühlviertler Tankstellenbetriebs GmbH	100%	Retail
Puchenauer Tankstellenbetriebs GmbH	100%	Retail
Salzburger Tankstellenbetriebs GmbH	100%	Retail
Salzkammergut Tankstellenbetriebs GmbH	100%	Retail
Sattledter Tankstellenbetriebs GmbH	100%	Retail
Trauner Tankstellenbetriebs GmbH	100%	Retail
Tulpen Tankstellenbetriebs GmbH	100%	Retail
Waldviertler Tankstellenbetriebs GmbH	100%	Retail
Welser Tankstellenbetriebs GmbH	100%	Retail
Wiener Tankstellenbetriebs GmbH	100%	Retail
Wr.Neustädter Tankstellenbetriebs GmbH	100%	Retail
<b>PGNiG Upstream Norway Group</b>		
PGNiG Upstream Norway	100%	Upstream
ORLEN Upstream Norway 2 AS	100%	Upstream

\* companies excluded from consolidation using the full method due to immateriality

### Changes in the structure of the ORLEN Group from 1 January 2024 up to the date of preparation of this report

- on 2 January 2024, ORLEN finalized the transaction of purchasing 100% of shares in Doppler Energie from the Doppler Group. Additional information in note [3.3.1.](#);
- on 5 January 2024, PGNiG Upstream Norway AS acquired 100% of shares in ORLEN Upstream Norway 2 AS. Additional information in note [3.3.2.](#);

- on 25 January 2024, the legal title to 100% of the shares in the share capital of Polski Gaz Towarzystwo Ubezpieczeń Wzajemnych was transferred to Powszechny Zakład Ubezpieczeń S.A.,
- on 8 March 2024, ENERGA Green Development Sp. z o.o. finalised an acquisition of 100% of shares in Farma Wiatrowa Szybowice sp. z o.o. from companies Onde and Goalscreen Holdings Limited. The acquired company has a wind farm project with a capacity of 37.4 MW in readiness for construction. The order to commence work was issued on 20 March 2024. The planned wind farm is located in the municipality of Prudnik in the Opolskie Voivodeship. The planned costs of realisation by the company of the Szybowice Wind Farm project, estimated on the basis of separate agreements concluded (i.e. an agreement for the supply of 17 turbines, a general and comprehensive execution agreement and a project management agreement during construction) are approx. PLN 350 million. Construction of the plant is expected to be finalised by the end of 2025. The fair value of the consideration transferred was PLN 58 million and included the purchase of shares as well as the repayment of loans granted to the company by former shareholders as a prerequisite for taking control of the company.
- on 4th April 2024 Energa S.A. finalized a purchase of 50% of shares in Elektrownia Ostrołęka sp. z o.o. (EO) from Enea S.A. Additional information in note [5.17](#),
- on 12 April 2024, Energa Wytwarzanie S.A. purchased from Lightsource bp 100% shares in SPV Wena Projekt 2 Sp. z o.o. with its seat in Warsaw. Additional information in note [5.17](#),
- on 14 May 2024, ORLEN S.A. acquired 15% of shares in LLC "KARPATGAZVYDOBUVANNYA" and currently holds 100% of shares in this company.

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

### **3.3. Settlement of acquisition of shares in accordance with IFRS 3 Business Combinations**

#### **3.3.1. Finalization of acquisition of service stations in Austria**

On 2 January 2024, ORLEN finalized the transaction of purchasing 100% of shares in Doppler Energie from the Doppler Group. Doppler Energie manages 267 gas stations in Austria under the Turmöl brand, being one of the top three players in the Austrian fuel market, boasting a retail market share of approximately 10%.

As a result of the transaction the ORLEN network additionally expanded by 110 electric car charging points in Austria (across 34 locations), operating under the Turmstrom brand.

Almost half of the acquired service stations are self-service facilities, aligning with the preferences of Austrian consumers who appreciate the ease of purchasing and paying for fuel directly at the pump. Additionally, 40 locations are equipped with solar PV panels.

The transaction also included the acquisition of Austrocard, a fuel card provider serving both private and business customers, accepted at over 500 locations throughout Austria.

At the same time, ORLEN took over a significant part of the wholesale fuel market, which will allow to optimize logistics and guarantee the stability of supplies to the stations.

The transaction is the result of the ORLEN Group's strategy to expand the gas station network on the markets of Central and Eastern Europe, which also assumes increasing the share of foreign stations in the entire network. The acquired company Doppler Energie, will be subsequently renamed ORLEN Austria.

#### **Provisional settlement of the transaction**

The acquisition of shares in Doppler Energie is settled applying the acquisition method in accordance with IFRS 3 Business Combinations.

As at the date of preparation of these interim condensed consolidated financial statement, the accounting settlement of the merger has not been completed, and the process of measuring the acquired net assets to fair value, in which the Group engaged external experts, is at a early stage. Therefore, the Group presented provisional values of identifiable assets and liabilities which correspond to their book values as at 31 December 2023. The Group plans to finalize purchase price allocation process within 12 months from the acquisition date.

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

		02/01/2024
<b>Assets acquired</b>	<b>A</b>	<b>1 136</b>
<b>Non-current assets</b>		<b>468</b>
Property, plant and equipment		200
Intangible assets		47
Right-of-use asset		219
Deferred tax assets		2
<b>Current assets</b>		<b>668</b>
Inventories		72
Trade and other receivables		486
Cash		110
<b>Assumed liabilities</b>	<b>B</b>	<b>1 066</b>
<b>Non-current liabilities</b>		<b>200</b>
Deferred tax liabilities		4
Provision		4
Lease liabilities		192
<b>Current liabilities</b>		<b>866</b>
Trade and other liabilities		839
Lease liabilities		27
<b>Provisional total net assets</b>	<b>C = A - B</b>	<b>70</b>
Acquired net assets attributable to the equity owners of the parent	<b>D</b>	70
% share in the share capital	<b>E</b>	100
Value of shares measured as a proportionate share in the net assets	<b>F = D*E</b>	70
Fair value of the consideration transferred (Cash paid)	<b>G</b>	654
<b>Provisional goodwill</b>	<b>I = G-F</b>	<b>584</b>

The net cash outflow related to the acquisition of shares in Doppler Energie, being the difference between the net cash acquired in the amount of PLN 110 million (recognised as cash flows from investing activities) and the paid cash transferred as consideration in the amount of PLN (654), amounted to PLN (544) million.

The Group expects that, as a result of the purchase price settlement process, provisionally determined goodwill of PLN 584 million will be reduced as a significant portion will be allocated to other assets as a result of the fair value measurement process for property, plant and equipment.

The remainder of the goodwill relates to the expected benefits and synergies within the Group arising from the development of the fuel network in foreign markets and the optimisation of logistics costs due to the presence and ownership of production assets in a number of markets in the region, including the proximity to the ORLEN Group's Czech refineries.

### 3.3.2. KUFPEC Norway AS company acquisition transaction

On 5 January 2024 PGNiG Upstream Norway from the ORLEN Group finalised acquisition transaction of KUFPEC Norway mining company and took control of its operations.

The acquired business includes, among others: shares in five deposits, in which the ORLEN Group already operates, as well as Eirin gas field, which is planned to be developed using the existing production infrastructure. All producing deposits and, in the future, also Eirin, have a connection to the infrastructure for pumping the extracted gas through the Baltic Pipe pipeline to Poland. As a result of the transaction, The ORLEN Group's natural gas production in Norway will increase by one third and exceed 4 billion cubic meters annually.

Purchase of shares in KUFPEC Norway was financed from funds generated by PGNiG Upstream Norway from operational activities on the Norwegian Continental Shelf. The acquisition of KUFPEC Norway will translate into an increase in controlled extractable resources of PGNiG Upstream Norway up to almost 400 million boe. Over 80 % of the acquired resources are natural gas. Additionally, as a result of the acquisition of shares in KUFPEC Norway, the production of PGNiG Upstream Norway will increase to over 100 thousand barrels of oil equivalent (boe) per day.

The transaction is the result of the Group's strategy to maximise gas production to supply the Polish market and other countries in the region.

#### Provisional settlement of transaction

The acquisition of KUFPEC Norway is accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. As at the date of these interim condensed consolidated financial statements, the accounting settlement of the acquisition has not been completed and the process of measuring to fair value the net assets acquired is at an early stage. Accordingly, the Group has presented provisional values of identifiable assets and liabilities that correspond to their book values as at 5 January 2024. In the 2<sup>nd</sup> quarter, a merger of the acquired company KUFPEC Norway is planned with PGNiG Upstream Norway. The operation will fulfil the Norwegian authorities' regulatory requirements for the conduct of petroleum operations of the Group in Norway through a single entity. The Group plans to make a final settlement of the acquisition in the period of 12 months from the acquisition date.

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

		05/01/2024
<b>Acquired assets</b>	<b>A</b>	<b>2 660</b>
<b>Non-current assets</b>		<b>1 545</b>
Property, plant and equipment		1 545
<b>Current assets</b>		<b>1 115</b>
Trade and other receivables		240
Inventories		36
Cash		839
<b>Acquired liabilities</b>	<b>B</b>	<b>1 736</b>
<b>Non-current and current liabilities</b>		<b>1 736</b>
Trade and other liabilities		126
Current tax liabilities		362
Deferred tax liabilities		431
Provisions for infrastructure decommissioning		815
Other liabilities		1
<b>Provisional total net assets</b>	<b>C = A - B</b>	<b>924</b>
Acquired net assets attributable to the equity owners of the parent	<b>D</b>	924
% share in the share capital	<b>E</b>	100
Value of shares measured as a proportionate share in the net assets	<b>F = D*E</b>	924
Fair value of the consideration transferred (Cash paid)	<b>G</b>	1 868
<b>Provisional goodwill</b>	<b>I = G-F</b>	<b>944</b>

The net cash outflow related to the acquisition of KUFPEC Norway, being the difference between the net cash acquired in the amount of PLN 835 million (recognised as cash flows from investing activities) and the paid cash transferred as consideration in the amount of PLN (1,859), amounted to PLN (1,024) million.

The Group expects that, as a result of the purchase price settlement process, provisionally determined goodwill of PLN 944 million will be reduced as a significant portion will be allocated to other assets as a result of the fair value measurement process for property, plant and equipment.

The remainder of the goodwill relates to the expected benefits and synergies within the Group as part of an ongoing strategy that includes strengthening growth potential in Norway through the integration of acquired assets, optimising operating costs and increasing the scale of operations.

### 3.3.3. Settlement of business combinations that took place in the previous financial year

#### The acquisition of the Ujazd, Dobrzyca oraz Dominowo wind farms

On 12 October 2023 ORLEN Group completed a transaction to acquire EDP Renewables Polska wind farms by acquiring 100% of shares in: Ujazd Sp. z o.o., EW Dobrzyca Sp. z o.o. and Wind Field Wielkopolska Sp. z o.o.. Details of this transaction are disclosed in Note 7.3.3 to the Consolidated Financial Statements for 2023. As at the date of preparation of these interim condensed consolidated financial statements, settlement of the merger has not been completed. In particular, the process of fair value measurement of acquired assets and assumed liabilities carried out by external experts engaged by the Group is still ongoing. In the 1<sup>st</sup> quarter of 2024, the purchase price was adjusted, as a result of which Orlen Wind 3 received a refund of PLN 4 million. Thus, the recognized temporary goodwill changed, which as at 31 March 2024 amounted to PLN 1,328 million. As at the date of preparation of these interim condensed consolidated financial statements, the provisional net asset values acquired by the Group did not change compared to the values presented in the Consolidated Financial Statements for 2023. The Group plans to make the final settlement of the transaction within 12 months from the acquisition date.

#### Purchase transaction of wind farms in Wielkopolska and Western Pomerania

On 12 December 2023 ORLEN Wind 3, the company belonging to the ORLEN Group, signed an agreement to acquire wind farms from a UK company Octopus Renewables Infrastructure Trust PLC, through acquisition of 100% of shares in Forthwind sp. z o.o. and Copernicus Windpark sp. z o.o. Details of this transaction are disclosed in Note 7.3.4 to the Consolidated Financial Statements for 2023. As at the date of preparation of these interim condensed consolidated financial statements, settlement of the merger has not been completed. In particular, the process of fair value measurement of acquired assets and assumed liabilities carried out by external experts engaged by the Group is still ongoing. Thus, as at the date of preparation of these interim condensed consolidated financial statements, the provisional net asset values acquired by the Group did not change compared to the values presented in the Consolidated Financial Statements for 2023. The Group plans to make the final settlement of the transaction within 12 months from the acquisition date.

#### Transaction of taking control over the company System Gazociągów Tranzytowych EuRoPol Gaz S.A

On 1 November 2023 took place delivery to PAO Gazprom of (i) the decision of the Minister of Development and Technology of 10 October 2023 to take over 100 percent of PAO Gazprom shares held in the EuRoPol Gaz S.A. System Gazociągów Tranzytowych EuRoPol Gaz S.A for the benefit of System Gazociągów Tranzytowych EuRoPol Gaz S.A. under Art. 6b section 5 of the Act of 13 April 2022 on special solutions for countering support for aggression against Ukraine and for the protection of national security, and (ii) the resolution of the Minister of Development and Technology of 13 October 2023 to make this decision immediately enforceable. Due to the above, as at 1 November 2023, ORLEN took exclusive control over EuRoPol Gaz. Details of this transaction are disclosed in Note 7.3.5 to the Consolidated Financial Statements for 2023. As at the date of preparation of these interim condensed consolidated financial statements, settlement of the merger has not been completed. In particular, the process of fair value measurement of

acquired assets and assumed liabilities carried out by external experts engaged by the Group is still ongoing. Thus, as at the date of preparation of these interim condensed consolidated financial statements, the provisional net asset values acquired by the Group did not change compared to the values presented in the Consolidated Financial Statements for 2023. The Group plans to make the final settlement of the transaction within 12 months from the acquisition date.

#### 4. Segment's data

As at 31 March 2024 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,
- the Gas segment, which includes the sale of imported natural gas, extracted from deposits and purchased on gas exchanges, distribution of natural gas through the distribution network to individual, industrial and wholesale customers as well as operation, repairs and expansion of the distribution network;
- and Corporate Functions, which include activities related to management, administration and remaining activities not allocated to separate operating segments i.e. reconciling items.

The allocation of the ORLEN Group's companies to operating segments and Corporate Functions was presented in note [3.2](#).

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

##### for the 3-months period ended 31 March 2024

	NOTE	Refining Segment	Petrochemical Segment	Energy Segment	Retail Segment	Upstream Segment	Gas Segment	Corporate Functions	Adjustments	Total
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
External revenues	5.1	22 751	3 866	9 167	14 637	2 432	29 321	158	-	82 332
Inter-segment revenues		10 461	1 020	1 806	44	2 602	4 499	253	(20 685)	-
Sales revenues		33 212	4 886	10 973	14 681	5 034	33 820	411	(20 685)	82 332
Total operating expenses		(31 276)	(5 046)	(9 090)	(14 441)	(10 411)	(26 516)	(993)	20 682	(77 091)
Other operating income	5.4	118	80	25	13	37	433	14	-	720
Other operating expenses	5.4	(146)	(723)	(62)	(17)	(96)	(304)	(179)	-	(1 527)
(Loss)/reversal of loss due to impairment of trade receivables		(17)	-	(16)	-	(13)	(36)	6	-	(76)
Share in profit from investments accounted for using the equity method		7	(14)	-	-	(31)	-	1	-	(37)
<b>Profit/(Loss) from operations</b>		<b>1 898</b>	<b>(817)</b>	<b>1 830</b>	<b>236</b>	<b>(5 480)</b>	<b>7 397</b>	<b>(740)</b>	<b>(3)</b>	<b>4 321</b>
Net finance income and costs	5.5									187
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables										(33)
<b>Profit before tax</b>										<b>4 475</b>
Tax expense										(1 690)
<b>Net profit</b>										<b>2 785</b>
<b>Depreciation and amortisation</b>	5.2	<b>395</b>	<b>196</b>	<b>592</b>	<b>275</b>	<b>1 327</b>	<b>528</b>	<b>96</b>	<b>-</b>	<b>3 409</b>
<b>EBITDA</b>		<b>2 293</b>	<b>(621)</b>	<b>2 422</b>	<b>511</b>	<b>(4 153)</b>	<b>7 925</b>	<b>(644)</b>	<b>(3)</b>	<b>7 730</b>
<b>EBITDA LIFO</b>		<b>2 270</b>	<b>(662)</b>	<b>2 422</b>	<b>511</b>	<b>(4 153)</b>	<b>7 925</b>	<b>(644)</b>	<b>(3)</b>	<b>7 666</b>
<b>Increases in non-current assets</b>		<b>1 110</b>	<b>1 417</b>	<b>963</b>	<b>678</b>	<b>1 591</b>	<b>551</b>	<b>89</b>	<b>-</b>	<b>6 399</b>

**for the 3-month period ended 31 March 2023**

	NOTE	Refining Segment (unaudited) (restated data)	Petrochemical Segment (unaudited) (restated data)	Energy Segment (unaudited) (restated data)	Retail Segment (unaudited) (restated data)	Upstream Segment (unaudited) (restated data)	Gas Segment (unaudited) (restated data)	Corporate Functions (unaudited) (restated data)	Adjustments (unaudited) (restated data)	Total (unaudited) (restated data)
External revenues	5.1	27 827	4 456	13 001	13 106	1 955	55 312	171	-	115 828
Inter-segment revenues		11 515	1 197	2 318	48	5 049	6 079	239	(26 445)	-
Sales revenues		39 342	5 653	15 319	13 154	7 004	61 391	410	(26 445)	115 828
Total operating expenses		(35 712)	(6 071)	(13 066)	(13 154)	(6 331)	(52 873)	(870)	26 437	(101 640)
Other operating income	5.4	560	238	145	14	91	959	16	-	2 023
Other operating expenses	5.4	(235)	(27)	(71)	(17)	(2 321)	(757)	(37)	-	(3 465)
(Loss)/reversal of loss due to impairment of trade receivables		1	1	(37)	-	(15)	29	(6)	-	(27)
Share in profit from investments accounted for using the equity method		6	-	(6)	-	1	(3)	1	-	(1)
<b>Profit/(Loss) from operations</b>		<b>3 962</b>	<b>(206)</b>	<b>2 284</b>	<b>(3)</b>	<b>(1 571)</b>	<b>8 746</b>	<b>(486)</b>	<b>(8)</b>	<b>12 718</b>
Net finance income and costs	5.5									782
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables										(14)
<b>Profit before tax</b>										<b>13 486</b>
Tax expense										(4 015)
<b>Net profit</b>										<b>9 471</b>
<b>Depreciation and amortisation</b>	5.2	<b>365</b>	<b>291</b>	<b>590</b>	<b>233</b>	<b>1 612</b>	<b>644</b>	<b>87</b>	<b>-</b>	<b>3 822</b>
<b>EBITDA</b>		<b>4 327</b>	<b>85</b>	<b>2 874</b>	<b>230</b>	<b>41</b>	<b>9 390</b>	<b>(399)</b>	<b>(8)</b>	<b>16 540</b>
<b>EBITDA LIFO</b>		<b>5 485</b>	<b>98</b>	<b>2 874</b>	<b>230</b>	<b>41</b>	<b>9 390</b>	<b>(399)</b>	<b>(8)</b>	<b>17 711</b>
<b>Increases in non-current asset</b>		<b>952</b>	<b>638</b>	<b>876</b>	<b>594</b>	<b>1 340</b>	<b>863</b>	<b>42</b>	<b>-</b>	<b>5 305</b>

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

**EBITDA LIFO** – profit/(loss) from operations according to LIFO method valuation of inventories increased by depreciation and amortization

In accordance with the disclosures of IFRS, the valuation of inventories according to LIFO is not allowed for use and, as a result, it is not used in the applicable accounting policy and therefore in ORLEN Group's financial statements.

**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**

	31/03/2024 (unaudited)	31/12/2023
Refining Segment	73 602	68 756
Petrochemical Segment	18 060	16 543
Energy Segment	59 746	57 656
Retail Segment	16 629	14 689
Upstream Segment	42 043	39 578
Gas Segment	125 533	124 247
<b>Segment assets</b>	<b>335 613</b>	<b>321 469</b>
Corporate Functions	26 317	29 160
Adjustments	(98 933)	(86 451)
	<b>262 997</b>	<b>264 178</b>

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 on the basis of a key based on revenues generated by individual operating segments.



## 5. Other notes

### 5.1. Sales revenues

#### PROFESSIONAL JUDGMENT

Sales revenues of goods and services are recognised at a point in time (or over time) when a performance obligations are satisfied by transferring a promised good or service (i.e. an asset) to a customer in the amount reflecting the consideration, to which - as the Group expects - it will be entitled in exchange for these goods or services.

This principle the Group also applies to consideration, which includes a variable amount and recognises revenue by the amount of expected consideration that is likely not to be reversed in the future.

The Group considers that the transfer of an asset takes place when the client gains control over that asset.

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

Revenues include received and due payments for delivered finished goods, merchandise, raw materials and services, decreased by the amount of any trade discounts, penalties and value added tax (VAT), excise tax and fuel charges. Revenues from the sale of finished goods and services are adjusted for profits or losses from settlement of cash flows hedging instruments related to the above mentioned revenues.

For sales transferred over time, the revenues are recognised based on the extent to which the performance obligation is completely fulfilled ie the transfer of control of goods or services promised to the customer. The Group uses both the outcome method and the input-based method to measure the degree of fulfilment of the performance obligation. The Group excludes the impact of those expenditures that do not reflect the service provided by the Group which involves the transfer of control of goods or services to the customer. Applying the outcome method the Group uses mostly the practical expedient whereby it recognises revenue that it is entitled to invoice in an amount that corresponds directly to the value to which the Group is entitled for the goods and services already provided to the customer.

There is no significant financing component in the Group's contracts with customers.

If the Group is subject to laws guaranteeing compensation to sales prices, and the fact of granting compensation does not modify the contract concluded with the customer, the received compensation is classified as revenue from contracts with customers, in accordance with IFRS 15. These compensations are treated as performance of the contract concluded with the customer, the remuneration for which will be obtained partly from the customer and partly from the state institution (where part of the sales revenue from contracts concluded with customers is covered under the compensation program, not by customers who are parties to the contract but by a government institution, e.g. the Settlement Manager). Thus, the revenue from the contract with the customer, in the part to which it will be covered under the compensation scheme, is recognised when, in the Group's opinion, obtaining compensation from the state institution is probable.

In the case of sales of crude oil extracted on the Norwegian Continental Shelf, where the Group has a joint interest in individual licenses with other shareholders, revenue from crude oil sales is recognized based on the volumes of the product extracted and sold to customers.

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
Revenues from sales of finished goods and services	69 104	97 428
revenues from contracts with customers	67 898	91 699
excluded from scope of IFRS 15	1 206	5 729
Revenues from sales of merchandise and raw materials	13 228	18 400
revenues from contracts with customers	13 228	18 493
excluded from scope of IFRS 15	-	(93)
<b>Sales revenues, incl.:</b>	<b>82 332</b>	<b>115 828</b>
revenues from contracts with customers	81 126	110 192

Revenues excluded from the scope of IFRS 15 refer to operating lease contracts. Moreover, the Group presented in this line the settlement of assets and liabilities under contracts valued at the moment of settlement of the business combination in connection with the physical execution of the relevant sales futures contracts.

#### 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 and gas transmission services, geophysical and geological services, connection 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 subject to the tariff approval by the President of the Energy Regulatory Office (Urząd Regulacji Energetyki, URE in Polish), for the sale of electricity and the electricity and heat distribution services in the Energy segment and the sale of gaseous fuel and the gaseous fuel distribution services in Gas segment. There are no contracts in force providing for significant obligations for returns and other similar obligations. Press revenues in the case of retail sales for most points/networks are recognised based on the difference accounting between delivered and returned press. The invoice is issued for the completed press sales to end customers.

The warranties provided under the contracts are warranties that provide a customer with assurance that the related product complies with agreed-upon specification. They are not a distinct service.

There are mainly sales with deferred payment in the Group. Additionally in the Retail segment cash sales take place. In contracts with customers, in most cases payment terms not exceeding 30 days are used, while in the Upstream segment payment terms not exceeding 60 days are used. Usually payment is due after transferring good or service.

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

In the Group the revenues from deliveries of goods and provision of services, when the customer simultaneously receives and benefits from them, are being accounted and recognised over time. In the Refining, Petrochemical and Gas segment, in continuous sale, when goods are transferring using pipelines, the ownership right over the transferred good passes to the customer at an agreed point in the infrastructure of the plant. This moment is considered as the date of sale. Revenue is recognised based on the output method for the delivered units of goods. In the Group in case of construction services, when an asset is created as a result of the performance, and control over this component is exercised by the customer, revenue is recognised over time using input-based method based on the costs incurred irrespective of the signed acceptance protocols. Within the Retail segment, in Fleet Program settlements with customers take place mostly in two-week periods, the delivery of the press are accounted for on a weekly basis, and subscriptions on a monthly, quarterly, semi-annual and annual periods.

Within the Energy and Gas segment, revenue for energy and gaseous fuel delivered in the period and energy distribution, as well as energy distribution, transmission and distribution of heat and distribution and transmission of gaseous fuel are recognised on a decadal or monthly and are determined on the basis of billed price and volumes as well as additional estimations. The estimates of revenues for energy are made on the basis of reports from billing systems as well as forecasts of customers' energy needs and prices for the estimated days of energy consumption, as well as a result of reconciliations of the energy balance.

The value of uninvoiced gas delivered to individual customers is estimated on the basis of the current consumption characteristics in comparable reporting periods. The value of estimated gas sales is determined as the product of the quantities assigned to individual tariff groups and the rates specified in the applicable tariff.

Accounts with customers are settled on decade cycles and a one- and two-month basis. Revenues from services related to connection to the energy network are recognised at the point in time when the works are completed.

#### **Revenues according to categories taking into account significant economic factors affecting their recognition**

Except of revenues according to product type and geographical region presented in notes [5.1.1](#) and [5.1.2](#), the Group analyses revenues based on the type of contract, date of transfer, contract duration and sales channels.

In the Group, most contracts with customers in exchange for the goods/services provided are based on a fixed price, and thus the revenues already recognised will not change.

The Group classifies as revenues from contracts based on a variable price, when the consideration is a variable fee on turnover, customers have the rights to trade discounts and bonuses, a part of revenues related to penalties and where the selling price of services is determined based on the costs incurred. Revenue from contracts with a variable amount is presented mainly in the Refining, Petrochemical, Energy and Corporate Functions segments.

As part of the Refining, Petrochemical, Upstream and Gas segments, with respect to sales of petrochemical refinery and gas products, the Group recognises revenue from the fulfilment of the performance obligation, depending on the terms of delivery applied Incoterms. 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.

In the Retail segment, the moment of fulfilment of the performance obligation is the moment of transfer of good, except for sales of fuels in the Fleet Program using Fleet Cards. Revenues recognised over the time in the Refining, Petrochemical and Energy segment relate mainly to sales of crude oil, petrochemical products, energy and heat.

In the Gas segment, revenues from gas sales on exchanges are realised at a point in time.

Revenues generated by the Group over time are recognised using the output method and the time and effort used.

Revenues recognised over time recognised using the output method for the delivered units of goods relate mainly to the sale and distribution of electricity and gas to business and institutional customers, as well as the sale, transmission and distribution of heat within the Energy and Gas segment, fuel sales in the Fleet Programme and subscription sale within Retail segment and the sale of gas and crude oil within the Upstream segment.

Contracts accounted for on the basis of time and effort consumed include long-term contracts, among them construction and IT contracts.

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

As at 31 March 2024 the Group analysed the value of the transaction price allocated to unfulfilled performance obligations.

The unfulfilled or partially unfulfilled performance obligations as at 31 March 2024 mainly concerned contracts for the sale of electricity, gas and power media and for the supply of newspapers, subscriptions, advertising broadcast, parcel delivery and collection services that will end within 12 months 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 realises revenue from direct sales to end customers based on its own, leased or based on the franchise agreement system sales channels in the Retail segment. The Group manages the network of 3,483 fuel stations: 2,878 own brand stations and 605 stations operated under franchise agreements and carries out sales through 428 retail outlets/ kiosks managed by the RUCH Group. Additionally, the press is sold in third-party outlets, i.e. large organised networks, including franchised and private shops. As part of the publishing activity of the Polska Press Group, revenues are also generated through own websites.

The Group's direct sales to customers in the Refining, Petrochemical, Gas and Upstream segment are carried out using a network of complementary infrastructure components: fuel terminals, land transshipment bases, pipeline networks, as well as rail transport and tanker trucks. Sales and distribution of energy and gas to customers in the Energy and Gas segment are carried out mostly with the use of own distribution infrastructure.

### **Compensation for electricity and gas prices**

#### Acts regulating energy prices

Due to the crisis situation on the electricity market in 2022, when a significant increase in electricity prices in SPOT and futures contracts was recorded, largely caused by increases in conventional fuel prices as a result of the war in Ukraine, the regulator decided to introduce a number of legal acts aimed at market regulation and consumer protection.

As at 31 March 2024, the following acts were in force:

- Act of 7 October 2022 on special solutions to protect electricity consumers in 2023 in connection with the situation on the electricity market (concerning the freezing of prices for tariff G up to consumption limits);
- Act of 27 October 2022 on emergency measures to reduce electricity prices and support for certain consumers in 2023;
- Regulation of 8 November 2022 on the method of calculating the price limit;
- Act of 15 December 2022 on special protection of certain consumers of gaseous fuels in 2023 in the light of the assessment on the gas market;
- decision of the President of the Energy Regulatory Office of 17 December 2022 on the approval of the Tariff for electricity for G tariff groups for 2023 (connected to the Energa-Operator S.A. grid), for which Energa Obrót S.A. provides a comprehensive service

Based on the applicable regulations, the Group in the of 3 months of 2024 and 3 months of 2023 presented PLN 863 million and 1 443 million, respectively of revenues from compensations due to electricity trading companies as a result of the use of frozen electricity prices in settlements with eligible customers. Due to the fact that the fact of granting the above compensations did not modify the contracts concluded with customers, but only changes the method of obtaining remuneration by the Group (partially the remuneration will be received from the Settlement Manager), the Group classified the received compensations as revenue from contracts with customers, in accordance with IFRS 15.

#### Acts regulating gas prices

In order to protect certain gas consumers against rising gas prices, the regulator introduced the Act of 15 December 2022 on special protection of certain gas fuel consumers in 2023. The act resulted in freezing the price of gaseous fuel at PLN 200.17/MWh (price excluding VAT and excise tax) and freezing the rates for the distribution service at the level of tariffs applicable in 2022. At the same time, the legislator introduced a compensation mechanism for energy companies selling gaseous fuels and providing distribution services, which are to cover the difference between the frozen price and the price specified in the tariff approved by the President of the Energy Regulatory Office. Within the Group, PGNiG Obrót Detaliczny Sp. z o. o. (seller of gaseous fuels) and Polska Spółka Gazownictwa Sp. z o. o. (providing distribution services) are entitled to receive compensation under the above act. Based on the applicable regulations, in the period of 3 months ended 31 March 2024, the Group presented PLN 2,295 million of revenues from compensation due to the freezing of gas fuel prices and the freezing of rates for the distribution service. Due to the fact that granting the above compensations does not modify the contracts concluded with customers, but only changes the method of obtaining remuneration by the Group (partially the remuneration will be received from the Settlement Manager), the Group classified the received compensations as revenue from contracts with customers, in accordance with IFRS 15.

**5.1.1. Sales revenues of operating segments according to product type**

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
<b>Refining Segment</b>		
<b>Revenue from contracts with customers IFRS 15</b>	<b>22 747</b>	<b>27 822</b>
Light distillates	4 897	5 346
Medium distillates	14 608	17 220
Heavy fractions	2 231	2 073
Other*	1 318	3 046
Effect of the settlement of cash flow hedge accounting	(307)	137
<b>Excluded from scope of IFRS 15</b>	<b>4</b>	<b>5</b>
	<b>22 751</b>	<b>27 827</b>
<b>Petrochemical Segment</b>		
<b>Revenue from contracts with customers IFRS 15</b>	<b>3 864</b>	<b>4 454</b>
Monomers	828	887
Polymers	845	996
Aromas	428	373
Fertilizers	362	389
Plastics	202	467
PTA	447	376
Other**	752	966
<b>Excluded from scope of IFRS 15</b>	<b>2</b>	<b>2</b>
	<b>3 866</b>	<b>4 456</b>
<b>Energy Segment</b>		
<b>Revenue from contracts with customers IFRS 15</b>	<b>9 153</b>	<b>12 988</b>
<b>Excluded from scope of IFRS 15</b>	<b>14</b>	<b>13</b>
	<b>9 167</b>	<b>13 001</b>
<b>Retail Segment</b>		
<b>Revenue from contracts with customers IFRS 15</b>	<b>14 571</b>	<b>13 046</b>
Light distillates	5 288	4 764
Medium distillates	7 842	7 002
Other***	1 441	1 280
<b>Excluded from scope of IFRS 15</b>	<b>66</b>	<b>60</b>
	<b>14 637</b>	<b>13 106</b>
<b>Upstream Segment</b>		
<b>Revenue from contracts with customers IFRS 15</b>	<b>2 432</b>	<b>1 955</b>
NGL ****	297	216
Crude oil	1 121	959
Natural Gas	788	533
LNG *****	10	23
Helium	84	73
Mining services	128	2
Other	4	149
	<b>2 432</b>	<b>1 955</b>
<b>Gas Segment</b>		
<b>Revenue from contracts with customers IFRS 15</b>	<b>28 209</b>	<b>49 767</b>
Natural Gas	25 788	39 888
LNG *****	140	181
CNG *****	32	41
Electricity	191	6
Other *****	2 058	9 651
<b>Excluded from scope of IFRS 15</b>	<b>1 112</b>	<b>5 545</b>
	<b>29 321</b>	<b>55 312</b>
<b>Corporate Functions</b>		
<b>Revenue from contracts with customers IFRS 15</b>	<b>150</b>	<b>160</b>
<b>Excluded from scope of IFRS 15</b>	<b>8</b>	<b>11</b>
	<b>158</b>	<b>171</b>
	<b>82 332</b>	<b>115 828</b>

\* Other includes mainly: brine, industrial salt, vacuum distillates, acetone, phenol, technical gases and sulphur. In addition, it includes revenues from sale of services and materials.

\*\* Other includes mainly: ammonia, butadiene, soda lye, caprolactam

\*\*\* Other mainly includes the sale of non-fuel merchandise

\*\*\*\* NGL (Natural Gas Liquids) a gas composed of heavier molecules than methane: ethane, propane, butane, isobutane

\*\*\*\*\* LNG Liquefied Natural Gas

\*\*\*\*\* CNG Compressed Natural Gas

\*\*\*\*\* Other includes mainly gas distribution services

During the 3-month period ended 31 March 2024 and 31 March 2023 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

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
Revenue from contracts customers		
<i>Poland</i>	56 401	83 812
<i>Germany</i>	4 625	6 666
<i>Czech Republic</i>	4 645	5 217
<i>Lithuania, Latvia, Estonia</i>	3 386	3 090
<i>Other countries, incl.:</i>	12 069	11 407
<i>Netherlands</i>	2 805	957
<i>United Kingdom</i>	1 988	1 779
<i>Austria</i>	1 708	173
<i>Switzerland</i>	1 221	2 901
<i>Ukraine</i>	1 172	1 246
<i>Hungary</i>	552	466
<i>Slovakia</i>	502	516
<i>Ireland</i>	212	758
<i>Singapore</i>	51	886
	<b>81 126</b>	<b>110 192</b>
excluded from scope of IFRS 15		
<i>Poland</i>	1 003	5 689
<i>Germany</i>	23	18
<i>Czech Republic</i>	37	42
<i>Other countries</i>	143	(113)
	<b>1 206</b>	<b>5 636</b>
	<b>82 332</b>	<b>115 828</b>

### 5.2. Operating expenses

#### Cost by nature

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
Materials and energy	(36 498)	(48 598)
Gas costs	(10 171)	(19 970)
Cost of merchandise and raw materials sold	(11 257)	(16 717)
External services	(2 861)	(2 036)
Employee benefits	(3 365)	(2 884)
Depreciation and amortisation	(3 409)	(3 822)
Taxes and charges, incl.:	(10 821)	(7 853)
contributions to the Price Difference Payment Fund	(7 707)	(4 225)
Other	(510)	(483)
	<b>(78 892)</b>	<b>(102 363)</b>
Change in inventories	1 427	559
Cost of products and services for own use and other	374	164
<b>Operating expenses</b>	<b>(77 091)</b>	<b>(101 640)</b>
Distribution expenses	3 715	3 662
Administrative expenses	1 535	1 387
<b>Cost of sales</b>	<b>(71 841)</b>	<b>(96 591)</b>

### 5.3. Impairment of property, plant and equipment and intangible assets, goodwill and right-of-use assets

As at 31 March 2024, the ORLEN Group identified indications of impairment of assets in the Petrochemical segment in ORLEN and in Anwil for the Plastics CGU (CGU - Cash Generating Unit).

Net impairment losses of property, plant and equipment, intangible assets, goodwill and rights-of-use assets of the ORLEN Group, by companies:

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
ORLEN	(706)	(2,228)
ENERGA Group	(2)	(1)
ORLEN Deutschland	-	(2)
ORLEN Unipetrol	(1)	-
PGNiG Upstream Norway AS	(4)	-
Termika Group	(3)	-
PSG Group	(1)	-
Other	(1)	(2)
<b>Total</b>	<b>(718)</b>	<b>(2,233)</b>

Net impairment losses on property, plant and equipment, intangible assets, goodwill and rights-of-use assets of the ORLEN Group, by segment:

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
Refining	(2)	-
Petrochemical	(666)	-
Energy	(5)	(1)
Retail	-	(3)
Upstream	(43)	(2,229)
Gas	(2)	-
Corporate Functions	-	-
<b>Total</b>	<b>(718)</b>	<b>(2,233)</b>

In the 1<sup>st</sup> quarter of 2024, recognized net impairment losses on the non-current assets of the ORLEN Group concerned mainly the assets of the Petrochemical segment and the Upstream segment.

#### Petrochemical segment assets

In the 1<sup>st</sup> quarter of 2024, the total impact of recognized net impairment losses on the non-current assets of the ORLEN Group in the Petrochemical segment amounted to PLN (666) million.

As part of the test conducted in the 1<sup>st</sup> quarter of 2024, an impairment loss was identified mainly in the assets of the Petrochemical segment in ORLEN in the amount of PLN (656) million. The impairment loss results mainly from the increase in the value of fixed assets in connection with the investment in Olefins and the change in the discount rate. The methodology and macroeconomic assumptions in the tests performed were the same as at the end of 2023

The value in use of the assets of the Petrochemical segment of ORLEN as at 31 March 2024 and as at 31 December 2023 was PLN 5,753 million and PLN 5,689 million, respectively, and was calculated using discount rates dedicated to Poland Petrochemical. The discount rates are presented below.

#### Sensitivity analysis of the value in use of the ORLEN Petrochemicals segment as part of tests conducted as at 31 March 2024

in PLN million		EBITDA			
change	-5%	0%	5%		
DISCOUNT RATE	- 1 p.p.	decrease in impairment loss 1,174	decrease in impairment loss 3,778	decrease in impairment loss 6,382	
	0,0 p.p.	increase in impairment loss (2,280)	-	decrease in impairment loss 2,280	
	+ 1 p.p.	increase in impairment loss (5,061)	increase in impairment loss (3,049)	increase in impairment loss (1,036)	

Additionally, ORLEN recognized an impairment loss in the amount of PLN (10) million due to discontinuation of research and development works.

In Anwil for CGU Plastics, indicators of impairment were identified in relation to the business environment and the loss in this area recognized in the 1<sup>st</sup> quarter of 2024. The analysis performed using the discount rate dedicated to Poland Petrochemical did not confirm any impairment in this CGU.

### Discount rates

The after-tax discount rates estimated by the ORLEN Group for Poland Petrochemical as at 31 March 2024 and 31 December 2023 were as follows:

Poland Petrochemical	2024	2025	2026	2027	2028	2029	2030+
31 March 2024	9,06%	8,84%	8,89%	9,04%	9,15%	9,21%	8,32%
31 December 2023	8,70%	8,55%	8,49%	8,57%	8,69%	8,30%	8,30%

### Upstream segment assets

In the 1<sup>st</sup> quarter of 2024, the total impact of recognized net impairment losses on the non-current assets of the ORLEN Group in the Upstream segment amounted to PLN (43) million and concerned mainly exploration costs in ORLEN companies of PLN (39) million and PGNiG Upstream Norway AS PLN (4) million.

As 31 March 2024, the estimates and assumptions used for the valuations disclosed in the Consolidated Financial Statements of the ORLEN Group for 2023 remain valid for the remaining assets (note 14.4).

Accordingly, the reversal and recognition of impairment losses on property, plant and equipment, intangible assets, goodwill and rights-of-use assets were presented in other operating income and other operating expenses (note 5.4).

## 5.4. Other operating income and expenses

### Other operating income

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
Profit on sale of non-current non-financial assets	18	13
Reversal of impairment allowances of property, plant and equipment and intangible assets and other assets	1	35
Reversal of provisions	12	51
Penalties and compensations	128	90
Grants	13	15
Derivatives, incl.:	465	1 631
<i>not designated for hedge accounting purposes - settlement and valuation</i>	40	1 451
<i>hedging cash flows - ineffective part concerning measurement and settlement</i>	346	51
<i>fair value hedges - valuation of hedging instruments and items</i>	2	4
<i>hedging cash flows - settlement of hedging costs</i>	77	125
Other	83	188
	<b>720</b>	<b>2 023</b>

### Other operating expenses

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
Loss on sale of non-current non-financial assets	(44)	(36)
Recognition of impairment allowances of property, plant and equipment and intangible assets, goodwill and other assets	(719)	(2 268)
Recognition of provisions	(53)	(35)
Penalties, damages and compensations	(22)	(29)
Derivatives, incl.:	(440)	(953)
<i>not designated for hedge accounting purposes - settlement and valuation</i>	(294)	(1 050)
<i>hedging cash flows - ineffective part concerning measurement and settlement</i>	(96)	119
<i>fair value hedges - valuation of hedging instruments and items</i>	(2)	(5)
<i>hedging cash flows - settlement of hedging costs</i>	(48)	(17)
Other, incl.:	(249)	(144)
<i>donations</i>	(174)	(23)
	<b>(1 527)</b>	<b>(3 465)</b>

In the 3-months period of ended 31 March 2024, the line donation includes mainly cash donations made for the Foundation's statutory purposes in the amount of PLN 150 million.

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

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
Valuation of derivative financial instruments	(57)	135
<i>commodity futures, incl.:</i>	54	(157)
CO2 emission allowances	-	(150)
electricity	18	32
natural gas	36	(39)
<i>commodity forwards, incl.:</i>	(57)	48
electricity	(18)	(26)
natural gas	(39)	74
<i>commodity swaps</i>	(52)	243
<i>other</i>	(1)	2
Settlement of derivative financial instruments	(197)	266
<i>commodity futures, incl.:</i>	-	296
CO2 emission allowances	-	273
diesel oil	-	23
<i>commodity forwards, incl.:</i>	1	19
electricity	1	19
<i>commodity swaps</i>	(197)	(50)
<i>foreign currency swap</i>	(1)	-
<i>other</i>	-	1
	<b>(254)</b>	<b>401</b>

For the 3-month period ended 31 March 2024 and 31 March 2023 the change of net positions of valuation and settlement of derivative financial instruments related to operating exposure (non-designated instruments for hedge accounting purposes) mainly related to the valuation and settlement of commodity swaps hedging the refining margin, purchase and sale of natural gas, valuation and settlement of CO<sub>2</sub> forward contracts and electricity. Moreover this line recognised the ineffective part in terms of hedge accounting of valuation and settlement of commodity swaps for hedging of timing mismatches on crude oil purchases, natural gas purchases and sales, oversized stocks and bitumen hedging and securing the physical sale of finished products purchased by sea. The result on a physical item, hedged by the Group with forward transactions is reflected in the profit/(loss) on sales under manufacturing costs (cost of crude oil used to manufacture refining products based on weighted average acquisition prices) and inventories (cost of natural gas in warehouses calculated on the basis of weighted average purchase prices) and revenue from sales of refining products as well as revenue from the sale of natural gas. Therefore, the result on the settlement of derivative financial instruments relating to the operational exposure should always be considered together with the profit/(loss) generated by the Group on the sale of a physical position.

The Group applies hedge accounting in relation to the hedging of time mismatches resulting from the purchase of crude oil by sea and the sale of refining products, the purchase and sale of natural gas, oversize inventories and hedging bitumens, and hedging the physical sale of finished products purchased by sea, as well as to hedge currency risk on operational. In connection with the above, the measurement and settlement of commodity swaps and currency forwards in the effective part are recognized as part of the hedge accounting reserve, and when the hedged item is realised, they are charged to sales revenue, manufacturing cost or inventories, respectively.

The Group also applies hedge accounting to hedge risk of change of market prices of CO<sub>2</sub> allowances. In connection with the above, the effective part of change in fair value of hedging instrument is recognized in the statement of financial position in position hedging reserve. Accumulated gains or losses related to the hedging instrument recognized in the hedging 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.

**5.5. Finance income and costs**
**Finance income**

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited)
Interest calculated using the effective interest rate method	247	479
Other interest	-	1
Net foreign exchange gain	115	631
Derivatives not designated as hedge accounting - settlement and valuation	183	126
Other	27	112
	<b>572</b>	<b>1 349</b>

The value of the surplus of net foreign exchange gains is mainly the result of the strengthening of PLN against EUR.



**Finance costs**

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
Interest calculated using the effective interest rate method	(60)	(91)
Interest on lease	(154)	(112)
Interest on tax liabilities	(5)	(43)
Derivatives not designated as hedge accounting - settlement and valuation	(115)	(218)
Other	(51)	(103)
	<b>(385)</b>	<b>(567)</b>

Borrowing costs capitalized in the 3-month period ended 31 March 2024 and 31 March 2023 amounted to PLN (184) million and PLN (105) million, respectively.

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

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited)
Valuation of derivative financial instruments	22	(86)
<i>currency forwards</i>	40	(15)
<i>other, incl.:</i>	(18)	(71)
<i>currency interest rate swaps</i>	(20)	(68)
<i>interest rate swaps</i>	3	(3)
<i>Polimex-Mostostal option</i>	(1)	-
Settlement of derivative financial instruments	46	(6)
<i>currency forwards</i>	(2)	(8)
<i>other, incl.:</i>	48	2
<i>currency interest rate swaps</i>	48	-
<i>interest rate swaps</i>	-	2
	<b>68</b>	<b>(92)</b>

During the 3-month period ended 31 March 2024 and 31 March 2023 the net positions of valuation and settlement of derivative financial instruments (non-designated instruments for hedge accounting purposes) related mainly to hedging the risk of changes in exchange rates with regard to payments of invoices for crude oil in foreign currency, the currency hedge for liquidity transactions, and to hedging interest rates and payment of bonds interests. The main impact on the valuation and settlement of derivative financial instruments was the development of PLN against EUR and USD currency.

**5.6. Loans, borrowings and bonds**

	Non-current 31/03/2024 (unaudited)	Non-current 31/12/2023	Current 31/03/2024 (unaudited)	Current 31/12/2023	Total 31/03/2024 (unaudited)	Total 31/12/2023
Loans *	2 876	2 451	956	4 233	3 832	6 684
Borrowings	120	122	47	50	167	172
Bonds	8 039	8 098	212	213	8 251	8 311
	<b>11 035</b>	<b>10 671</b>	<b>1 215</b>	<b>4 496</b>	<b>12 250</b>	<b>15 167</b>

\* at 31 March 2024 and as at 31 December 2023, the line Loans includes loans in the Project Finance formula (financing obtained by special purpose companies for the implementation of investments): PLN 938 million and PLN 437 million in the non-current part and PLN 6 million and PLN 3 million in the current part, respectively.

During the 3-month period of 2024, 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 1,983 million and PLN (4,816) million.

As at 31 March 2024 the decrease in debt level of the Group results mainly from net repayments of ORLEN loans in the amount of PLN (3,000) million and partial redemption of senior bonds by B8 Sp.z o.o. Baltic SKA in the amount of PLN (23) million which corresponds to the nominal value of USD (6) million.

Additional information on active bond issues is presented in note [5.11](#).

As at 31 March 2024 and as at 31 December 2023 the maximum possible indebtedness due to loans and borrowings amounted to PLN 36,149 million and PLN 32,829 million, respectively. As at 31 March 2024 and as at 31 December 2023 PLN 31,614 million and PLN 25,698 million, respectively, remained unused. The increase in the value of the Group maximum possible indebtedness and open credit lines are mainly due to changes in ORLEN credit agreements during the 3-month period of 2024, which as at 31 March 2024 include in particular:

- increase in Bank Pekao S.A. financing by the amount of PLN 200 million and in Bank Gospodarstwa Krajowego financing by the amount of PLN 3,000 million,
- obtaining a new financing at Deutsche Bank in the amount of PLN 350 million.

In the period covered by these interim condensed consolidated financial statements as well as after the reporting date, there were no defaults on repayment of principal or interest of loans nor defaults on other terms of the loans agreements.

## 5.7. Derivatives and other assets and liabilities

### Derivatives and other assets

	Non-current 31/03/2024 (unaudited)	Non-current 31/12/2023	Current 31/03/2024 (unaudited)	Current 31/12/2023	Current 31/03/2024 (unaudited)	Current 31/12/2023
Cash flow hedging instruments	1 444	1 500	569	1 501	2 013	3 001
<i>currency forwards</i>	1 419	1 493	341	429	1 760	1 922
<i>commodity swaps</i>	-	6	148	686	148	692
<i>CO2 commodity futures</i>	25	1	48	258	73	259
<i>foreign currency swaps</i>	-	-	32	128	32	128
Derivatives not designated as hedge accounting	202	180	984	1 107	1 186	1 287
<i>currency forwards</i>	-	-	16	12	16	12
<i>commodity swaps</i>	-	-	6	7	6	7
<i>currency interest rate swaps</i>	-	7	-	10	-	17
<i>interest rate swaps</i>	4	-	-	-	4	-
<i>commodity futures, incl.:</i>	92	83	478	552	570	635
<i>electricity</i>	44	33	116	105	160	138
<i>natural gas</i>	48	50	362	447	410	497
<i>commodity forwards, incl.:</i>	92	74	473	515	565	589
<i>electricity</i>	37	26	196	174	233	200
<i>natural gas</i>	55	48	277	341	332	389
<i>other</i>	14	16	11	11	25	27
Fair value hedging instruments	9	2	43	9	52	11
<i>commodity swaps</i>	9	2	43	9	52	11
<b>Derivatives</b>	<b>1 655</b>	<b>1 682</b>	<b>1 596</b>	<b>2 617</b>	<b>3 251</b>	<b>4 299</b>
Other financial assets	2 445	2 693	2 368	1 509	4 813	4 202
<i>receivables on settled derivatives</i>	-	-	263	286	263	286
<i>financial assets measured at fair value through other comprehensive income</i>	349	326	-	-	349	326
<i>financial assets measured at fair value through profit or loss</i>	149	149	-	-	149	149
<i>hedged item adjustment</i>	-	1	-	5	-	6
<i>security deposits</i>	-	-	1 347	644	1 347	644
<i>short-term deposits</i>	-	-	56	78	56	78
<i>loans granted</i>	1 150	1 128	96	125	1 246	1 253
<i>purchased securities</i>	278	369	8	8	286	377
<i>including restricted cash</i>	324	312	585	310	909	622
<i>other</i>	195	408	13	53	208	461
Other non-financial assets	925	938	1 276	1 800	2 201	2 738
<i>investment property</i>	590	598	-	-	590	598
<i>contract assets recognized for a business combination</i>	-	-	1 276	1 800	1 276	1 800
<i>shares and stocks of consolidated subsidiaries</i>	68	69	-	-	68	69
<i>other *</i>	267	271	-	-	267	271
<b>Other assets</b>	<b>3 370</b>	<b>3 631</b>	<b>3 644</b>	<b>3 309</b>	<b>7 014</b>	<b>6 940</b>

\* The line Other include mainly advances for non-current assets. They concern the projects related to the construction of gas and steam power plants in ENERGA Group

As at 31 March 2024 and as at 31 December 2023, the Group has security deposits that do not meet the definition of cash equivalents concerning securing the settlement of transactions hedging commodity risk traded with financial institutions and on commodity exchanges. The amount of security deposits depends on the valuation of the portfolio of outstanding transactions and is subject to ongoing revisions. The change of PLN 703 million results mainly from the increase in the crude oil market price for the current portfolio of transactions as well as due to an increase in the volume of transactions.

As at 31 March 2024 and as at 31 December 2023, the Group had loans granted, mainly for Baltic Power, consolidated using the equity method, in the amount of PLN 614 million and PLN 609 million accordingly, for Grupa Azoty Polyolefins S.A, in the amount of PLN 274 million and PLN 282 million accordingly and for other non-consolidated companies in the amount of PLN 356 million and PLN 359 million accordingly.

The restricted cash represents cash of the Extraction Facilities Decommissioning Fund, accumulated in a separate bank account due to securing future costs of decommissioning mines and fields. The Extraction Facilities Decommissioning Fund is created on the basis of the Mining and Geological Law, which requires the Group to decommission extraction facilities once their operation is discontinued. The Fund's resources comprise restricted cash in accordance with IAS 7 and due to its multi-year nature are presented under group of long-term assets. The Fund's cash is increased by the amount of interest accruing on the Fund's

assets. Due to formal and legal restrictions related to the possibility of using these Funds only for a specific purpose carried out over a multi-year period, the assets accumulated in the Extraction Facilities Decommissioning Fund are recognised in the Group's statement of financial position under non-current assets section as Other assets.

### Derivatives and other liabilities

	Non-current 31/03/2024 (unaudited)	Non-current 31/12/2023	Current 31/03/2024 (unaudited)	Current 31/12/2023	Current 31/03/2024 (unaudited)	Current 31/12/2023
Cash flow hedging instruments	15	50	551	392	566	442
<i>currency forwards</i>	7	9	15	24	22	33
<i>commodity swaps</i>	-	41	388	368	388	409
<i>CO2 commodity futures</i>	8	-	148	-	156	-
Derivatives not designated as hedge accounting	184	190	1 155	1 400	1 339	1 590
<i>currency forwards</i>	1	1	23	57	24	58
<i>commodity swaps</i>	-	36	210	307	210	343
<i>interest rate swaps</i>	2	4	-	-	2	4
<i>currency interest rate swaps</i>	3	-	1	-	4	-
<i>commodity futures, incl.:</i>	81	90	514	614	595	704
<i>electricity</i>	10	7	33	30	43	37
<i>natural gas</i>	71	83	481	584	552	667
<i>commodity forwards, incl.:</i>	97	59	407	422	504	481
<i>electricity</i>	67	46	257	229	324	275
<i>natural gas</i>	30	13	150	193	180	206
Fair value hedging instruments	-	1	-	5	-	6
<i>commodity swaps</i>	-	1	-	5	-	6
<b>Derivatives</b>	<b>199</b>	<b>241</b>	<b>1 706</b>	<b>1 797</b>	<b>1 905</b>	<b>2 038</b>
Other financial liabilities	236	269	454	518	690	787
<i>liabilities on settled derivatives</i>	-	-	180	352	180	352
<i>investment liabilities</i>	69	69	-	-	69	69
<i>hedged item adjustment</i>	9	2	43	9	52	11
<i>refund liabilities</i>	-	-	104	31	104	31
<i>security deposits</i>	-	-	121	102	121	102
<i>other *</i>	158	198	6	24	164	222
Other non-financial liabilities	616	590	4 585	4 060	5 201	4 650
<i>liabilities from contracts with customers</i>	40	37	-	-	40	37
<i>deferred income</i>	504	510	2 132	442	2 636	952
<i>contract liabilities recognized for a business combination</i>	72	43	2 453	3 618	2 525	3 661
<b>Other liabilities</b>	<b>852</b>	<b>859</b>	<b>5 039</b>	<b>4 578</b>	<b>5 891</b>	<b>5 437</b>

\* As at 31 March 2024 and as at 31 December 2023, the line other in other financial liabilities in the non-current part mainly concerns received security deposits, liabilities under concessions and mining usufruct, as well as unpaid benefits.

Description of changes of derivatives not designated as hedge accounting is presented in note [5.4](#) and [5.5](#).

The line receivables/liabilities 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 31 March 2024, these line include the value of matured commodity swaps hedging mainly the refining margin, time mismatch on crude oil purchases, excess inventories and natural gas.

The position of contract assets and contract liabilities recognized for a business combination includes futures contracts existing at the moment of acquisition, measured at fair value, relating mainly to the purchase and sale of gas, electricity and CO<sub>2</sub> emission allowances of the former PGNiG Group. Both contract assets and contract liabilities recognized for a business combination reflect their fair value determined as the difference between the contract price and the market price at the acquisition date and are not subject to measurement to fair value in subsequent reporting periods. At the time of actual execution of a given contract, the Group settles the appropriate value of the contract asset or contract liability relating to the relevant contract in correspondence with the same position in the income statement or balance sheet where the impact of the execution of the underlying contract is presented. As at 31 March 2024 and as at 31 December 2023, the position of contract assets and contract liabilities recognized for a business combination amounted to PLN 1,276 million and PLN 2,525 million and PLN 1,800 million and PLN 3,661 million, respectively.

Deferred income as at 31 March 2024 includes mainly the unsettled part of the grants for property rights in the amount of PLN 1,814 million.

## 5.8. Provisions

	Non-current	Non-current	Current	Current	Total	Total
	31/03/2024 (unaudited)	31/12/2023	31/03/2024 (unaudited)	31/12/2023	31/03/2024 (unaudited)	31/12/2023
For decommissioning and environmental costs	6 532	5 854	173	180	6 705	6 034
Jubilee bonuses and post-employment benefits	1 983	1 953	283	289	2 266	2 242
CO <sub>2</sub> emissions, energy certificates	-	-	10 498	9 106	10 498	9 106
Other	2 160	2 358	1 500	1 892	3 660	4 250
	<b>10 675</b>	<b>10 165</b>	<b>12 454</b>	<b>11 467</b>	<b>23 129</b>	<b>21 632</b>

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

## 5.9. 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 2023 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

	31/03/2024		Fair value hierarchy		
	Carrying amount (unaudited)	Fair value (unaudited)	Level 1	Level 2	Level 3
<b>Financial assets</b>					
Financial assets measured at fair value through other comprehensive income	349	349	78	-	271
Financial assets measured at fair value through profit or loss	149	149	-	-	149
Loans granted	1 246	1 241	-	1 241	-
Derivatives	3 251	3 251	90	3 161	-
Purchased securities	286	401	-	401	-
	<b>5 281</b>	<b>5 391</b>	<b>168</b>	<b>4 803</b>	<b>420</b>
<b>Financial liabilities</b>					
Loans	3 832	3 878	-	3 878	-
Borrowings	167	167	-	167	-
Bonds	8 251	8 023	6 388	1 635	-
Derivatives	1 905	1 905	363	1 542	-
	<b>14 155</b>	<b>13 973</b>	<b>6 751</b>	<b>7 222</b>	<b>-</b>

The fair value for other classes of financial assets and liabilities corresponds to their book value.

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

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

## 5.10. Future commitments resulting from signed investment contracts

As at 31 March 2024 and as at 31 December 2023 the value of future commitments resulting from investment contracts signed until that day amounted to PLN 27,870 million and PLN 27,600 million, respectively.

## 5.11. Issue and redemption of debt securities

The balance of debt securities liabilities as at 31 March 2024:

- a) in ORLEN under:
  - the non-public bond issue on the domestic market C Series and D series with a total nominal value of PLN 2,000 million, remains open;
  - the medium-term Eurobonds issue program on the international market, series A and B with a nominal value of EUR 1,000 million remains open;
- b) in ENERGA Group under:
  - the Eurobond issue program, a series with a nominal value of EUR 300 million, remains open;
  - the subscription agreement and the project agreement concluded with the European Investment Bank, one series of subordinated bonds remain open with a total nominal value of EUR 125 million,

c) LOTOS Petrobaltic Group as part of:

- the senior bond issue program of B8 Sp. z o.o. Baltic S.K.A. five series of issues with a total nominal value of USD 20 million (the value of outstanding bonds) remain open.

C Series and D series of ORLEN corporate bonds with a total nominal value of PLN 2,000 million was issued as a part of the sustainable and balanced grow bonds, with an ESG rating as an element. The ESG rating is assigned by independent agencies and assesses a company's or industry's ability to sustainable and balanced grow by taking into account three main, non-financial factors such as: environmental issues, social issues and corporate governance. In terms of environmental issues, product emissions and carbon footprint, environmental pollution, as well as the use of natural resources and usage of green technologies are crucial.

A Series of ORLEN Eurobonds with a nominal value of EUR 500 million was issued with a green bonds certificate, which provide financing for projects supporting environmental and climate protection. ORLEN has established and published on its website the principles of green and sustainable financing, the "Green Finance Framework" which define the planned investment processes for energy transformation covered by this financing and key performance indicators were defined for these projects in terms of their advance of implementation and their impact on the environment.

### 5.12. Proposal for distribution of the Parent Company's profit for 2023 and the dividend payment in 2024

Taking into account the implementation of the Company's dividend policy presented in Strategy 2030, the Management Board of the Company proposed to distribute the net profit of ORLEN for the year 2023 in the amount of PLN 21,215,917,147.93 PLN as follows: the amount of PLN 4,817,909,503.35 allocate as a dividend payment (4.15 per 1 share) and the remaining amount of PLN 16,398,007,644.58 as reserve capital. The Management Board of ORLEN proposes 20 September of 2024 as the dividend date and 20 December of 2024 as the dividend payment date. This recommendation of the Management Board will be presented to the General Shareholders' Meeting of ORLEN, which will make a conclusive decision in this matter.

### 5.13. Contingent liabilities

Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of administration bodies in which the companies of the ORLEN Group act as the defendant:

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

On 5 September 2014, OBR S.A. (currently: Warter Fuels S.A.) filed an action against ORLEN with the District Court in Łódź for a claim for payment in respect of an alleged breach by ORLEN of patent rights. The amount of the claim in the lawsuit was estimated by Warter Fuels S.A. at PLN 84 million. The claim covers the adjudged sum of money from ORLEN for Warter Fuels S.A. in the amount corresponding to the value of the license fee for the use of the solution under the above patent and adjudge the obligation to repay the benefits derived from the use of this solution. On 16 October 2014 ORLEN responded to the lawsuit. By the procedural document from 11 December 2014 the value of the dispute was referred to by the plaintiff in the amount of PLN 247 million. So far, several hearings have been held, during which witnesses submitted by the parties were heard by the court. The court appointed an expert to prepare an opinion in the case of the University of Technology and Economics in Budapest. Experts from the Budapest University of Technology and Economics are in the process of preparing an opinion.

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

##### I. Case filed by ORLEN Projekt against POLWAX for the payment of PLN 6.7 million.

The Court of Appeal in Rzeszów announced its verdict, according to which it upheld the payment order issued by the District Court in its entirety and awarded POLWAX to ORLEN Projekt with the costs of the lawsuit. The judgment of the Court of Appeal in Rzeszów is final. On 9 February 2023, POLWAX filed a cassation complaint against the judgment of the Court of Appeal in Rzeszów of 10 November 2022. On 10 March 2023, POLWAX also filed a cassation complaint against the supplementary judgment of the Court of Appeal regarding a formal issue in the petitum of the decision, i.e. lack of the expression "dismissing the appeal of POLWAX". ORLEN Projekt responded to both complaints. Currently, cassation appeals are waiting for a decision on whether they will be accepted for consideration.

##### 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

By judgment of 17 November 2023, the District Court in Rzeszów ordered POLWAX for the benefit of ORLEN Projekt amount of PLN 29 million together with interest due and amount of PLN 0.08 million as reimbursement of the costs of legal representation together with interest for delay from the date the judgment becomes final. The court dismissed the remaining claims of ORLEN Projekt. Both parties have appealed against the judgment rendered.

##### 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.

On 11 October 2023 the District Court in Rzeszów issued a judgment dismissing the claim of POLWAX against ORLEN Projekt for the payment of PLN 132 million with interest. On 12 February 2024, POLWAX appealed against the judgment. On 22 April 2024, ORLEN Projekt filed a reply to the appeal of POLWAX.

IV. Case filed by POLWAX against ORLEN Projekt for the payment of PLN 9.9 million, pending before the District Court in Rzeszów, case file no. VI GC 104/20

POLWAX claims from ORLEN Projekt the payment of PLN 9.9 million together with overdue interest for delay consists of: (i) reimbursement of costs of removal and disposal of waste in the form of contaminated land from the Project area, and (ii) non-contractual storage of land from the Investment area on plot no. 3762/70 belonging to POLWAX. On 30 June 2023 evidence from an expert opinion in the field of environmental protection was admitted. In a letter of 13 March 2024, ORLEN Projekt responded to the prepared opinion. Waiting for the expert to produce a supplementary opinion.

V. Case filed by POLWAX against ORLEN Projekt for the removal of movable property, pending before the District Court in Tychy, case file no. VI GC 120/20

POLWAX demanded that the Court obliges ORLEN Projekt to restore the legal status by emptying warehouses submitted to ORLEN Projekt in order to store equipment and materials for the purposes of the conducted Investment. On 21 December 2023 the District Court in Tychy issued a judgment upholding the claim of POLWAX and ordered ORLEN Projekt restoring the lawful state by removing from belonging to POLWAX real estate devices non-owned by POLWAX. On 2 February 2024, ORLEN Projekt filed an appeal against the judgment. On 23 April 2024, POLWAX has submitted an answer to the appeal of ORLEN Projekt.

VI. Case filed by ORLEN Projekt against POLWAX for the payment of PLN 1.1 million, pending before the District Court in Rzeszów, case file VI GC 73/23.

ORLEN Projekt claims from POLWAX the payment of the total amount of PLN 1.1 million together with due statutory interest for delays in storage and transport of equipment purchased by ORLEN Projekt towards the implementation of the Investment. Waiting for a hearing date to be set in the case.

In the opinion of ORLEN Projekt, the claim is without merit, therefore the company did not recognise the provision. The aforementioned proceedings are described in detail in the 2023 Annual Report (note 17.4.2).

#### **Contingent liabilities related to the ENERGA Group**

As at 31 March 2024, the contingent liabilities of the ENERGA Group recognised in these consolidated financial statement of the ORLEN Group amounted to PLN 237 million.

The largest item of contingent liabilities of the ENERGA Group consists of legal claims relating to the power infrastructure of Energa-Operator S.A. located on private land. The Group recognises provisions for filed legal claims. If there is uncertainty as to the validity of the amount of the claim or legal title to land, the Group recognises contingent liabilities. As at 31 March 2024, the estimated value of those claims recognised as contingent liabilities amounts to PLN 220 million, while as at 31 December 2023 its value amounted to PLN 219 million. Considering the legal opinions, the estimated amounts represent a risk of liability of less than 50%.

#### **Arbitration procedure brought by Elektrobudowa S.A. against ORLEN**

Elektrobudowa S.A. filed an action against ORLEN with the Arbitration Tribunal of the Polish Consulting Engineers and Experts Association (SIDIR) of Warsaw, seeking payment of a total of PLN 104 million and EUR 11.5 million. The case concerns performance of the EPC contract between ORLEN and Elektrobudowa for the construction of a metathesis unit. The amount in dispute includes:

- 1) PLN 20.6 million and EUR 7.6 million plus statutory default interest, alleged to be payable under the EPC Contract to Elektrobudowa S.A. or, alternatively, to Citibank if the consideration is found to be payable to Citibank following assignment;
- 2) PLN 7.8 million and EUR 1.26 million plus statutory default interest accrued since 23 October 2018 for additional and substitute works, alleged to be payable to Elektrobudowa or Citibank (see above);
- 3) PLN 62.4 million plus statutory default interest since 27 December 2019 as remuneration by reference to which the lump-sum should be increased in favour of Elektrobudowa, or Citibank as above;
- 4) PLN 13.2 million and EUR 2.6 million plus statutory default interest accrued since 25 October 2019, alleged to be payable to Elektrobudowa S.A. for the harm it suffered as a result of wrongful drawdown of funds by ORLEN under bank guarantees.

On 13 September 2021 the Bankruptcy Trustee of Elektrobudowa S.A. extended the claim by PLN 13.2 million and EUR 2.6 million constituting a claim for return of the amounts retained as a Guarantee Deposit with statutory overdue interest from 24 March 2021 to the date of payment.

According to information published in Consolidated Financial Statements for the year 2021, as a result of the Arbitration Tribunal's rulings, against which ORLEN was not entitled to appeal, the Company has paid the Bankruptcy Trustee a total of PLN 10 million and EUR 5.5 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. The amounts from the partial judgments no. 13 - no. 15 indicated below were paid in full together with statutory interest for delay.

Within last six months of 2022 and in the 1<sup>st</sup> quarter of 2023, the Arbitration Tribunal issued the following rulings:

(I) Partial judgment (no. 13) of 5 December 2022, ordering to pay the plaintiff a total amount of PLN 0.15 million with interest for delay as remuneration for the execution of the Instructions for preparing the installation for operation after renovation and dismissing the claim for the amount of PLN 0.10 million as the remaining part of this claims.

(II) Partial judgment (no. 14) of 30 December 2022, ordering to pay the plaintiff the amount of PLN 0.3 million net as additional remuneration for the execution of a different K-1 chamber than provided for in the construction design, together with statutory interest for delay and the amount of PLN 5.3 million net as additional remuneration for the construction of another building of the Zimna Station than provided for in the construction design, together with statutory interest. The amounts awarded are the amounts referred to earlier in the preliminary judgments (4) and (5).

(III) Partial judgment (No. 15) of 30 March 2023, awarding the plaintiff a total of PLN 1.5 million and EUR 0.1 million as additional remuneration for the execution of: a septic tank in Chamber K-1, delivery of frequency converters for K-2301A/B compressors, power supply for inverters of K-2301A/compressors B, changing the parameters of the K-2301A/B compressors, changing the design of the E-2304 apparatus. together with statutory interest for delay until the date of payment and dismissing further claims of the plaintiff for the performance of the above-mentioned additional works.

The total value of provisions recognised as at 31 March 2024 in connection with the pending proceedings with Elektrobudowa amounted to PLN 68 million.

#### **LOTOS Exploration and Production Norge AS tax settlements**

On 1 May 2023, based on the Business Purchase Agreement - the purchase of an organized part of the enterprise - the Norwegian company of the ORLEN Group, PGNiG Upstream Norway AS (PUN) purchased from LOTOS Exploration and Production Norge AS (LEPN) all assets and related liabilities with the employees of the Company. The effective transaction date for tax settlements is 1 January 2023.

Following the realisation of the sale of assets, from May 2023 the Company generates interest-only income from the loan, the income is subject to a 22% tax rate on profit.

Following the transaction to consolidate the ORLEN Group's Norwegian assets, all tax settlements and pending tax cases against LEPN were taken over by PUN.

PUN is currently involved in several disputes with the tax authority in Norway and has established provisions related to the following cases:

- Dispute over gas prices in a gas sales contract with a related party (PST)
- Dispute regarding LEPN's historical thin capitalisation
- Dispute regarding the classification of capital expenditure at the Alvheim project (SAS)

The value of provisions made for pending tax proceedings as at 31 March 2024 amounted PLN 97 million (equivalent of NOK 263 million).

#### **Settlements for natural gas supplied under the Yamal Contract and suspension of natural gas supplies by Gazprom**

On 31 March 2021 Decree of the President of the Russian Federation No. 172 "On a special procedure for the performance of obligations of foreign buyers towards Russian natural gas suppliers" (the "Decree") was published, following which Gazprom requested PGNiG to amend the terms and conditions of the Yamal Contract, among others by introducing settlements in Russian rubles.

On 12 April 2022, the Management Board of PGNiG S.A. decided to continue settling PGNiG's liabilities for gas supplied by Gazprom under the Yamal Contract, in accordance with its applicable terms, and not to consent to PGNiG's performance of its settlement obligations for natural gas supplied by Gazprom under the Yamal Contract, in accordance with the provisions of the Decree.

From 27 April 2022, from 8:00 am CET Gazprom completely suspended natural gas deliveries under the Yamal Contract, citing the Decree's prohibition on delivering natural gas to foreign buyers from countries "unfriendly to the Russian Federation" (including Poland). If payments for natural gas supplied to such countries starting from 1 April 2022, will be made contrary to the terms of the Decree.

In response, PGNiG took steps to protect the Company's interests under its contractual rights, including: call for deliveries and compliance with settlement conditions, etc. terms of the agreement binding the parties until the end of 2022.

By 31 December 2022, natural gas supplies had not been resumed by Gazprom, the supplier refused to make settlements based on the applicable contractual conditions. Pursuant to PGNiG's declaration of intent of 15 November 2019, the Yamal Contract expired at the end of 2022. Disputes arising during the term of the Yamal Contract are pending.

The arbitration hearing of Phase I of the arbitration proceedings was held. A partial award in phase I of the proceedings has been issued. We are currently in phase II of the proceedings. Gazprom filed a lawsuit with regard to the change of price terms in 2017 (as part of Gazprom's request from 2017). In turn ORLEN (formerly PGNiG) filed a defence and counterclaims.

Work carried out under the project Mars 2.

#### **Claim by B. J. Noskiewicz against Exalo Drilling S.A.(hereinafter: Exalo) for payment of rent and damages**

On 9 February 2015, B.J. Noskiewicz filed an action against Exalo seeking payment of a total of PLN 130 million. The demand of the claim includes an adjudication for a fee for the use of a property owned by the plaintiffs (occupied by the Company for the purpose of drilling a geothermal water well) and compensation for lost income. The plaintiffs claim that the property was not properly returned to them upon completion of the works. Exalo has filed a response to the claim. Exalo argues (based on expert opinions) that it completed the use of the property within the contractual deadline, removed all equipment and movable property, the site was cleaned up and rehabilitated, and therefore properly offered and released the property to the owners in 2012, so that the claim for both any fees for the period after that date and damages is completely unjustified.

In accordance with the decision of the Warsaw Regional Court of 11 February 2021, the proceedings remain suspended pending the outcome of the criminal case pending at the Warsaw Regional Prosecutor's Office.

As a result of the analysis of new circumstances in this case, it was estimated that the risk of losing the case has become negligible at the current stage of the proceedings and, as a consequence, the Company's probable obligation to pay becomes negligible.

In view of the above, on 18 January 2024, a provision of approx. PLN 35 million established for the case has been resolved.

In Exalo's opinion, the claim is without merit.

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

On 21 February 2018, PGNiG TERMIKA received a claim for payment in respect of the execution of the agreement for services for the development of the heat market in Warsaw, brought by Veolia Energia Warszawa S.A. to the District Court in Warsaw. On 29 June 2018, PGNiG TERMIKA filed a response to the lawsuit, where it addressed the plaintiff's claims. Veolia Energia Warszawa S.A. originally claimed PLN 5.7 million as payment under the agreement, and later extended the claim by PLN 66.6 million, i.e. to PLN 72.3 million and then to the amount of PLN 93.6 million, representing further tranches of remuneration under the agreement. Further pleadings are being exchanged in the case. In the opinion of PGNiG TERMIKA, the agreement for the provision of services for the development of the heat market in Warsaw is invalid, as it violated mandatory provisions of law. As at 31 March 2024 the total reserve in connection with the pending proceedings due to lawsuits from Veolia Energia Warszawa S.A. against PGNiG TERMIKA taking into account the principal claim and interest amounted to PLN 130 million.

**PBG SA (currently under restructuring in liquidation) claim against PGNiG S.A. (currently ORLEN S.A.)**

Counterclaim dated 1 April 2019 was filed by PBG SA against PGNiG S.A. for payment of the amount of PLN 118 million, in the case pending before the Regional Court of Warsaw from a PGNiG S.A. claim against PBG SA. in Wysogotowo, TCM in Paris and Technimont in Milan (value of the object of that dispute is PLN 147 million). The cases relate to mutual settlements in the performance of contracts for the upgrade of PMG (the underground gas storage) Wierzchowice. The basis of the claims in the counterclaim is a challenge by PBG SA to the statements of set-off of mutual receivables and liabilities made by PGNiG SA in the course of settling the contracts for the execution of upgrading PMG Wierzchowice. The stage of the proceedings for the counterclaim is identical to that of the main claim, i.e. the evidentiary proceedings are ongoing, the court has heard all witnesses and admitted expert evidence. The court excluded the selected expert from the case. The court obliged ORLEN to name another entity that could prepare an appropriate opinion on the matter. The Company submitted an application for the Warsaw University of Technology to prepare an opinion.

By letter dated 22 March 2024, the Company again referred in writing to the submitted expert's offer and paid an additional expert advance.

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

**5.14. Related parties transactions**
**5.14.1. Transactions of the key executive personnel and their relatives with related parties of the ORLEN Group**

As at 31 March 2024 and 31 March 2023 and in the 3-month period ended 31 March 2024 and 31 March 2023, 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 3-month period ended 31 March 2024 and 31 March 2023, and as at 31 March 2024 and 31 March 2023, 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 not exceeding PLN 1 million and was related to legal services.

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

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited)
<b>Parent Company</b>		
Short-term employee benefits	21.6	18.5
Termination benefits	18.6	-
<b>Subsidiaries</b>		
Short-term employee benefits	114.2	111.1
Post-employment benefits	0.3	-
Other long term employee benefits	0.4	0.3
Termination benefits	4.8	1.3
	<b>159.9</b>	<b>131.2</b>



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

	Sales		Purchases	
	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited)	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited)
Jointly-controlled entities	964	1 058	(180)	(103)
<i>joint ventures</i>	964	1 058	(180)	(103)
Other related parties	38	63	(18)	(40)
	1 002	1 121	(198)	(143)

	Trade receivables, other receivables and loans granted		Trade and other liabilities	
	31/03/2024 (unaudited)	31/12/2023	31/03/2024 (unaudited)	31/12/2023
Jointly-controlled entities	1 008	1 526	102	80
<i>joint ventures</i>	1 008	1 526	102	80
Other related parties	104	79	70	38
	1 112	1 605	172	118

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

During 3-month period ended 31 March 2024 and 31 March 2023 there were no related parties transactions within the Group which would not be arm's length.

### 5.14.4. Transactions with entities related to the State Treasury

The Ultimate Parent Company preparing the consolidated financial statements is ORLEN S.A., in which as at 31 March 2024 and 31 December 2023 the largest shareholder is the State Treasury with 49.9% of shares.

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

During the 3-month period ended 31 March 2024 and 31 March 2023 and as at 31 March 2024 and as at 31 December 2023 the Group identified the following transactions:

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited)
Sales	2 759	3 002
Purchases	(2 516)	(2 783)

	31/03/2024 (unaudited)	31/12/2023
Trade and other receivables	1 319	1 462
Trade and other liabilities	619	775

Above transactions were concluded on an arm's length basis, were related to the ORLEN Group current operating activities and concerned mainly fuel sales, purchase and sales of natural gas, energy, transport and storage services.

Additionally, there were also financial transactions (loans, bank fees, commission) with Bank Gospodarstwa Krajowego and transaction fees on the Polish Power Exchange.

### 5.15. 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 31 March 2024 and as at 31 December 2023 amounted to PLN 4,140 million and PLN 2,950 million, respectively. In the 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2023, the Group used part of the inventories of finished products, which resulted in a lower value of excise tax in the suspended procedure compared to 31 March 2024. As at 31 March 2024 the Group assesses the materialisation of this type of liability as very low.

### 5.16. 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 31 March 2024 and as at 31 December 2023 amounted to PLN 20,474 million and PLN 19,526 million, respectively. As at 31 March 2024 they related mainly to security of:

- future liabilities arising from bonds issuances of Group's subsidiaries in total amount of PLN 5,741 million,
- liabilities of PGNiG Supply&Trading GmbH, PGNiG Upstream Norway AS, ORLEN Trading Switzerland GmbH, PST LNG SHIPPING LIMITED arising from operational activities in the total amount of PLN 10,805 million,
- financial liabilities arising from credit agreements of Group's subsidiaries in total amount of PLN 970 million
- realisation of investment projects of subsidiaries: CCGT Ostrołęka and CCGT Grudziądz in total amount of PLN 414 million, as well as the timely payment of liabilities by subsidiaries.

As at 31 March 2024 an unconditional and irrevocable guarantee issued by ORLEN for the benefit of the government of Norway, covering the exploration and production activities of PGNiG Upstream Norway AS on the Norwegian Continental Shelf, was effective. The guarantee is open-ended and does not have a defined value. In the guarantee, ORLEN undertook to assume any financial liabilities which may arise in connection with the operations of PGNiG Upstream Norway AS on the Norwegian Continental Shelf, consisting in exploration for and extraction of the natural resources from the sea bottom, including their storage and transport using means of transport other than ships.

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

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

	Nominal value		Subscription date	Expiration date	Rating	Value of guarantee issued	
		PLN					PLN
Eurobonds	300 EUR	1 290	7.03.2017	7.03.2027	BBB+, Baa2	1 250 EUR	5 376
Senior bonds	20 USD	80	from 01.03.2017 till 31.01.2022	till 31.12.2024	n/a	91,5 USD	365
		<b>1 370</b>					<b>5 741</b>

The value of guarantees granted was translated using the exchange rate as at 31 March 2024

In addition, the value of guarantees regarding liabilities to third parties granted during ongoing operations as at 31 March 2024 and as at 31 December 2023 amounted to PLN 5,054 million and PLN 5,007 million, respectively. Guarantees concerned mainly: civil-law guarantees of contract performance and public-law guarantees resulting from generally applicable regulations secured regularity of business licensed in the liquid fuels sector and resulting from this activity tax and customs receivables.

### 5.17. Events after the end of the reporting period

#### Advance redemption of bonds by B8 Sp. z o. o. BALTIC S.K.A.

On 2 April 2024, B8 Sp. z o.o. BALTIC S.K.A. redeemed all outstanding senior bonds, paid interest and an early redemption bonus to Bank Gospodarstwa Krajowego. As at 31 March 2024, the nominal value of the bonds amounted USD 20 million.

#### Acquisition of 50% of shares in Elektrownia Ostrołęka sp. z o.o.

On 4th April 2024 Energa S.A. finalized a purchase of 50% of shares in Elektrownia Ostrołęka sp. z o.o. (EO) from Enea S.A. Currently Energa S.A. has 100% of shares in EO. The acquired entity was originally set up for the new coal-fired power plant project in Ostrołęka, however, due to a change in the project in terms of the fuel used from coal to gas, the project continues in another SPV. EO currently holds assets in the form of, among other things, land, including land leased by CCGT Ostrołęka Sp. z o.o. and the railway siding used by the company Energa Elektrownie Ostrołęka S.A. The purchase price of 50% of shares in EO was PLN 42 million. The purpose of the transaction was to acquire full control of EO in order to use its potential and its resources, including but not limited to real estate, for the implementation of the ORLEN Group's strategic investment projects.

The book value of the net assets acquired at the date of acquisition amounted to PLN 72 million.

As at the date of these interim condensed consolidated financial statements, the Group is in the process of evaluating to fair value the net assets acquired, for which the Group has engaged external advisers.

#### Acquisition of 100% of shares in Wena Projekt 2 sp. z o.o.

On 12 April 2024, Energa Wytwarzanie S.A. purchased from Lightsource bp 100% shares in SPV Wena Projekt 2 Sp. z o.o. with its seat in Warsaw, owning rights to project of photovoltaic installation with a total power of about 130 MW. Also on 12 April 2024, instructions were given to the general contractor to start work. Photovoltaic installation is to be built in the municipality of Kotla in Głogów district, in Lower Silesia voivodship. The photovoltaic installation is expected to be commissioned before the end of the 2025.

The fair value of the consideration transferred for the shares acquired was PLN 117 million and included the purchase of the shares, as well as, the repayment of the loan granted to the SPV by the former shareholders, a necessary condition for taking control of the company and is subject to change in subsequent periods as a result of the process of determining the final disposal price.

The book value of the net assets acquired at the date of acquisition was at the level of PLN 30 million.

The company mainly holds assets in the form of fixed assets under construction relating to investments made to date.

At the date of these interim condensed consolidated financial statements, the Group is in the process of valuing to fair value the net assets acquired, for which it has engaged external advisers.

#### Signing of agreement to acquire design and engineering activities from companies UNIS and UNIS Power.

On 2 May 2024, ORLEN Projekt Ceska Republika, operating on the Czech market, finalised the transaction of on the acquisition of an organised part of the enterprise concerning design and engineering activities of companies of UNIS and UNIS Power.

The completion of the transaction will allow the company to quickly and effectively expand its competencies related to the execution of its investments through ORLEN Projekt Ceska republika.

As a result of the transaction, the company will acquire the potential of over 130 employees, including designers and people from support areas, to independently implement multi-industry investment projects in the areas of refinery, petrochemistry, chemicals and energy.

The fair value of the payment transferred amounted approximately CZK 60 million (equivalent to PLN 10.2 million)

After the end of the reporting period there were no other events that should be disclosed in these interim condensed consolidated financial statements.

OTHER INFORMATION TO CONSOLIDATED QUARTERLY  
REPORT

FOR THE 3 MONTH PERIOD ENDED 31 MARCH

2024



## B. OTHER INFORMATION TO CONSOLIDATED QUARTERLY REPORT

### 1. Major factors having impact on EBITDA and EBITDA LIFO

#### Statement of profit or loss for the 3 months of 2024

Result from operations increased by depreciation and amortization ("EBITDA") in the 1<sup>st</sup> quarter of 2024 amounted to PLN 7,730 million compared to PLN 16,540 million in the same period of 2023.

The impact of crude oil prices changes on inventory valuation in the 1<sup>st</sup> quarter of 2024 included in EBITDA result amounted to PLN 64 million compared to PLN (1,171) million in the 1<sup>st</sup> quarter of 2023.

**EBITDA according to LIFO inventory valuation method ("EBITDA LIFO") after elimination of net impairment allowances on non-current assets\* amounted to PLN 8,384 million and was lower by PLN (11,560) million (y/y).**

	1st quarter 2024	1st quarter 2023	change (y/y)
EBITDA	7 730	16 540	(8 810)
LIFO	64	(1 171)	1 235
EBITDA LIFO	7 666	17 711	(10 045)
Net impairment allowances on non-current assets*	(718)	(2 233)	1 515
<b>EBITDA LIFO (after elimination of impairment allowances*)</b>	<b>8 384</b>	<b>19 944</b>	<b>(11 560)</b>
<b>Factors influencing the change in results:</b>			<b>(11 560)</b>
	Macro	(1)	(6 615)
	Volume	(2)	(463)
	Other factors (3)		(4 482)

Net impairment allowances on non-current assets:

- 1<sup>st</sup> quarter 2024 PLN (718) million – mainly Petrochemicals segment assets amounted to PLN (656) million and Upstream segment assets amounted to PLN (43) million.
- 1<sup>st</sup> quarter 2023 PLN (2,233) million – mainly the upstream assets.

#### (1) The total impact of macroeconomic parameters amounted to PLN (6,615) million (y/y).

In the refining segment, the impact of changes in macro factors was negative PLN (2,243) million (y/y) and was mainly due to lower (y/y) margins on light and middle distillates, negative impact of processed crude oil grades differentials and hedging transactions as well as strengthening of USD against PLN.

In the petrochemical segment the impact of weakening of margins on olefins, polyolefins, fertilizers, PVC and PTA amounted to PLN (84) million.

In the energy segment it was PLN (802) million (y/y) mainly due to higher costs of power grids losses (change in valuation of losses from contract prices to market prices) and lower energy sales margins in the Energa Group.

In the upstream and gas segment it amounted to PLN (2,869) million (y/y) and PLN (617) million (y/y), accordingly as a result of a significant drop in natural gas quotations.

#### (2) Total volume sales of the ORLEN Group in refining, petrochemicals and retail segment increased by 4% (y/y) i.e. to 11,151 thousand tons. Sales of energy segment decreased by (12)% (y/y) and amounted to 7,9 TWh. In turn, sales of upstream segment amounted to 8,6 million boe and was higher by 53% (y/y) whereas sales of gas segment amounted to 96 TWh and decreased by (2)% (y/y).

Despite of the increase in total sales volumes **negative volume effect amounted to PLN (463) million PLN (y/y)**

In the refining segment the impact of sales volume amounted to PLN (838) million (y/y) and resulted mainly from the change in the structure of processed oils, related to the restriction of Rebco oil processing by 7 pp. (y/y) (from the level of 1,6 million tons to 0,9 million tons) and its replacement with more expensive types of oil. In addition volume sales of the segment's products decreased by (1)% (y/y) i.a. as a result of rebuilding obligatory and operational stocks.

In the petrochemical segment, the effect of volume change amounted to PLN 74 million (y/y) and resulted from higher sales of fertilizers and PTA.

In the energy segment volume impact amounted to PLN (48) million (y/y) mainly due to lower energy production in Energa Group (Ostrolęka power plant).

In the retail segment volume change was positive and amounted to PLN 75 million (y/y) due to higher sales volume in the Czech market by 21% (y/y) and Polish market by 13% (y/y) with lower sales in the German market by (1)% (y/y). In addition, in the 1<sup>st</sup> quarter of 2024, sales volumes of the Doppler Group managing petrol stations in Austria were included, amounting to 211 thousand tons.

In the upstream segment volume effect amounted to PLN 292 million (y/y) and resulted mainly from recognition of production and sales volumes of the new upstream company KUFPEC Norway AS.

In the gas segment impact of sales volumes amounted to PLN (18) million (y/y) mainly as a result of lower sales of high-methane gas on TGE by ORLEN S.A. with a positive effect on the resale of surplus gas at PGNiG Obrót Detaliczny.

**(3) The impact of other factors amounted to PLN (4,482) million (y/y) and mainly included:**

- higher (y/y) write-downs on the Price Difference Payment Fund in the amount of PLN (3,482) million (y/y),
- impact of settlement of final fair values of the ex PGNIG Group's assets and liabilities on the acquisition date, amounting to PLN (2,352) million (y/y),
- lower trade margins mainly in segment Gas as a result of the realization of futures contracts on TGE with delivery in the 1st quarter of 2024 at lower prices than in 2023 with the positive impact of gas extrusions from storage and lower import prices. The high prices in 2023 were the result of contracts issued in 2022 (high market prices in Europe due to the war in Ukraine).
- negative impact of the other operating activities balance (after elimination of the impact of hedging transactions and impairment allowances of assets) in the amount of PLN (227) million (y/y) including mainly donations made in the 1<sup>st</sup> quarter of 2024 and lack of compensation for energy-intensive companies received in the 1<sup>st</sup> quarter of 2023 in the amount of PLN (98) million (y/y).
- increase of overheads and labour costs by PLN (476) million (y/y).

**2. The most significant events in the period from 1 January 2024 up to the date of preparation of this report****JANUARY 2024****Changes in Supervisory Board**

ORLEN announced that on 25 January 2024 the Minister of the State Assets, acting on behalf of the shareholder the State Treasury, according to § 8 item 2 point 1 of the Company's Articles of Association appointed Mr Wojciech Popiołek to the ORLEN S.A. Supervisory Board.

**Changes in Management Board**

ORLEN announced that the Company's Supervisory Board, after reviewing the letter of the President of ORLEN's Management Board, Mr Daniel Obajtek, where he declared that "he placed himself at the disposal of the Company's Supervisory Board in the scope of the performed function", decided to dismiss Mr Daniel Obajtek from the ORLEN's Management Board with effect from the end of the day, 5 February 2024.

**FEBRUARY 2024****Changes in Management Board**

ORLEN announced that on 2 February 2024 Mr Michał Róg submitted a resignation with the effect from the end of 5 February 2024 from the position of ORLEN Management Board Member.

ORLEN announced that on 5 February 2024 Ms Patrycja Klarecka and Mr Armen Artwich submitted resignations from the positions of ORLEN Management Board Members with the effect from the end of 5 February 2024.

ORLEN announced that on 5 February 2024 Mr Jan Szewczak submitted resignation from the position of ORLEN Management Board Member with the effect from the end of 5 February 2024.

**Changes in Supervisory Board**

ORLEN announced that on 6 February 2024 the Minister of the State Assets, acting on behalf of the shareholder the State Treasury, according to § 8 item 2 point 1 of the Company's Articles of Association removed effective from 6 February 2024 Mr Wojciech Popiołek from the Supervisory Board of ORLEN S.A. of the current term of office.

**Changes in Management Board**

ORLEN announced that on 6 February 2024 the Minister of the State Assets, acting on behalf of the shareholder the State Treasury, according to § 9 item 1 point 3 of the Company's Articles of Association appointed effective 6 February 2024 Mr Witold Literacki to the ORLEN Management Board. At the same time the Company's Supervisory Board on 6 February 2024 meeting appointed Mr Witold Literacki with effect from 6 February 2024 as acting President of the Company's Management Board.

Moreover the Company's Supervisory Board dismissed following persons from the Management Board:

- Mr Adam Burak,
- Mr Krzysztof Nowicki,
- Mr Robert Perkowski,
- Mr Piotr Sabat,
- Ms Iwona Waksmundzka-Olejniczak.

At the same meeting the Company's Supervisory Board decided to delegate with effect from 7 February 2024 the following members of the Company's Supervisory Board for temporary acting as members of the Company's Management Board, by the time of appointment of the Management Board members for that positions, providing that no longer than for three months:

- Mr Kazimierz Mordaszewski,
- Mr Tomasz Sójka,
- Mr Tomasz Zieliński.

**Changes in Supervisory Board**

ORLEN announced that on 9 February 2024 Mr Tomasz Sójka submitted resignation from the position of ORLEN Management Board Member with the effect on 16 February 2024.

**Changes in Management Board**

ORLEN announced that on 16 February 2024 the Company's Supervisory Board decided to delegate with effect from 17th February, 2024 Mr Ireneusz Sitarski, member of the Company's Supervisory Board for temporary acting as a member of ORLEN's Management Board, by the time of appointment of the Management Board member for that position, providing that no

longer than for three months.

#### APRIL 2024

##### **Changes in Management Board**

ORLEN announced that on:

- 10 April 2024 the Company's Supervisory Board appointed Mr Ireneusz Fąfara with effect from 11 April 2024 for the position of President of the Company's Management Board for the common term of office, which ends on the date of the Ordinary Shareholders Meeting that will approve the Company's financial statement for 2025.  
At the same meeting the Company's Supervisory Board entrusted Mr Witold Literacki, appointed to the Company's Management Board by the Minister of the State Assets, according to § 9 item 1 point 3 of the Company's Articles of Association, the duties of the Vice-president of the Management Board for Corporate Affairs and the function of the first deputy of the President of the Company's Management Board with effect from 11 April 2024.  
Moreover the Company's Supervisory Board decided to terminate with immediate effect the period of delegation of the member of the Company's Supervisory Board, Mr Ireneusz Sitarski for temporary acting as a member of the Company's Management Board.
- 16 April 2024 the Company's Supervisory Board appointed to the composition of the Company's Management Board with effect from 1 May 2024 the following persons:
  - Ms Magdalena Bartoś for the position of Vice-president of the Management Board, Financials,
  - Mr Robert Soszyński for the position of Vice-president of the Management Board, Strategy and Sustainable Development,
  - Mr Wiesław Prugar for the position of Member of the Management Board, Upstream.

##### **Changes in Supervisory Board**

ORLEN announced that on 25 April 2024 the Minister of the State Assets, acting on behalf of the shareholder the State Treasury, according to § 8 item 2 point 1 of the Company's Articles of Association appointed on 25 April 2024 Mr. Piotr Wielowieyski to the ORLEN S.A. Supervisory Board of the current term of office.

#### MAY 2024

##### **Dismissal of a claim to declare the non-existence of a resolution of the EGM of PGNiG S.A.**

ORLEN announced that the District Court in Plock, I Civil Department, ruled in one of the proceedings to repeal or declare invalidity of the resolution no. 3/2022 of the Extraordinary General Meeting of PGNiG S.A. of October 10, 2022 on the merger of the Company with PGNiG S.A. and consent to the proposed amendments to the Articles of Association of ORLEN ("Resolution").

The Court decided to discontinue the proceeding with respect to the claim for repealing the Resolution and for declaration of its invalidity due to the effective withdrawal of the claim in this part, and also dismissed the claim for determination of non-existence of the Resolution.

##### **Changes in the Management Board and Supervisory Board**

ORLEN announced that on 14 May 2024 Mr. Witold Literacki resigned from the Company's Management Board and from the function of Vice-President of the Management Board of ORLEN S.A. and first deputy of the President of the Company's Management Board with effect on the end of the day of 15 May 2024.

Moreover, on 14 May 2024 Mr. Ireneusz Sitarski submitted resignation from the function of ORLEN Supervisory Board Member with effect on the end of the day of 15 May 2024.

The Company's Supervisory Board at its meeting on 14 May 2024, appointed to the composition of the Company's Management Board with effect on the start of the day of 16 May 2024 the following persons:

- Mr. Witold Literacki for the position of Vice-president of the Management Board, Corporate Affairs,
- Mr. Ireneusz Sitarski for the position of Vice-president of the Management Board, Retail Sales,  
for the common term of office, which ends on the date of the Ordinary Shareholders Meeting that will approve the Company's financial statement for 2025.

##### **Dismissal of the appeal in the case for annulment or repeal of the resolution of EGM of Grupa LOTOS S.A.**

ORLEN announced that the Court of Appeal in Łódź, I Civil Division on 15 May 2024 has announced the verdict, in which it dismissed the appeal of shareholders of the former Grupa LOTOS S.A. ("Grupa LOTOS") for annulment of Resolution No. 3 of the Extraordinary General Meeting of Grupa LOTOS as of 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 of this resolution. The judgment is final.

### 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**

- |                  |   |
|------------------|---|
| Ireneusz Fąfara  | – President of the Management Board, Chief Executive Officer    |
| Magdalena Bartoś | – Vice-President of the Management Board, Financials            |
| Witold Literacki | – Vice-President of the Management Board for Corporate Affairs, |

Wiesław Prugar	– Member of the Management Board, Upstream
Ireneusz Sitarski	– Vice-President of the Management Board, Retail Sales
Robert Soszyński	– Vice-President of the Management Board, Strategy and Sustainable Development

### Supervisory Board

Wojciech Popiołek	– Chairman of the Supervisory Board, Independent Member of the Supervisory Board
Michał Gajdus	– Vice-Chairman of the Supervisory Board, Independent Member of the Supervisory Board
Katarzyna Łobos	– Secretary of the Supervisory Board, Independent Member of the Supervisory Board
Ewa Gąsiorek	– Independent Member of the Supervisory Board
Kazimierz Mordaszewski	– Member of the Supervisory Board
Mikołaj Pietrzak	– Independent Member of the Supervisory Board
Piotr Wielowieyski	– Independent Member of the Supervisory Board
Tomasz Zieliński	– 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	Number of shares as at submission date
State Treasury *	49.90%	579 310 079
Nationale-Nederlanden OFE	5.76%	66 877 387
Other	44.34%	514 754 583
	<b>100.00%</b>	<b>1 160 942 049</b>

\* according to information from the Extraordinary General Meeting of ORLEN from 6 February 2024

### 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 this interim condensed consolidated financial statements, the Members of the Management Board and the Supervisory Board did not hold any shares in ORLEN.

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

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

The ORLEN Group did not publish forecasts of its results.



QUARTERLY FINANCIAL INFORMATION  
ORLEN S.A.

**FOR THE 1<sup>st</sup> QUARTER**

**2024**

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



## C. QUARTERLY FINANCIAL INFORMATION OF ORLEN

## Separate statement of profit or loss and other comprehensive income

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
Sales revenues	54 891	76 121
<i>revenues from sales of finished goods and services</i>	42 249	61 164
<i>revenues from sales of merchandise and raw materials</i>	12 642	14 957
Cost of sales	(50 770)	(61 295)
<i>cost of finished goods and services sold</i>	(38 837)	(46 993)
<i>cost of merchandise and raw materials sold</i>	(11 933)	(14 302)
<b>Gross profit on sales</b>	<b>4 121</b>	<b>14 826</b>
Distribution expenses	(2 103)	(1 919)
Administrative expenses	(654)	(591)
Other operating income	1 144	2 612
Other operating expenses	(1 867)	(4 333)
(Loss)/reversal of loss due to impairment of trade receivables	(26)	-
<b>Profit from operations</b>	<b>615</b>	<b>10 595</b>
Finance income	893	1 159
Finance costs	(245)	(342)
<b>Net finance income and costs</b>	<b>648</b>	<b>817</b>
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables	273	82
<b>Profit before tax</b>	<b>1 536</b>	<b>11 494</b>
Tax expense	(237)	(2 101)
<i>current tax</i>	(7)	(841)
<i>deferred tax</i>	(230)	(1 260)
<b>Net profit</b>	<b>1 299</b>	<b>9 393</b>
<b>Other comprehensive income:</b>		
<b>which will not be reclassified subsequently into profit or loss</b>	<b>12</b>	<b>1</b>
<i>actuarial gains and losses</i>	2	-
<i>gains/(losses) on investments in equity instruments at fair value through other comprehensive income</i>	12	1
<i>deferred tax</i>	(2)	-
<b>which will be reclassified into profit or loss</b>	<b>(1 244)</b>	<b>4 304</b>
<i>hedging instruments</i>	(1 037)	4 874
<i>hedging costs</i>	(499)	439
<i>deferred tax</i>	292	(1 009)
<b>Total net comprehensive income</b>	<b>67</b>	<b>13 698</b>
Net profit and diluted net profit per share (in PLN per share)	1.12	8.09



## Separate statement of financial position

	31/03/2024 (unaudited)	31/12/2023
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	44 676	43 799
Intangible assets and goodwill	5 497	4 933
Right-of-use asset	4 843	4 696
Shares in subsidiaries and jointly controlled entities	68 641	67 974
Derivatives	1 459	1 505
Long-term lease receivables	19	19
Other assets, incl.:	12 539	12 668
<i>loans granted</i>	11 054	11 271
	<b>137 674</b>	<b>135 594</b>
<b>Current assets</b>		
Inventories	20 580	23 726
Trade and other receivables	20 374	18 792
Current tax assets	192	46
Cash	1 624	2 854
Derivatives	732	1 594
Other assets, incl.:	15 894	17 837
<i>security deposits</i>	1 036	206
<i>loans granted</i>	4 230	4 637
<i>cash pool</i>	9 983	12 312
<i>assets due to contracts valued at the time of settlement of business combination</i>	165	296
Non-current assets classified as held for sale	3 922	3 926
	<b>63 318</b>	<b>68 775</b>
<b>Total assets</b>	<b>200 992</b>	<b>204 369</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	1 974	1 974
Share premium	46 405	46 405
Own shares	(2)	(2)
Hedging reserve	1 809	3 053
Revaluation reserve	25	15
Retained earnings	90 755	89 454
<b>Total equity</b>	<b>140 966</b>	<b>140 899</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans, borrowings and bonds	9 226	9 337
Provisions	2 913	2 871
Deferred tax liabilities	566	626
Liabilities from contracts with customers	5	6
Derivatives	455	629
Lease liabilities	2 988	2 899
Other liabilities	181	184
	<b>16 334</b>	<b>16 552</b>
<b>Current liabilities</b>		
Trade and other liabilities	24 498	26 226
Lease liabilities	549	482
Liabilities from contracts with customers	326	431
Loans, borrowings and bonds	387	3 319
Provisions	5 321	4 428
Current tax liabilities	-	7
Derivatives	918	1 030
Other liabilities, incl.:	11 693	10 995
<i>cash pool</i>	8 636	7 732
<i>liabilities due to contracts valued at the time of settlement of business combination</i>	1 828	2 757
	<b>43 692</b>	<b>46 918</b>
<b>Total liabilities</b>	<b>60 026</b>	<b>63 470</b>
<b>Total equity and liabilities</b>	<b>200 992</b>	<b>204 369</b>



## Separate statement of changes in equity

	Share capital	Share premium	Own shares	Hedging reserve	Revaluation reserve	Retained earnings	Total equity
01/01/2024	1 974	46 405	(2)	3 053	15	89 454	140 899
Net profit	-	-	-	-	-	1 299	1 299
Components of other comprehensive income	-	-	-	(1 244)	10	2	(1 232)
<b>Total net comprehensive income</b>	-	-	-	<b>(1 244)</b>	<b>10</b>	<b>1 301</b>	<b>67</b>
<b>31/03/2024</b>	<b>1 974</b>	<b>46 405</b>	<b>(2)</b>	<b>1 809</b>	<b>25</b>	<b>90 755</b>	<b>140 966</b>
(unaudited)							
01/01/2023	1 974	46 405	(2)	4 539	10	74 690	127 616
Net profit	-	-	-	-	-	9 393	9 393
Components of other comprehensive income	-	-	-	4 304	1	-	4 305
<b>Total net comprehensive income</b>	-	-	-	<b>4 304</b>	<b>1</b>	<b>9 393</b>	<b>13 698</b>
<b>31/03/2023</b>	<b>1 974</b>	<b>46 405</b>	<b>(2)</b>	<b>8 843</b>	<b>11</b>	<b>84 083</b>	<b>141 314</b>
(unaudited)							
(restated data)							



## Separate statement of cash flows

	3 MONTHS ENDED 31/03/2024 (unaudited)	3 MONTHS ENDED 31/03/2023 (unaudited) (restated data)
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>1 536</b>	<b>11 494</b>
Adjustments for:		
Depreciation and amortisation	1 040	1 451
Foreign exchange (profit)/loss	(77)	14
Net interest	(439)	(415)
Loss on investing activities	345	2 178
Change in provisions	896	1 056
Change in working capital	1 591	11 944
<i>inventories</i>	3 147	8 719
<i>receivables</i>	(384)	1 177
<i>liabilities</i>	(1 172)	2 048
Other adjustments, incl.:	(3 287)	(1 326)
<i>settlement of grants for property rights</i>	(329)	(486)
<i>security deposits</i>	(831)	4 715
<i>derivatives</i>	(1 316)	(1 820)
<i>change in contract assets and liabilities measured at the time of settlement of the business combination</i>	(796)	(3 731)
Income tax (paid)	(161)	(282)
<b>Net cash from operating activities</b>	<b>1 444</b>	<b>26 114</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment, intangible assets and right-of-use asset	(4 036)	(5 893)
Acquisition of shares	(654)	-
Acquisition of bonds	-	(3 055)
Recapitalisation of subsidiaries	(36)	-
Recapitalisation in investments in joint ventures	-	(770)
Disposal of property, plant and equipment, intangible assets and right-of-use asset	761	137
Disposal of shares	74	-
Interest received	485	477
Acquisition of petrochemical assets less cash	-	(218)
Expenses from loans granted	(1 341)	(11 336)
Proceeds from loans granted	2 242	6 583
Net flows within cash-pool system	2 363	(4 355)
Other	(73)	1
<b>Net cash (used) in investing activities</b>	<b>(215)</b>	<b>(18 429)</b>
<b>Cash flows from financing activities</b>		
Proceeds from loans and borrowings received	550	-
Repayments of loans	(3 539)	(3 598)
Interest paid from loans, borrowings, bonds and cash pool	(182)	(161)
Interest paid on lease	(34)	(55)
Net flows within cash-pool system	897	2 207
Payments of liabilities under lease agreements	(111)	(113)
Other	(27)	(46)
<b>Net cash (used) in financing activities</b>	<b>(2 446)</b>	<b>(1 766)</b>
<b>Net increase/(decrease) in cash</b>	<b>(1 217)</b>	<b>5 919</b>
Effect of changes in exchange rates	(13)	(12)
Cash, beginning of the period	2 854	7 939
<b>Cash, end of the period</b>	<b>1 624</b>	<b>13 846</b>
<i>including restricted cash</i>	182	1 225

This consolidated quarterly report was approved by the Management Board of the Parent Company on 22 May 2024.

signed digitally on the Polish original

.....

Ireneusz Fařara  
President of the Management Board

signed digitally on the Polish original

.....

Magdalena Bartoř  
Vice-President of the Management Board

signed digitally on the Polish original

.....

Witold Literacki  
Vice-President of the Management Board

signed digitally on the Polish original

.....

Wiesław Prugar  
Member of the Management Board

signed digitally on the Polish original

.....

Ireneusz Sitarski  
Vice-President of the Management Board

signed digitally on the Polish original

.....

Robert Soszyński  
Vice-President of the Management Board