



ORLEN GROUP

CONSOLIDATED HALF-YEAR REPORT

FOR THE 1st HALF

2024

ORLEN GROUP - SELECTED DATA

	PLN million	PLN million	EUR million	EUR million
	6 MONTHS ENDED 30/06/2024	6 MONTHS ENDED 30/06/2023 (restated data)	6 MONTHS ENDED 30/06/2024	6 MONTHS ENDED 30/06/2023 (restated data)
Sales revenues	151 842	194 857	35 223	42 241
Profit from operations increased by depreciation and amortisation (EBITDA)	12 272	27 013	2 847	5 856
Profit from operations (EBIT)	5 424	19 816	1 258	4 296
Profit before tax	5 534	21 567	1 284	4 675
Net profit	2 761	15 490	640	3 358
Total net comprehensive income	599	19 116	139	4 144
Net profit attributable to equity owners of the parent	2 735	15 389	634	3 336
Total net comprehensive income attributable to equity owners of the parent	576	19 012	134	4 121
Net cash from operating activities	17 633	30 739	4 091	6 664
Net cash (used) in investing activities	(16 716)	(18 283)	(3 878)	(3 963)
Net cash (used) in financing activities	(3 620)	(9 143)	(840)	(1 983)
Net increase/(decrease) in cash and cash equivalents	(2 703)	3 313	(627)	718
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN/EUR per share)	2.36	13.26	0.55	2.87
	30/06/2024	31/12/2023 (restated data)	30/06/2024	31/12/2023 (restated data)
Non-current assets	179 947	170 940	41 722	39 315
Current assets	79 694	93 456	18 478	21 494
Total assets	259 641	264 396	60 200	60 809
Share capital	1 974	1 974	458	454
Equity attributable to equity owners of the parent	147 870	152 082	34 285	34 977
Total equity	148 963	153 180	34 538	35 230
Non-current liabilities	42 488	41 753	9 851	9 603
Current liabilities	68 190	69 463	15 811	15 976
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)	127.37	131.00	29.53	30.13



ORLEN – SELECTED DATA

	PLN million		EUR million	
	6 MONTHS ENDED 30/06/2024	6 MONTHS ENDED 30/06/2023 (restated data)	6 MONTHS ENDED 30/06/2024	6 MONTHS ENDED 30/06/2023 (restated data)
Sales revenues	102 514	128 663	23 780	27 891
Profit from operations increased by depreciation and amortisation (EBITDA)	625	18 619	145	4 036
Profit/(Loss) from operations (EBIT)	(1 465)	15 914	(340)	3 450
Profit before tax	1 016	19 211	236	4 165
Net profit	1 140	15 898	264	3 446
Total net comprehensive income	(459)	20 795	(106)	4 508
Net cash from operating activities	1 332	24 334	309	5 275
Net cash from/(used in) investing activities	87	(11 760)	20	(2 549)
Net cash from/(used in) financing activities	(2 636)	(5 540)	(611)	(1 201)
Net increase/(decrease) in cash	(1 217)	7 034	(282)	1 525
Net profit and diluted net profit per share (in PLN/EUR per share)	0.98	13.69	0.23	2.97

	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Non-current assets	140 725	135 594	32 628	31 185
Current assets	57 632	68 775	13 362	15 818
Total assets	198 357	204 369	45 990	47 003
Share capital	1 974	1 974	458	454
Total equity	135 624	140 899	31 445	32 405
Non-current liabilities	14 939	16 552	3 464	3 807
Current liabilities	47 794	46 918	11 081	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)	116.82	121.37	27.09	27.91

The above financial data for the 6-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 30 June 2024 – 4.3109 EUR/PLN and from 1 January to 30 June 2023 – 4.6130 EUR/PLN;
- items of assets, equity and liabilities – by the average exchange rate published by the National Bank of Poland as at 30 June 2024 – 4.3130 EUR/PLN and as at 31 December 2023 – 4.3480 EUR/PLN.

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HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 6 AND 3-MONTH PERIOD ENDED 30 JUNE

2024

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

A. HALF-YEAR 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	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Sales revenues	5.1	151 842	69 510	194 857	79 029
<i>revenues from sales of finished goods and services</i>		124 839	55 735	161 807	64 379
<i>revenues from sales of merchandise and raw materials</i>		27 003	13 775	33 050	14 650
Cost of sales	5.2	(135 337)	(63 543)	(163 775)	(67 184)
<i>cost of finished goods and services sold</i>		(111 828)	(51 291)	(134 511)	(54 637)
<i>cost of merchandise and raw materials sold</i>		(23 509)	(12 252)	(29 264)	(12 547)
Gross profit on sales		16 505	5 967	31 082	11 845
Distribution expenses		(7 230)	(3 515)	(7 511)	(3 849)
Administrative expenses		(2 894)	(1 359)	(2 745)	(1 358)
Other operating income	5.4	1 579	977	3 556	1 533
Other operating expenses	5.4	(2 685)	(1 276)	(4 390)	(925)
(Loss)/reversal of loss due to impairment of trade receivables		(66)	10	(65)	(38)
Share in profit from investments accounted for using the equity method	5.7	215	252	(111)	(110)
Profit from operations		5 424	1 056	19 816	7 098
Finance income	5.5	883	363	2 834	1 485
Finance costs	5.5	(707)	(374)	(1 056)	(489)
Net finance income and costs		176	(11)	1 778	996
(Loss) to impairment of financial assets other than trade receivables		(66)	(33)	(27)	(13)
Profit before tax		5 534	1 012	21 567	8 081
Tax expense		(2 773)	(1 046)	(6 077)	(2 062)
<i>current tax</i>		(2 871)	(874)	(3 719)	36
<i>deferred tax</i>		98	(172)	(2 358)	(2 098)
Net profit/(loss)		2 761	(34)	15 490	6 019
Other comprehensive income:					
which will not be reclassified subsequently into profit or loss		17	33	28	(12)
<i>actuarial gains and losses</i>		6	48	35	(16)
<i>gains and losses on investments in equity instruments at fair value through other comprehensive income</i>		14	(1)	(1)	4
<i>deferred tax</i>		(3)	(14)	(6)	-
which will be reclassified into profit or loss		(2 179)	41	3 598	(750)
<i>cash flow hedging instruments</i>		(1 749)	(732)	6 006	568
<i>hedging costs</i>		(410)	366	461	321
<i>exchange differences on translating foreign operations</i>		(439)	334	(1 682)	(1 508)
<i>share in other comprehensive income of investments accounted for using the equity method</i>		9	5	(2)	(2)
<i>deferred tax</i>		410	68	(1 185)	(129)
Total net comprehensive income		599	40	19 116	5 257
Net profit/(loss) attributable to		2 761	(34)	15 490	6 019
<i>equity owners of the parent</i>		2 735	(40)	15 389	6 065
<i>non-controlling interest</i>		26	6	101	(46)
Total net comprehensive income attributable to		599	40	19 116	5 257
<i>equity owners of the parent</i>		576	33	19 012	5 304
<i>non-controlling interest</i>		23	7	104	(47)
Net profit/(loss) per share attributable to equity owners of the parent (in PLN per share)					
<i>basic</i>		2.36	(0.03)	13.26	5.22
<i>diluted</i>		2.36	(0.03)	13.26	5.22

The accompanying notes disclosed on pages 11 – 54 are an integral part of these half-year condensed consolidated financial statements.

Consolidated statement of financial position

	NOTE	30/06/2024 (unaudited)	31/12/2023 (restated data)
ASSETS			
Non-current assets			
Property, plant and equipment		141 873	135 183
Intangible assets and goodwill		14 792	13 801
Right-of-use asset		13 892	13 486
Investments accounted for using the equity method	5.7	2 326	2 170
Deferred tax assets		1 559	987
Derivatives	5.9	1 759	1 682
Other assets	5.9	3 746	3 631
		179 947	170 940
Current assets			
Inventories		32 078	32 794
Trade and other receivables		31 740	39 722
Current tax assets		1 252	1 417
Cash		10 432	13 282
Derivatives	5.9	1 312	2 617
Assets classified as held for sale		244	242
Other assets	5.9	2 636	3 382
		79 694	93 456
Total assets		259 641	264 396
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1 974	1 974
Share premium		46 405	46 405
Own shares		-	(2)
Hedging reserve		2 018	3 767
Revaluation reserve		10	(1)
Exchange differences on translating foreign operations		(618)	(179)
Retained earnings		98 081	100 118
Equity attributable to equity owners of the parent		147 870	152 082
Non-controlling interests		1 093	1 098
Total equity		148 963	153 180
LIABILITIES			
Non-current liabilities			
Loans, borrowings and bonds	5.8	10 340	10 671
Provisions	5.10	10 663	10 165
Deferred tax liabilities		10 677	10 474
Derivatives	5.9	201	241
Lease liabilities		9 610	9 343
Other liabilities	5.9	997	859
		42 488	41 753
Current liabilities			
Trade and other liabilities		45 075	41 509
Lease liabilities		1 484	1 386
Liabilities from contracts with customers		1 566	1 818
Loans, borrowings and bonds	5.8	2 511	4 496
Provisions	5.10	10 024	11 548
Current tax liabilities		2 501	2 331
Derivatives	5.9	1 354	1 797
Other liabilities	5.9	3 675	4 578
		68 190	69 463
Total liabilities		110 678	111 216
Total equity and liabilities		259 641	264 396

The accompanying notes disclosed on pages 11 – 53 are an integral part of these half-year 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	-	-	-	-	-	-	2 735	2 735	26	2 761
Components of other comprehensive income	-	-	-	(1 749)	11	(439)	18	(2 159)	(3)	(2 162)
Total net comprehensive income	-	-	-	(1 749)	11	(439)	2 753	576	23	599
Sale of own shares	-	-	2	-	-	-	-	2	-	2
Change in share structure	-	-	-	-	-	-	28	28	(28)	-
Dividends	-	-	-	-	-	-	(4 818)	(4 818)	-	(4 818)
30/06/2024	1 974	46 405	-	2 018	10	(618)	98 081	147 870	1 093	148 963
(unaudited)										
01/01/2023	1 974	46 405	(2)	5 005	(6)	2 701	85 993	142 070	1 040	143 110
Net profit	-	-	-	-	-	-	15 389	15 389	101	15 490
Components of other comprehensive income	-	-	-	5 282	(1)	(1 682)	24	3 623	3	3 626
Total net comprehensive income	-	-	-	5 282	(1)	(1 682)	15 413	19 012	104	19 116
Dividends	-	-	-	-	-	-	(6 385)	(6 385)	-	(6 385)
30/06/2023	1 974	46 405	(2)	10 287	(7)	1 019	95 021	154 697	1 144	155 841
(unaudited)										
(restated data)										

The accompanying notes disclosed on pages 11 – 54 are an integral part of these half-year condensed consolidated financial statements.

Consolidated statement of cash flows

		6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
	NOTE				
Cash flows from operating activities					
Profit before tax		5 534	1 012	21 567	8 081
Adjustments for:					
Share in profit from investments accounted for using the equity method	5.7	(215)	(252)	111	110
Depreciation and amortisation	5.2	6 848	3 486	7 197	3 375
Foreign exchange (profit)/loss		(101)	15	(511)	(291)
Net interest		219	101	119	8
Loss on investing activities		1 218	483	2 423	168
<i>recognition/(reversal) of impairment allowances of property, plant and equipment, intangible assets, goodwill and other assets</i>	5.4	1 239	521	2 310	77
Change in provisions		3 024	1 007	4 601	1 439
Change in working capital		8 699	3 089	13 729	8 146
<i>inventories</i>		736	(1 250)	12 460	3 230
<i>receivables</i>		8 450	3 721	3 411	8 324
<i>liabilities</i>		(487)	618	(2 142)	(3 408)
Other adjustments, incl.:		(4 717)	(2 089)	(4 499)	(3 976)
<i>settlement of grants for property rights</i>		(1 303)	(693)	(2 102)	(1 141)
<i>security deposits</i>		(602)	84	7 198	2 280
<i>derivatives</i>		(1 523)	(479)	(5 740)	(3 701)
<i>change in assets and liabilities due to contracts valued at the time of settlement of business combination</i>		(1 032)	(420)	(4 157)	(1 369)
Income tax (paid)		(2 876)	(889)	(13 998)	(9 921)
Net cash from operating activities		17 633	5 963	30 739	7 139
Cash flows from investing activities					
Acquisition of property, plant and equipment, intangible assets and right-of-use asset		(14 941)	(6 670)	(17 307)	(7 648)
Proceeds as to implementation of Remedies		20	20	340	340
Disposal of property, plant and equipment, intangible assets and right-of-use asset		39	12	149	97
(Acquisition)/Disposal of bonds		-	-	(985)	2 070
Acquisition of petrochemical assets less cash		-	-	(214)	4
Recapitalisation in investments in joint ventures		(2)	-	(521)	-
Interest received		23	15	130	103
Dividends received		67	67	100	100
(Acquisition)/Disposal of shares less cash		(1 930)	(378)	-	-
Other		8	(4)	25	17
Net cash (used) in investing activities		(16 716)	(6 938)	(18 283)	(4 917)
Cash flows from financing activities					
Proceeds from loans and borrowings received		3 998	2 015	2 121	91
Repayment of loans and borrowings		(6 185)	(1 369)	(6 343)	(2 380)
Redemption of bonds		(105)	(82)	(3 421)	(3 370)
Interest paid from loans, borrowings and bonds		(230)	(105)	(378)	(217)
Interest paid on lease		(245)	(136)	(198)	(80)
Payments of liabilities under lease agreements		(860)	(334)	(887)	(440)
Grants received		93	70	84	42
Other		(86)	(30)	(121)	(54)
Net cash from/(used in) financing activities		(3 620)	29	(9 143)	(6 408)
Net increase/(decrease) in cash		(2 703)	(946)	3 313	(4 186)
Effect of changes in exchange rates		(147)	(36)	(1 072)	(885)
Cash, beginning of the period		13 282	11 414	21 046	28 358
Cash, end of the period		10 432	10 432	23 287	23 287
<i>including restricted cash</i>		763	763	1 787	1 787

The accompanying notes disclosed on pages 11 – 54 are an integral part of these half-year condensed consolidated financial statements.

EXPLANATORY NOTES TO THE HALF-YEAR 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 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, insurance and financial services.

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

These half-year condensed 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 provided by issuers of securities and terms of deeming information required by the regulations of a non-member state equivalent (Official Journal 2018, item 757) and present the ORLEN Group financial position as at 30 June 2024 and as at 31 December 2023 financial results and cash flows for the 6 and 3-month period ended 30 June 2024 and 30 June 2023.

These half-year 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 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.

As at the date of approval of these half-year condensed consolidated financial statements there is no evidence indicating that the Group will not be able to continue its operations as a going concern.

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

These half-year 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 half-year 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. Restated of comparative data

The following events had an impact on the comparative data presented in the Consolidated Financial Statements for 2023 and in the Consolidated Half-Year Report for 1st half of 2023:

- by the date of approval of these half-year condensed consolidated financial statements, the Group had completed the process of settlement of the acquisition transaction of the Ujazd, Dobrzyca and Dominowo wind farms and acquisition of wind farms in Wielkopolska and Western Pomerania;

As a result of determining the final fair values of the acquired assets and assumed liabilities as at the acquisition date, which resulted in the adjustment of the provisional values previously recognised, the Group verified the comparative information for the previous periods presented in these half-year condensed consolidated financial statements. As a result of this process, certain asset and liability items changed as at 31 December 2023, which involved the need to restate this data. Detailed information is presented in the table below and in Note [3.3.2](#),

- in the interim condensed consolidated financial statements for the 4th quarter of 2023, the Group presented the final settlement of the merger transaction with the PGNIG Group. 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 regarding the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows for 1st half of 2023.



	31/12/2023 (published data)	Adjustments to comparative data due to completion of wind farm acquisition settlement	31/12/2023 (restated data)
ASSETS			
Non-current assets			
Property, plant and equipment	134 685	498	135 183
Intangible assets and goodwill	14 150	(349)	13 801
Right-of-use asset	13 486	-	13 486
Investments accounted for using the equity method	2 170	-	2 170
Deferred tax assets	991	(4)	987
Derivatives	1 682	-	1 682
Other assets	3 631	-	3 631
	170 795	145	170 940
Current assets			
Inventories	32 794	-	32 794
Trade and other receivables	39 722	-	39 722
Current tax assets	1 417	-	1 417
Cash	13 282	-	13 282
Derivatives	2 617	-	2 617
Assets classified as held for sale	242	-	242
Other assets	3 309	73	3 382
	93 383	73	93 456
Total assets	264 178	218	264 396
EQUITY AND LIABILITIES			
Equity			
Share capital	1 974	-	1 974
Share premium	46 405	-	46 405
Own shares	(2)	-	(2)
Hedging reserve	3 767	-	3 767
Revaluation reserve	(1)	-	(1)
Exchange differences on translating foreign operations	(179)	-	(179)
Retained earnings	100 118	-	100 118
Equity attributable to equity owners of the parent	152 082	-	152 082
Non-controlling interests	1 098	-	1 098
Total equity	153 180	-	153 180
Non-current liabilities			
Loans, borrowings and bonds	10 671	-	10 671
Provisions	10 165	-	10 165
Deferred tax liabilities	10 337	137	10 474
Derivatives	241	-	241
Lease liabilities	9 343	-	9 343
Other liabilities	859	-	859
	41 616	137	41 753
Current liabilities			
Trade and other liabilities	41 509	-	41 509
Lease liabilities	1 386	-	1 386
Liabilities from contracts with customers	1 818	-	1 818
Loans, borrowings and bonds	4 496	-	4 496
Provisions	11 467	81	11 548
Current tax liabilities	2 331	-	2 331
Derivatives	1 797	-	1 797
Other liabilities	4 578	-	4 578
	69 382	81	69 463
Total equity and liabilities	264 178	218	264 396

	6 MONTHS ENDED 30/06/2023 (unaudited) (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with the ORLEN Group	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Sales revenues	184 891	9 966	194 857
Cost of sales	(157 572)	(6 203)	(163 775)
Gross profit on sales	27 319	3 763	31 082
Distribution expenses	(7 511)	-	(7 511)
Administrative expenses	(2 754)	9	(2 745)
Other operating income	3 582	(26)	3 556
Other operating expenses	(2 686)	(1 704)	(4 390)
(Loss) due to impairment of trade receivables	(65)	-	(65)
Share in profit from investments accounted for under equity method	(111)	-	(111)
Profit from operations	17 774	2 042	19 816
Finance income	2 834	-	2 834
Finance costs	(1 055)	(1)	(1 056)
Net finance income and costs	1 779	(1)	1 778
(Loss) due to impairment of loans and interest on trade receivables	(27)	-	(27)
Profit before tax	19 526	2 041	21 567
Income tax	(5 873)	(204)	(6 077)
Net profit	13 653	1 837	15 490
Net profit attributable to	13 653	1 837	15 490
<i>equity owners of the parent</i>	13 552	1 837	15 389
<i>non-controlling interest</i>	101	-	101
Total net comprehensive income attributable to	17 193	1 923	19 116
<i>equity owners of the parent</i>	17 089	1 923	19 012
<i>non-controlling interest</i>	104	-	104
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN per share)	11.67	1.59	13.26

Compared to the data presented in the interim condensed consolidated financial statements for 1st half of 2023, as a result of final settlement process for the merger with the PGNiG Group, the following items of revenue and expense have changed:

- 1) sales revenue, the value of which for the 1st half-year of 2023 increased to PLN 194,857 million, mainly as a result of the settlement of assets and liabilities under gas sales contracts, for which the actual implementation of the underlying contracts took place by 30 June 2023 in the amount of PLN 9,966 million;
- 2) cost of sales, the value of which for the 1st half-year of 2023 increased to PLN (163,775) million, mainly due to verification of recognized write-downs on inventories at PGNiG, the recognition of changes in the depreciation of property, plant and equipment, intangible assets and right-of-use assets, which were revalued as part of the merger settlement process and the settlement of assets and liabilities under contracts for the purchase of gas and electricity, for which the actual implementation of the underlying contracts took place by 30 June 2023 in the total amount of PLN (6,203) million;
- 3) other net operating income/expenses, the value of which for the 1st half-year of 2023 decreased to PLN (834) million net, mainly due to the verification of recognized impairment losses on fixed assets (PLN (1,704) million).
- 4) as a result of the above changes, the deferred tax position has also changed by the amount of PLN (204) million.



	3 MONTHS ENDED 30/06/2023 (unaudited)	Adjustments to comparative data due to completion of accounting settlement of merger with the ORLEN Group	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Sales revenues	74 621	4 408	79 029
Cost of sales	(64 527)	(2 657)	(67 184)
Gross profit on sales	10 094	1 751	11 845
Distribution expenses	(3 849)	-	(3 849)
Administrative expenses	(1 362)	4	(1 358)
Other operating income	1 562	(29)	1 533
Other operating expenses	(927)	2	(925)
(Loss) due to impairment of trade receivables	(38)	-	(38)
Share in profit from investments accounted for under equity method	(110)	-	(110)
Profit from operations	5 370	1 728	7 098
Finance income	1 485	-	1 485
Finance costs	(490)	1	(489)
Net finance income and costs	995	1	996
(Loss) due to impairment of loans and interest on trade receivables	(13)	-	(13)
Profit before tax	6 352	1 729	8 081
Income tax	(1 808)	(254)	(2 062)
Net profit	4 544	1 475	6 019
Net profit attributable to	4 544	1 475	6 019
<i>equity owners of the parent</i>	4 590	1 475	6 065
<i>non-controlling interest</i>	(46)	-	(46)
Total net comprehensive income attributable to	3 742	1 515	5 257
<i>equity owners of the parent</i>	3 790	1 514	5 304
<i>non-controlling interest</i>	(48)	1	(47)
Net profit and diluted net profit per share attributable to equity owners of the parent (in PLN per share)	3.95	1.27	5.22

	6 MONTHS ENDED 30/06/2023 (unaudited) (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with the ORLEN Group	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Cash flows from operating activities			
Profit before tax	19 526	2 041	21 567
Adjustments for:			
Depreciation and amortisation	5 921	1 276	7 197
Net interest	118	1	119
Loss on investing activities	668	1 755	2 423
Change in provisions	4 586	15	4 601
Change in working capital	14 426	(697)	13 729
<i>inventories</i>	13 248	(788)	12 460
<i>receivables</i>	3 333	78	3 411
<i>liabilities</i>	(2 155)	13	(2 142)
Other adjustments	(336)	(4 163)	(4 499)
Net cash from operating activities	30 511	228	30 739
Cash flows from investing activities			
Acquisition of property, plant and equipment, intangible assets and right-of-use asset	(17 307)	-	(17 307)
Disposal of property, plant and equipment, intangible assets and right-of-use asset	177	(28)	149
Other	46	(21)	25
Net cash from investing activities	(18 234)	(49)	(18 283)
Net cash (used in) financing activities	(9 143)	-	(9 143)
Net increase in cash	3 134	179	3 313
Effect of changes in exchange rates	(1 089)	17	(1 072)
Cash, beginning of the period	21 456	(410)	21 046
Cash, end of the period	23 501	(214)	23 287

	3 MONTHS ENDED 30/06/2023 (unaudited) (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with the ORLEN Group	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Cash flows from operating activities			
Profit before tax	6 352	1 729	8 081
Adjustments for:			
Depreciation and amortisation	2 872	503	3 375
Net interest	8	-	8
Loss on investing activities	145	23	168
Change in provisions	1 424	15	1 439
Change in working capital	8 413	(267)	8 146
inventories	3 546	(316)	3 230
receivables	8 263	61	8 324
liabilities	(3 396)	(12)	(3 408)
Other adjustments	(2 080)	(1 896)	(3 976)
Net cash from operating activities	7 032	107	7 139
Cash flows from investing activities			
Acquisition of property, plant and equipment, intangible assets and right-of-use asset	(7 677)	29	(7 648)
Disposal of property, plant and equipment, intangible assets and right-of-use asset	126	(29)	97
Other	29	(12)	17
Net cash from investing activities	(4 905)	(12)	(4 917)
Net cash (used in) financing activities	(6 408)	-	(6 408)
Net increase in cash	(4 281)	95	(4 186)
Effect of changes in exchange rates	(901)	16	(885)
Cash, beginning of the period	28 683	(325)	28 358
	23 501	(214)	23 287

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 half-year 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 report is presented in PLN million, unless otherwise stated.

2.3.2. Methods applied to translation of financial statements

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

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

Foreign exchange differences resulting from the above recalculations are recognised in equity in the line exchange differences on translating foreign operations. Upon disposal of a foreign operation, foreign exchange differences accumulated in equity are transferred to the statement of profit or loss and disclosed as part of the overall net gain/(loss) on the disposal.

CURRENCY	Average exchange rate for the reporting period				Exchange rate as at the end of the reporting period	
	6 MONTHS ENDED 30/06/2024	3 MONTHS ENDED 30/06/2024	6 MONTHS ENDED 30/06/2023	3 MONTHS ENDED 30/06/2023	30/06/2024	31/12/2023
	EUR/PLN	4.3172	4.3010	4.6281	4.5450	4.3130
USD/PLN	3.9935	3.9949	4.2815	4.1743	4.0320	3.9350
CAD/PLN	2.9405	2.9199	3.1778	3.1083	2.9410	2.9698
CHF/PLN	4.4920	4.4180	4.6959	4.6442	4.4813	4.6828
CZK/PLN	0.1726	0.1724	0.1954	0.1927	0.1724	0.1759
NOK/PLN	0.3757	0.3718	0.4098	0.3902	0.3782	0.3867

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 6 and 3-month period ended 30 June 2024 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 half-year condensed consolidated financial statements

Profit or loss for the 6 months of 2024

Sales revenues of the ORLEN Group for the 6 months of 2024 amounted to PLN 151,842 million and was lower by PLN (43,015) million (y/y). The decrease in sales revenues concerned the Gas, Energy and Refining segments. and was partially compensated by the increase in revenues in the Retail and Upstream segments.

The operating expenses amounted to PLN (145,461) million and were lower by PLN 28,570 million (y/y) mainly as a result of the decrease in costs in the Gas, Energy, Refining and Petrochemical segments mitigated by the increase in costs in the Upstream and Retail segments.

Refining Segment

The decrease in sales revenues in the Refining segment amounted to PLN (5,813) million (y/y) and was mainly due to from the decline in prices of crude oil, light and middle distillates as a result of the strengthening of PLN against foreign currencies and lower sales volumes by (2%) (y/y).

The decrease in operating expenses in the Refining segment amounted to PLN 4,850 million (y/y) and resulted mainly from lower costs of trade goods, electricity consumption, non-oil production inputs from external purchases as well as lower CO₂ emission costs.

Petrochemical Segment

The decrease in sales revenues in the Petrochemical segment by PLN (142) million was accompanied by a decrease in operating costs, which amounted to PLN 985 million. In the Petrochemicals segment, lower costs of own consumption were partially limited by the negative impact of lower petrochemical margins and the strengthening of the PLN vs. the EUR.

Energy Segment

The decrease in sales revenues in the Energy segment amounted to PLN (6,203) million and was mainly due to the decrease in energy prices (TGeBase) by (34,4%) and lower electricity sales volumes by (12%).

The decrease in operating costs in the Energy segment amounted to PLN 7,722 million (y/y) and was mainly due to from lower natural gas prices and its lower consumption, lower CO₂ emission costs and the lack of deductions for the Price Difference Payment Fund, which were valid in 2023.

Retail Segment

The increase in sales revenues in the Retail segment amounted to PLN 4,352 million and was mainly due to an increase in demand as well as the increase in sales volumes in connection with the purchase of a local network of petrol stations in Austria in January 2024. Sales volume increased by 19%, mainly diesel oil by 20% and gasoline by 19%. The increase in operating costs in the Retail segment amounted to PLN (3,906) million and was mainly due to an increase in the operating costs of fuel stations.

Upstream Segment

The increase in sales revenues in the Upstream segment amounted to PLN 423 million and was mainly due to the inclusion of the volumes of the new upstream company KUFPEC Norway AS which merged with PGNiG Upstream Norway AS in June 2024 and was limited by the negative macro impact (y/y), decrease in gas prices and strengthening of the PLN against the USD and the EUR.

The increase in operating costs in the Upstream segment amounted to PLN (8,428) million and resulted mainly from a higher contribution to the Price Difference Payment Fund by PLN (8,710) million and the acquisition of KUFPEC Norway AS and the implementation of deposits development projects in Norway.

Gas Segment

The decrease in sales revenues in the Gas segment amounted to PLN (35,586) million and resulted mainly from lower gas prices on the markets (y/y), including: natural gas TGEgasDA by (33,8%), and PLN (7,309) million (y/y) lower contribution from the Price Difference Payment Fund.

The decrease in operating costs in the Gas segment amounted to PLN 32,450 million (y/y) and resulted mainly from lower gas purchase costs as a result of the decrease in market prices and strengthening of the PLN exchange rate against foreign currencies.

Additionally, both sales revenues and operating costs of the segment included the impact of the settlement of assets of the former PGNiG Group as at the merger date in the net amount of PLN (4,197) million (y/y).

The result of other operating activities amounted to PLN (1,106) million and was lower by PLN (272) million (y/y). The change was mainly influenced by lower impairment allowances on fixed assets (y/y) by PLN 1,071 million and a negative impact (y/y) of the effect of settlement and valuation of derivative financial instruments related to operational exposure in the total amount of PLN (1 528) million.

As a result, profit from operations amounted to PLN 5,424 million and was lower by PLN (14,392) 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 C1.

Net finance income in the described period amounted to PLN 176 million and included mainly net foreign exchange gain in the amount of PLN 63 million, net interest income in the amount of PLN 93 million and settlement and valuation of derivative financial instruments in the amount of PLN 61 million.

After the deduction of tax charges in the amount of PLN (2,773) million, the net profit of the ORLEN Group for the 6 months of 2024 amounted to PLN 2,761 million and was lower by PLN (12,729) million (y/y).

Profit or loss for the 2nd quarter of 2024

Sales revenues of the ORLEN Group in the 2nd quarter of 2024 amounted to PLN 69 510 million and were lower by PLN (9 519) million (y/y). The decrease in sales revenues concerned the Gas, Energy, Refining and Upstream segments and was partially compensated by an increase in revenues in the Retail and Petrochemical segments.

Operating expenses amounted to PLN (68,417) million and were lower by PLN 3,974 million (y/y) mainly as a result of a decrease in costs in the Gas, Energy and Refining segments mitigated by an increase in costs in the Upstream, Retail and Petrochemical segments.

Refining Segment

The decrease in sales revenues in the Refining segment amounted to PLN (737) million (y/y) and resulted mainly from the decrease from the decline in prices of crude oil, light and middle distillates as a result of the strengthening of PLN against foreign currencies and, mainly due to the cyclical shutdown of the Litvinov refinery and changes in the structure of processed crude oils (limitation of REBCO processing). Segment volume sales were lower by (2%)

The decrease in operating costs in the Refining segment amounted to PLN 414 million (y/y) and resulted mainly from lower costs of trade goods, electricity consumption, non-oil production inputs from external purchases as well as lower CO₂ emission costs.

Petrochemical Segment

The increase in sales revenues in the Petrochemical segment amounted to PLN 448 million and resulted mainly from an increase in sales volumes by 8%, mainly polymers by 20%, monomers by 17%, fertilizers by 13% and PTA by 27%.

The increase in operating costs in the Petrochemical segment amounted to PLN (40) million.

Energy Segment

The decrease in sales revenues in the Energy segment amounted to PLN (2,369) million (y/y) and was mainly due to the decrease in energy prices (TGeBase) by (25%) and lower electricity sales volumes by (12%).

The decrease in operating costs in the Energy segment amounted to PLN 3,746 million (y/y) and was mainly due to from lower natural gas prices and its lower consumption, lower CO₂ emission costs and the lack of deductions for the Price Difference Payment Fund, which were valid in 2023.

Retail Segment

The increase in sales revenues in the Retail segment amounted to PLN 2,821 million and was mainly due to the increase in demand as well as the increase in sales volumes in connection with the purchase of a local network of petrol stations in Austria. Sales volume increased by 18%, mainly diesel by 18% and gasoline by 18%.

The increase in operating costs in the Retail segment amounted to PLN (2,619) million and was mainly due to the increase in operating costs of petrol stations.

Upstream segment

The decrease in sales revenues in the Upstream segment amounted to PLN (54) million (y/y) and resulted mainly from the negative macro impact (y/y) as a result of the decrease in gas prices TGEgasDA by (12,1%) and lower hydrocarbon sales volume and was partially offset by the inclusion of volumes of the new upstream company KUFPEC Norway AS.

The increase in operating costs in the Upstream segment amounted to PLN (4,395) million (y/y) and resulted mainly from a higher contribution to the Price Difference Payment Fund by PLN (4,516) million and was partially compensated by lower fixed costs.

Gas Segment

The decrease in sales revenues in the Gas segment amounted to PLN (9,595) million (y/y) and resulted mainly from lower prices on natural gas (y/y) and lower contribution from the Difference Price Payment Fund by PLN (2 467) million (y/y). The decrease in operating costs in the Gas segment amounted to PLN 6,093 million (y/y) and resulted mainly from lower gas purchase costs as a result of the decrease in market prices and strengthening of the PLN exchange rate against foreign currencies.

Additionally, both sales revenues and operating costs of the segment included the impact of the settlement of assets of the former PGNiG Group as at the merger date in the net amount of PLN (1,582) million (y/y).

The result of other operating activities amounted to PLN (299) million and was lower by PLN (907) million (y/y) mainly as a result of the impact of recognising in the comparable period of the previous year a change in the net impact of the settlement and valuation of derivative financial instruments related to operational exposure in the total amount of PLN (875) million and from the recognition of

partial compensation from insurers in connection with the failure of the vacuum residue hydrodesulphurisation (HOG) unit at the ORLEN Production Plant in Plock in the amount of PLN 443 million.

As a result, profit from operations amounted to PLN 1,056 million and was lower by PLN (6,042) 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 C1.

After the deduction of tax charges in the amount of PLN (1,046) million, the net result of the ORLEN Group amounted to PLN (34) million and was lower by PLN (6,053) million (y/y).

Statement of financial position

As at 30 June 2024, the total assets of the ORLEN Group amounted to PLN 259,641 million and was lower by PLN (4,755) million in comparison with 31 December 2023.

The change in the value of assets was influenced by an increase in the value of fixed assets by 5.3% and a decrease in the value of current assets by (14.7)%.

As at 30 June 2024, the value of non-current assets amounted to PLN 179,947 million and was higher by PLN 9,007 million in comparison with the end of the previous year, mainly due to increase in property, plant and equipment and intangible assets by PLN 7,681 million, decrease in the deferred tax asset by PLN 572 million.

The change in balance of property, plant and equipment and intangible assets by PLN 7,681 million (y/y) comprised:

1) investment expenditures in the amount of PLN 12,967 million including:

Refining segment

- construction of the Visbreaking and HVO (Hydrotreated Vegetable Oil) Installation in Plock,
- construction of the new hydrocracking in Lithuania,
- construction of the Bioetanol 2nd Gen installation in ORLEN Południe,
- construction of the Hydrocracking Oil Unit and a marine terminal for transshipment of petroleum products on the Martwa Wisła in Gdańsk,

Petrochemical segment

- development of fertilizer production capacities in Anwil,
- expenditure of the production capacity of the Olefin installation in Plock,

Energy segment

- modernization of existing assets and the connection of new customers,
- construction of CCGT Ostrołęka and CCGT Grudziądz,
- construction of photovoltaic farms,

Upstream segment

- upstream projects in Norway including development of the Tommeliten Alpha and Fenris deposits and the Yggdrasil area,
- upstream projects in Poland

Retail segment

- expansion, modernization and rebranding of the network petrol stations and expansion of the non-fuel sales network

Gas segment

- construction and modernization of customer connections to the grid – Polska Spółka Gazownictwa

2) depreciation and amortisation in the amount of PLN (6,083) million,

3) purchase and amortisation of CO₂ allowances and energy certificates in the amount of PLN 1,461 million and PLN (4,475) million, respectively,

4) rights received free of charge in the amount of PLN 2,403 million;

5) recognition of net impairment allowances on assets mainly in the Petrochemical segment in the amount of PLN (1,239) million,

6) goodwill recognised on the acquisition of new subsidiaries (mainly KUFPEC Norway AS i Doppler Energie) in the amount of PLN 1,652 million.

7) effect of recognition assets of the acquisition of new subsidiaries (KUFPEC Norway AS i Doppler Energie) in the 1st half of 2024 in the amount of PLN 1 459 million,

8) effect of differences in balance on translating foreign operations in the amount of PLN (481) million.

The value of current assets as at 30 June 2024 decreased by PLN (13,762) million in comparison with the end of the previous year, mainly as:

- decrease in trade and other receivables by PLN (7,982) million mainly due to decrease in crude oil sales volume and prices on European markets,
- decrease in balance of cash by PLN (2,850) million,
- a decrease in the valuation of derivative financial instruments by PLN (1,305) million, mainly due to the settlement of purchase and sale transactions of natural gas (commodity swap transactions and commodity futures and forwards),

- decrease in other assets by PLN (746) million mainly related to a decrease in assets from contracts valued at the time of settlement of the business combination by PLN (948) million and an increase in security deposits by PLN 579 million, mainly due to CO₂ commodity futures purchase transactions and commodity swap transactions hedging crude oil concluded on the ICE exchange.

As at 30 June 2024, total equity amounted to PLN 148,963 and was higher by PLN (4,217) million in comparison with the end of 2023, mainly due to and consideration dividends liabilities from previous years' profits to ORLEN's shareholder in the total amount of PLN (4,818) million, impact of the change in hedging reserve in the amount of PLN (1,749) million and recognition of net profit for the 6 months of 2024 in the amount of PLN 2,761 million.

The value of trade and other liabilities increased by PLN 3,566 million in comparison to the end of 2023 mainly due to recognition of ORLEN's shareholder dividend liabilities by PLN 4,818 million and decrease of investment liabilities by PLN (1,513) million.

Value of provisions as at 30 June 2024 amounted to PLN 20,687 million and was lower by PLN (1,026) million in comparison to the end of 2023. The change resulted mainly from a decrease in the net provisions for estimated CO₂ emissions and energy certificates in the amount of PLN (1,012) million due to the recognition and updating of the net provision in the amount of PLN 4,158 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 (4,935) million,

As at 30 June 2024, net financial indebtedness of the ORLEN Group amounted to PLN 2,362 million and was higher by PLN 555 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 (2,292) million and an decrease in balance of cash by PLN 2,850 million.

Statement of cash flows for the 6 months of 2024

Proceeds of net cash from operating activities for the 6 months of 2024 amounted to PLN 17,633 million and comprised mainly result from operations increased by depreciation and amortisation (EBITDA) in the amount of PLN 12,272 million adjusted by:

- the positive impact of decrease in a net working capital by PLN 8,699 million,
- paid income taxes in the amount of PLN (2,876) million,
- change in provisions in the amount of PLN 3,024 million mainly as a result of creation of provision for CO₂ emission,
- other adjustments in the amount of PLN (4,717) million related mainly to settlement and valuation of derivatives in the amount of PLN (1,523) million, settlement of grants for property rights in the amount of PLN (1,303) million, change in assets and liabilities due to contracts valued at the time of settlement of business combination in the amount of PLN (1,032) million and securing the settlement of transactions hedging commodity risk traded with financial institutions and on commodity exchanges in the amount of PLN (602) million.

Net cash used in investing activities for the 6 months of 2024 amounted to PLN (16,716) million and comprised mainly cash flows for the acquisition of property, plant and equipment, intangible assets and right-of-use asset in the amount of PLN (14,941) million and acquisition of shares lowered by cash of PLN (1,930) million concerning mainly KUFPEC Norway AS i Doppler Energie.

Net cash flows used in financing activities for the 6 months of 2024 amounted to PLN (3,620) million and comprised mainly the net repayment of loans and borrowings in the amount of PLN (2,187) million, interest paid in the amount of PLN (475) million and liabilities under lease agreements in the amount of PLN (860) million.

After taking into consideration of the revaluation of cash due to exchange differences, the cash balance in the 6 months of 2024 decreased by PLN (2,850) million and as at 30 June 2024 amounted to PLN 10,432 million.

Statement of cash flows for the 2nd quarter of 2024

In the 2nd quarter of 2024 the net cash from operating activities amounted to PLN 5,963 million and comprised mainly of profit from operations increased by depreciation and amortisation (EBITDA) in the amount of PLN 4,542 million, adjusted by:

- the positive impact of decrease in a net working capital by PLN 3,089 million;
- change in provisions in the amount of PLN 1,007 million;
- other adjustments in the amount of PLN (2,089) million related mainly to settlement and valuation of derivatives in the amount of PLN (479) million, settlement of grants for property rights in the amount of PLN (693) million and change in assets and liabilities due to contracts valued at the time of settlement of business combination in the amount of PLN (420) million.

In the 2nd quarter of 2024 the net cash used in investing activities amounted to PLN (6,938) million and comprised mainly of expenses for the acquisition of property, plant and equipment, intangible assets and right-of-use asset in the amount of PLN (6,670) million and acquisition of shares lowered by cash in the amount of PLN (378) million concerning mainly the acquisition of companies in the ENERGA Group.

In the 2nd quarter of 2024 net cash inflows from financing activities amounted to PLN 29 million and comprised mainly payments of liabilities under lease agreements in the amount of PLN (334) million, interest paid in the amount of PLN (241) million and the net inflows of loans and borrowings in the amount of PLN 646 million,

Following inclusion of the revaluation of cash due to exchange differences, the cash balance in the 2nd quarter of 2024 decreased by PLN (982) million and as at 30 June 2024 amounted to PLN 10,432 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, availability and prices of energy carriers,
- paths of inflation and central bank interest rates,
- a significant decrease in the global GDP growth rate and the risk of recession,
- the European Commission's policy of introducing appropriate tariffs that would equalize market conditions in Europe,
- European Union's climate policy and prices of rights and CO₂ emissions allowances,
- administrative interventions on international and domestic fuel markets and electricity (price caps, taxation of windfall profits, tariff policy of the President of the Energy Regulatory Office),
- increase in operating costs and investment financing related to inflation, geopolitical risk and regulatory risk,
- availability of production installations,
- 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.

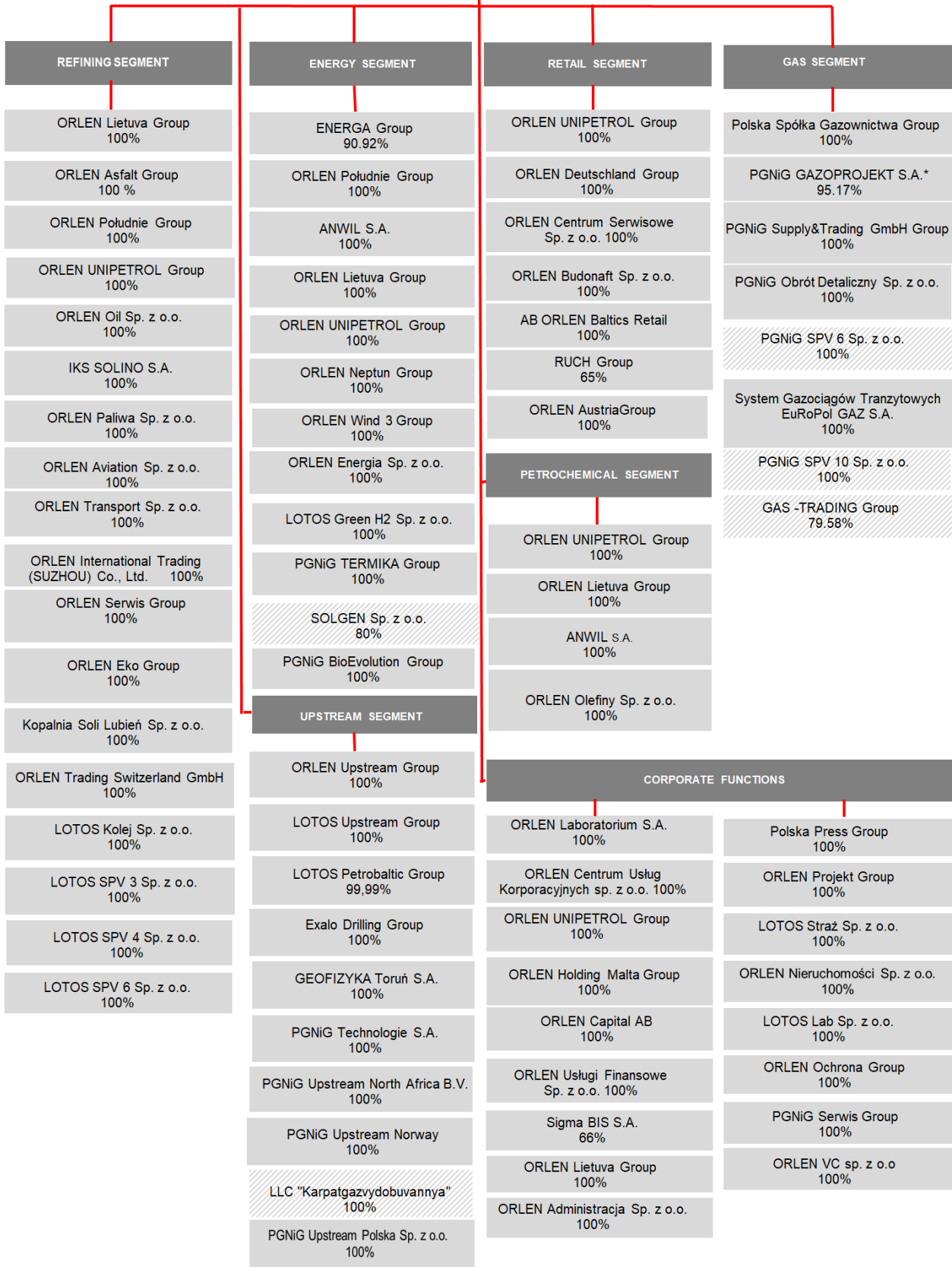
3.2. Organization of the ORLEN Group and changes in the structure of the ORLEN Group

As at 30 June 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, the 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.



ORLEN GROUP - CONSOLIDATION SCHEME AS AT 30 06 2024
(% of share in share capital)



* 96.37% 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
ORLEN Lietuva Group		
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
ORLEN Asfalt Group		
ORLEN Asfalt Sp. z o.o.	100%	Refinery
ORLEN Asfalt Ceska Republika s.r.o.	100%	Refinery
ORLEN Południe Group		
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
ORLEN UNIPETROL Group		
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
ORLEN Serwis Group		
ORLEN Serwis S.A.	100%	Refinery
ORLEN Service Česká Republika s.r.o.	100%	Refinery
UAB ORLEN Service Lietuva	100%	Refinery
ORLEN Eko Group		
ORLEN Eko Sp. z o.o.	100%	Refinery
ORLEN EkoUtylizacja Sp. z o.o.	100%	Refinery
ENERGA Group		
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
WENA PROJEKT 2 sp. z o.o.	100%	Energy
Elektrownia Ostrołęka Sp. z o.o.	100%	Energy
ORLEN Neptun Group		
ORLEN Neptun 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
ORLEN Wind 3 Group		
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
PGNiG TERMIKA Group		
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
ORLEN Upstream Group		
ORLEN Upstream Sp. z o.o.	100%	Upstream
ORLEN Upstream Canada Ltd.	100%	Upstream
KCK Atlantic Holdings Ltd.	100%	Upstream
LOTOS Upstream Group		
LOTOS Upstream Sp. z o.o.	100%	Upstream
AB LOTOS Geonafita	100%	Upstream
UAB Genciu Nafta	100%	Upstream
UAB Manifaldas	100%	Upstream
LOTOS Exploration and Production Norge AS	100%	Upstream
LOTOS Petrobaltic Group		
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
Exalo Drilling Group		
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
ORLEN Deutschland Group		
ORLEN Deutschland GmbH	100%	Retail
ORLEN Deutschland Betriebsgesellschaft GmbH	100%	Retail
ORLEN Deutschland Süd Betriebsgesellschaft mbH	100%	Retail
RUCH Group		
RUCH S.A.	65%	Retail
Fincos Business Solutions Sp. z o.o.	100%	Retail



ORLEN Holding Malta Group		
ORLEN Holding Malta Ltd.	100%	Corporate Functions
Orlen Insurance Ltd.	100%	Corporate Functions
Polska Spółka Gazownictwa Group		
Polska Spółka Gazownictwa Sp. z o.o.	100%	Gas
Gaz Sp. z o.o.	100%	Gas
PSG Inwestycje Sp. z o.o.	100%	Gas
PGNiG Supply & Trading Group		
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
GAS - TRADING Group		
GAS - TRADING S.A.*	79.58%	Gas
Gas-Trading Podkarpacie sp. z o.o.*	99.04%	Gas
Polska Press Group		
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
ORLEN Ochrona Group		
ORLEN Ochrona Sp. z o.o.	100%	Corporate Functions
UAB ORLEN Apsauga	100%	Corporate Functions
PGNiG Serwis Group		
PGNiG Serwis Sp. z o.o.	100%	Corporate Functions
Polskie Centrum Brokerskie sp. z o.o.*	100%	Corporate Functions
ORLEN Projekt Group		
ORLEN Projekt S.A.	100%	Corporate Functions
ORLEN Projekt Česká republika s.r.o.	59.91%	Corporate Functions
ENERGOP Sp. z o.o.	74.11%	Corporate Functions
PGNiG Bioevolution Group		
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
ORLEN Austria Group		
ORLEN Austria GmbH	100%	Retail
Austrocard GmbH	100%	Retail
Doppler Badener Tankstellenbetriebs GmbH	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
Puchener 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

* 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. On 9 July 2024, Doppler Energie GmbH changed its name to ORLEN Austria GmbH Additional information in note [3.3.1.](#);
- on 3 January 2024, ENERGA Invest Sp. z o.o. (the company being acquired) and ORLEN Projekt S.A. (the acquiring company) merged. The merger took place pursuant to Article 492 § 1 item 1 of the Commercial Companies Code, i.e. by transferring all assets of the company being acquired to the acquiring company.
- on 5 January 2024, PGNiG Upstream Norway AS (PUN) acquired 100% of shares in KUFPEC Norway AS and changed its name to 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. For this reason, the Group recognised in other operating income the result on the sale of the company in the amount of PLN 11 million;
- on 8 March 2024 ENERGA Green Development Sp. z o.o. finalized the purchase of Farma Wiatrowa Szybowice sp. z o.o. from Onde and Goalscreen Holdings Limited. The acquired company has a wind farm project with a capacity of 37,4 MW in the stage of readiness for construction. The order to start work has been issued on 20 March 2024. The planned wind farm is located in the Prudnik commune in Opole Voivodeship. The planned costs of the company's implementation of the Szybowice Wind Farm project, estimated on the basis of separate contracts concluded (i.e. contract for the supply of 17 turbines, general and comprehensive contracting contract and project management contract during construction) are approximately PLN 350 million. The construction of the installation is to be completed by the end 2025. The Group has initially assessed that the assets and related liabilities taken over by the Group as part of this transaction do not constitute a project as defined in IFRS 3 and in these half-year condensed consolidated financial statements it has recognized this transaction as the acquisition of a group of assets. The fair value of the payment transferred so far amounted to PLN 58 million and included the purchase of shares as well as the repayment of loans granted to the company by former shareholders, which was a necessary condition for taking control of the company,
- on 4 April 2024 Energa S.A. finalised a purchase of 50% shares in company 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 initially established to implement the project of a new coal-fired power plant in Ostrołęka, however, due to the change in the project regarding the fuel used from coal to gas, the project is continued in another special purpose vehicle. Currently, EO has assets in a form of, among others, land, including land leased by CCGT Ostrołęka Sp. z o.o. and railway siding used by the company Energa Elektrownie Ostrołęka S.A. Purchase price of 50% of shares in EO amounted to PLN 42 million. The purpose of the transaction was to take full control over EO in order to use its potential and resources, including, among others, real estate for the implementation of the ORLEN Group's strategic investment projects. The Group has initially assessed that the assets and related liabilities taken over by the Group as part of this transaction do not constitute a project as defined in IFRS 3 and in these half-year condensed consolidated financial statements it has recognized this transaction as the acquisition of a group of assets.
- on 12 April 2024 Energa Wytwarzanie S.A. purchased from Lightsource bp 100% of shares in special purpose vehicle Wena Projekt 2 Sp. z o.o. with its seat in Warsaw, having the rights to the design of a photovoltaic installation with a total capacity of approx. 130 MW. Also on 12 April 2024, orders were issued to the general contractor to start work. The photovoltaic installation is to be built in the Kotla commune in Głogów County, Lower Silesian Voivodeship. The photovoltaic installation is expected to be commissioned before the end of 2025. The fair value of the consideration transferred amounted to PLN 117 million and included the purchase of shares as well as the repayment of a loan granted to the special purpose vehicle by former shareholders, which was a necessary condition for taking control of the company and may change in subsequent periods as a result of the process of determining the final sale price. The book value of the acquired net assets as at the acquisition date amounted to PLN 30 million. The Group has initially assessed that the assets and related liabilities taken over by the Group as part of this transaction do not constitute a project as defined in IFRS 3 and in these half-year condensed consolidated financial statements it has recognized this transaction as the acquisition of a group of assets. The company mainly has assets in the form of fixed assets under construction relating to the expenditure incurred so far for the implementation of the investment.
- on 14 May 2024, ORLEN S.A. acquired 15% of shares in LLC "KARPATGAZVYDOBUVANNYA" and currently holds 100% of shares in this company,
- on 18 June 2024, ORLEN Upstream Norway 2 AS was deleted from the Norwegian Register of Businesses as a result of the completion of the merger with PGNiG Upstream Norway AS. This operation was carried out in connection with the regulatory requirements of the Norwegian authorities regarding the Group's petroleum operations in Norway through a single entity;
- on 20 June 2024, ORLEN sold 100% of shares in Gas Storage Poland sp. z o.o., the operator of the gas fuel storage system, to Operator Gazociągów Przesyłowych Gaz-system S.A., thus meeting the condition required by the President of the Office of Competition and Consumer Protection in connection with the merger of ORLEN with PGNiG S.A. As a result of this transaction, a result on sale of PLN 9 million was recognized, presented as part of other operating income;
- on 9 July 2024, ORLEN Wind 3 finalized the purchase of 100% of shares in the PV Walcz 01 Sp. z o.o. photovoltaic farm from Forum IV Fundusz Inwestycyjny Zamknięty and Prime PV Assets. The photovoltaic power plant with a total installed capacity of approximately 10 MW is located in the West Pomeranian Voivodeship, near the town of Walcz;

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

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

3.3.1. Settlement of business combinations that took place in the current reporting period

3.3.1.1. Finalization of acquisition of service stations in Austria

On 2 January 2024, ORLEN finalized the transaction of purchasing 100% of shares in Doppler Energie (currently ORLEN Austria) 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.

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 half-year 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, has not been completed. 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
Acquired assets	A	1 136
Non-current assets		468
Property, plant and equipment		200
Intangible assets		47
Right-of-use asset		219
Deferred tax assets		2
Current assets		668
Inventories		72
Trade and other receivables		486
Cash		110
Acquired liabilities	B	1 066
Non-current liabilities		200
Deferred tax liabilities		4
Provision		4
Lease liabilities		192
Current liabilities		866
Trade and other liabilities		839
Lease liabilities		27
Provisional total net assets	C = A - B	70
Acquired net assets attributable to the equity owners of the parent	D	70
% share in the share capital	E	100
Value of shares measured as a proportionate share in the net assets	F = D*E	70
Fair value of the consideration transferred (Cash paid)	G	654
Provisional goodwill	I = G-F	584

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.

3.3.1.2. KUFPEC Norway AS company acquisition transaction

On 5 January 2024 PGNiG Upstream Norway from the ORLEN Group finalised acquisition transaction of KUFPEC Norway AS 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 AS was financed from funds generated by PGNiG Upstream Norway from operational activities on the Norwegian Continental Shelf. The acquisition of KUFPEC Norway AS 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 AS, 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 AS is accounted for using the acquisition method in accordance with IFRS 3 Business Combinations.

As at the date of preparation of these half-year condensed consolidated financial statements, the Group has presented provisional values of identifiable assets and liabilities, that correspond to their fair values at the date of the combination estimated based on work performed by the Group to date with the participation of an external advisor, which are currently subject to verification and therefore may still be subject to change. 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
Acquired assets	A	2 327
Non-current assets		1 212
Property, plant and equipment		1 212
Current assets		1 115
Trade and other receivables		240
Inventories		36
Cash		839
Acquired liabilities	B	1 599
Non-current and current liabilities		1 599
Trade and other liabilities		126
Current tax liabilities		362
Deferred tax liabilities		295
Provisions for infrastructure decommissioning		815
Other liabilities		1
Provisional total net assets	C = A - B	728
Acquired net assets attributable to the equity owners of the parent	D	728
% share in the share capital	E	100
Value of shares measured as a proportionate share in the net assets	F = D * E	728
Fair value of the consideration transferred (Cash paid)	G	1 868
Provisional goodwill	I = G - F	1 140

Net cash outflow related to the acquisition of ORLEN Upstream Norway 2 AS (recognised as cash flow from investing activities) being the difference between the cash acquired and the cash transferred as payment, taking into account exchange rate differences on translation, amounted to PLN (1,024) million.

In relation to the data presented as part of the provisional settlement of the merger presented in the Report for the first quarter of 2024 as a result of the process of identification and fair value measurement of individual assets acquired and liabilities assumed as at the merger date, the position of property, plant and equipment changed, the fair value of which was determined at PLN 1,212 million (the provisional value based on book values amounted to PLN 1,545 million), mainly as a result of the revaluation of assets related to the development and extraction of mineral resources. The presented amount of deferred tax liability also changed significantly, whose value amounted to set at PLN 295 million (the provisional value based on book values amounted to PLN 431 million). There were no significant changes with respect to other net assets.

As a result of changes in the fair value of net assets, the provisional goodwill also changed and increased to the amount PLN 1,140 million, compared to the previously presented value of PLN 944 million. Part of the goodwill in the amount of PLN 873 million is reflected in the value of the deferred tax liability recognised as at the acquisition date relating to the difference between the fair value of the acquired property, plant and equipment and their value recognised for tax purposes. The remaining part of the goodwill in the amount of PLN 267 million represents the value of the expected benefits and synergies in the Group as part of the implemented strategy including strengthening the development potential in Norway by integrating acquired assets, optimizing operating costs and increasing the scale of operations.

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

3.3.2.1. 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.

The transaction included the purchase of three wind farms located in the Wielkopolska region, near Dobrzyca (49.9 MW), Ujazd (30 MW), and Dominowo (62.4 MW). The purchased wind farms, whose total capacity is 142 MW, can be additionally expanded with photovoltaic installations with a total capacity of approximately 160 MW, using the existing network connection (cable pooling). ORLEN Wind 3 became the direct owner of the farms.

The fair value of the consideration transferred was PLN 2,231 million and included the purchase price of the shares, as well as the repayment of loans granted to the wind farms by the former shareholder, which was a necessary condition for taking control of the farms.

As a result of the acquisition of the wind farms, the Group enhanced generation capacity of the concern by increasing the capacity installed in onshore wind farms. The transaction is the result of the implementation of the Group's strategy aimed at providing low-emission and attractively priced energy and strengthens the Group's position as one of the leading contributor to energy transition.

Full settlement of transaction

The acquisition of wind farms is accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. In the consolidated half-year report for the 1st half of 2024, the Group presented the results of work carried out by independent experts in the process of identifying and measuring at fair value individual acquired assets and assumed liabilities, including potential contingent liabilities. In connection with the above, in these half-year condensed consolidated financial statements, the Group presents the final fair values of acquired assets and liabilities as part of the final settlement of the Ujazd, Dobrzyca and Dominowo wind farm acquisition transaction.

in PLN million		12/10/2023
Acquired assets	A	1 351
Non-current assets		1 244
Property, plant and equipment		1 152
Right-of-use asset		30
Deferred tax assets		62
Current assets		107
Trade and other receivables		14
Cash		16
Other assets		77
Acquired liabilities	B	241
Non-current and current liabilities		241
Lease liabilities		3
Trade and other liabilities		15
Deferred tax liabilities		110
Provisions		85
Other liabilities		28
Total net assets	C = A - B	1 110
The fair value of the payment	D	2 231
The value of pre-existing connections	E	(14)
Goodwill	F = D + E - C	1 107

The final net asset value amounted to PLN 1,110 million, which means an increase of PLN 211 million relative to the provisional settlement of the transaction presented in the Consolidated Report for 2023. The change was mainly due to:

- valuation of property, plant and equipment, the fair value of which in the final settlement amounted to PLN 1,152 million (the provisional value amounted to PLN 807 million), which means an increase of PLN 344 million,
- recognition of additional provisions whose fair value was determined at PLN 85 million (the provisional value amounted to at PLN 5 million), which means an increase of PLN 80 million,
- an increase in the position of other assets as a result of recognizing an asset for compensation resulting from securing potential regulatory, legal, environmental and other risks at an estimated fair value of PLN 73 million,
- recognition of an additional liability related to deferred tax as a result of the above changes in the amount of PLN 110 million (the provisional value amounted to PLN 0 million), which means an increase of PLN 110 million.

There were no significant changes with respect to other net asset items.

The goodwill determined in the final settlement amounted to PLN 1,107 million and has decreased by PLN 225 million relative to the provisional settlement of the transaction presented in the Consolidated Report for 2023.

The goodwill remaining in the final settlement relates primarily to the expected benefits and synergies throughout the Group as part of the implemented strategy to expand the renewable energy sources portfolio.

Net cash outflow related to the acquisition of wind farms, which is the difference between the net cash acquired (recognised as cash flows from investing activities) and the cash transferred as consideration, amounted to PLN 2,215 million.

If the takeover of the wind farms had taken place at the beginning of the period, the Group's sales revenues and net profit for the 12-month period ended 31 December 2023 would have amounted to PLN 373,015 million and PLN 20,810 million.

The share of wind farms in the revenues and result generated by the ORLEN Group for 2023 was irrelevant.

3.3.2.2. 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 Forthewind sp. z o.o. and Copernicus Windpark sp. z o.o. The transaction encompassed installations in Kuślin near Nowy Tomyśl in Wielkopolska and in Krzęcin, near Choszczno in Western Pomerania, with a total capacity of approximately 60 MW.

The fair value of the consideration transferred amounted to PLN 442 million and included the purchase of the shares, as well as, the repayment of the loan granted to wind farms by the former shareholders, a necessary condition for taking control of farms.

Full settlement of the transaction

The acquisition of wind farms is settled applying the acquisition method in accordance with IFRS 3 Business Combinations.

In the Consolidated Half-Year Report for the first half of 2024, the Group presented the results of work carried out by external experts in the process of identifying and fair value measurement of acquired assets and assumed liabilities, including potential contingent liabilities. Therefore, in these half-year condensed consolidated financial statements, the Group presents the final fair values of the acquired assets and liabilities as part of the final settlement of the acquisition transaction of wind farms in Wielkopolska and Western Pomerania.

The fair value of identifiable main assets and liabilities acquired as at the acquisition date are as follows:

		12/12/2023
Acquired assets	A	626
Non-current assets		574
Property, plant and equipment		574
Current assets		52
Trade and other receivables		8
Cash		44
Acquired liabilities	B	33
Non-current and current liabilities		33
Trade and other liabilities		6
Deferred tax liabilities		27
Total net assets	C = A - B	593
Fair value of the consideration transferred (Cash paid)	D	442
The value of pre-existing connections	E	314
Goodwill	F = D + E - C	163

The final net assets value amounted to PLN 593 million, which means an increase by PLN 128 million in relation to the provisional settlement of the transaction presented in the Consolidated Report for 2023. The change resulted mainly from the valuation of property, plant and equipment, the fair value of which in the final settlement amounted to PLN 574 million (the provisional value amounted to PLN 420 million), which means an increase by PLN 154 million, as well as the related recognition of an additional deferred tax liability in the amount of PLN 27 million (the provisional value amounted to PLN 6 million).

The other net asset items have not changed significantly.

Moreover, as part of the final settlement of the merger, the Group recognised the value of loans granted to wind farms by the former shareholder, repaid on the transaction date, in the amount of PLN 98 million, as an element of the purchase price. As part of the provisional settlement of the transaction, the value of these loans was recognised as a settlement of pre-existing relationships.

The remaining value of the settlement of pre-existing relationships relates to loans granted by the Group to the acquired companies prior to the transaction date.

As a result of above changes the goodwill recognised as part of the final merger settlement amounted to PLN 163 million and decreased by PLN 129 million in relation to the provisional settlement of the transaction presented in the Consolidated Report for 2023. The remaining goodwill in the final settlement relates mainly to the expected benefits and synergies across the Group as part of the implemented strategy to expand the renewable energy sources portfolio.

The net cash outflow related to the acquisition of wind farms, being the difference between the net cash acquired (recognised as cash flows from investing activities) and the cash transferred as consideration, amounted to PLN 398 million.

If the acquisition of wind farms took place at the beginning of the period, the sales revenue and net profit of the Group for the 12-month period ended 31 December 2023 would amount to PLN 373,015 million and PLN 20,810 million, respectively.

The share of wind farms in the ORLEN Group's revenues and result for 2023 was immaterial.

3.3.2.3. 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 counteracting 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 half-year 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 half-year 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 30 June 2024 the operations of the ORLEN Group are 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,
- 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 [3.3](#).

Revenues, costs, financial results, increases in non-current assets for the 6-month period ended 30 June 2024

	NOTE	Refining Segment (unaudited)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Gas Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
External revenues	5.1	47 477	7 988	15 894	30 986	4 010	45 167	320	-	151 842
Inter-segment revenues		21 358	2 103	3 389	90	5 731	7 623	514	(40 808)	-
Sales revenues		68 835	10 091	19 283	31 076	9 741	52 790	834	(40 808)	151 842
Total operating expenses		(65 084)	(10 399)	(16 328)	(30 223)	(20 401)	(41 898)	(1 954)	40 826	(145 461)
Other operating income	5.4	728	107	117	25	108	468	26	-	1 579
Other operating expenses	5.4	(329)	(1 456)	(136)	(33)	(158)	(368)	(205)	-	(2 685)
(Loss)/reversal of loss due to impairment of trade receivables		(31)	-	5	-	(1)	(43)	4	-	(66)
Share in profit from investments accounted for using the equity method	5.7	14	(2)	233	-	(32)	-	2	-	215
Profit/(Loss) from operations		4 133	(1 659)	3 174	845	(10 743)	10 949	(1 293)	18	5 424
Net finance income and costs	5.5									176
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables										(66)
Profit before tax										5 534
Tax expense										(2 773)
Net profit										2 761
Depreciation and amortisation	5.2	817	392	1 211	559	2 630	1 047	192	-	6 848
EBITDA		4 950	(1 267)	4 385	1 404	(8 113)	11 996	(1 101)	18	12 272
EBITDA LIFO		4 888	(1 302)	4 385	1 404	(8 113)	11 996	(1 101)	18	12 175
Increases in non-current assets		3 017	2 721	2 433	1 243	3 269	1 112	195	-	13 990

for the 6-month period ended 30 June 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	53 290	8 130	22 097	26 634	3 587	80 753	366	-	194 857
Inter-segment revenues		22 048	2 288	4 150	92	7 811	8 879	495	(45 763)	-
Sales revenues		75 338	10 418	26 247	26 726	11 398	89 632	861	(45 763)	194 857
Total operating expenses		(69 934)	(11 384)	(24 050)	(26 317)	(11 973)	(74 348)	(1 791)	45 766	(174 031)
Other operating income	5.4	753	385	264	26	157	1 940	31	-	3 556
Other operating expenses	5.4	(426)	(70)	(113)	(34)	(2 519)	(1 107)	(121)	-	(4 390)
(Loss)/reversal of loss due to impairment of trade receivables		2	1	(57)	(1)	(59)	47	2	-	(65)
Share in profit from investments accounted for using the equity method	5.7	14	(1)	(32)	-	1	(95)	2	-	(111)
Profit/(Loss) from operations		5 747	(651)	2 259	400	(2 995)	16 069	(1 016)	3	19 816
Net finance income and costs	5.5									1 778
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables										(27)
Profit before tax										21 567
Tax expense										(6 077)
Net profit										15 490
Depreciation and amortisation	5.2	749	579	1 167	491	2 884	1 148	179	-	7 197
EBITDA		6 496	(72)	3 426	891	(111)	17 217	(837)	3	27 013
EBITDA LIFO		8 004	(25)	3 426	891	(111)	17 217	(837)	3	28 568
Increases in non-current asset		2 480	2 021	2 261	987	2 612	2 068	129	-	12 558

for the 3-month period ended 30 June 2024

	NOTE	Refining Segment (unaudited)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Gas Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
External revenues	5.1	24 726	4 122	6 727	16 349	1 578	15 846	162	-	69 510
Inter-segment revenues		10 897	1 083	1 583	46	3 129	3 124	261	(20 123)	-
Sales revenues		35 623	5 205	8 310	16 395	4 707	18 970	423	(20 123)	69 510
Total operating expenses		(33 808)	(5 353)	(7 238)	(15 782)	(10 037)	(15 382)	(961)	20 144	(68 417)
Other operating income	5.4	610	27	92	12	71	153	12	-	977
Other operating expenses	5.4	(183)	(733)	(74)	(16)	(62)	(182)	(26)	-	(1 276)
(Loss)/reversal of loss due to impairment of trade receivables		(14)	-	21	-	12	(7)	(2)	-	10
Share in profit from investments accounted for using the equity method	5.7	7	12	233	-	(1)	-	1	-	252
Profit/(Loss) from operations		2 235	(842)	1 344	609	(5 310)	3 552	(553)	21	1 056
Net finance income and costs	5.5									(11)
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables										(33)
Profit before tax										1 012
Tax expense										(1 046)
Net profit										(34)
Depreciation and amortisation	5.2	422	196	619	284	1 350	519	96	-	3 486
EBITDA		2 657	(646)	1 963	893	(3 960)	4 071	(457)	21	4 542
EBITDA LIFO		2 618	(640)	1 963	893	(3 960)	4 071	(457)	21	4 509
Increases in non-current assets		1 907	1 304	1 470	565	1 678	561	106	-	7 591

for the 3-month period ended 30 June 2023

	NOTE	Refining Segment	Petrochemical Segment	Energy Segment	Retail Segment	Upstream Segment	Gas Segment	Corporate Functions	Adjustments	Total
		(unaudited) (restated data)	(unaudited) (restated data)	(unaudited) (restated data)	(unaudited) (restated data)	(unaudited) (restated data)	(unaudited) (restated data)	(unaudited) (restated data)	(unaudited) (restated data)	(unaudited) (restated data)
External revenues	5.1	25 463	3 674	9 096	13 528	1 632	25 441	195	-	79 029
Inter-segment revenues		10 533	1 091	1 832	44	2 762	2 800	256	(19 318)	-
Sales revenues		35 996	4 765	10 928	13 572	4 394	28 241	451	(19 318)	79 029
Total operating expenses		(34 222)	(5 313)	(10 984)	(13 163)	(5 642)	(21 475)	(921)	19 329	(72 391)
Other operating income	5.4	193	147	119	12	66	981	15	-	1 533
Other operating expenses	5.4	(191)	(43)	(42)	(17)	(198)	(350)	(84)	-	(925)
(Loss)/reversal of loss due to impairment of trade receivables		1	-	(20)	(1)	(44)	18	8	-	(38)
Share in profit from investments accounted for using the equity method	5.7	8	(1)	(26)	-	-	(92)	1	-	(110)
Profit/(Loss) from operations		1 785	(445)	(25)	403	(1 424)	7 323	(530)	11	7 098
Net finance income and costs	5.5									996
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables										(13)
Profit before tax										8 081
Tax expense										(2 062)
Net profit										6 019
Depreciation and amortisation	5.2	384	288	577	258	1 272	504	92	-	3 375
EBITDA		2 169	(157)	552	661	(152)	7 827	(438)	11	10 473
EBITDA LIFO		2 519	(123)	552	661	(152)	7 827	(438)	11	10 857
Increases in non-current assets		1 528	1 383	1 385	393	1 272	1 205	87	-	7 253

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

	30/06/2024 (unaudited)	31/12/2023 (restated data)
Refining Segment	70 074	61 730
Petrochemical Segment	18 265	16 543
Energy Segment	56 600	57 877
Retail Segment	16 788	14 689
Upstream Segment	42 598	39 578
Gas Segment	130 383	124 247
Segment assets	334 708	314 664
Corporate Functions	24 328	29 157
Adjustments	(99 395)	(79 425)
	259 641	264 396

Operating segments include all assets except for financial assets, tax assets and cash. Assets used jointly by the operating segments are allocated based on revenues generated by individual operating segments.

5. Other notes

5.1. Sales revenues

PROFESSIONAL JUDGMENT

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 recognizes that an asset is transferred when the customer obtains control of the 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.

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 in accordance with IFRS 15, in particular 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.

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Revenues from sales of finished goods and services	124 839	55 735	161 807	64 379
revenues from contracts with customers	122 719	54 821	151 460	59 761
excluded from scope of IFRS 15	2 120	914	10 347	4 618
Revenues from sales of merchandise and raw materials	27 003	13 775	33 050	14 650
revenues from contracts with customers	27 003	13 775	33 230	14 737
excluded from scope of IFRS 15	-	-	(180)	(87)
Sales revenues, incl.:	151 842	69 510	194 857	79 029
revenues from contracts with customers	149 722	68 596	184 690	74 498

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 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 30 June 2024 the Group analysed the value of the transaction price allocated to unfulfilled performance obligations.

The unfulfilled or partially unfulfilled performance obligations as at 30 June 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 3,505 fuel stations: 2,900 own brand stations and 605 stations operated under franchise agreements and carries out sales through 411 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

Due to the crisis situation on the electricity market in 2022, when there was a significant increase in electricity prices in SPOT and futures contracts, largely caused by increases in the prices of conventional fuels as a result of the war in Ukraine, as well as

to protect some gas recipients from the increase gas prices, the regulator introduced a number of legal acts in 2022 and 2023 aimed at regulating the market and protecting consumers. On 31 December 2023, the Act of 7 December 2023 amending the Act to support consumers of electricity, gas fuels and heat entered into force, which extended the validity period of the solutions in force in 2023 in the field of, among others: eligible customers, maximum prices and compensation until the end of June 2024 in an unchanged form.

Based on the applicable regulations, in 6 and 3-month period ended 30 June 2024, the Group presented the following:

- PLN 1,346 million and PLN 461 million revenues from compensations due to electricity distribution and trading companies and, as a consequence, the use of frozen electricity prices in settlements with eligible customers (in 6 and 3-month period ended 30 June 2023, revenues from compensation amounted, respectively PLN 2,250 million and PLN 807 million);
- PLN 3,542 million and PLN 966 million revenues from compensation due in connection with the freezing of gas fuel prices and the freezing of rates for the distribution service (in 6 and 3-month period ended 30 June 2023, revenues from compensation amounted to PLN 10,851 million and PLN 3,433 million).

In connection with, the fact of granting the above compensations does not modify the contracts concluded with customers, but only changes the method of obtaining remuneration by the Group (partly the remuneration will be received from the Settlement Manager), the Group classified the received compensations as revenues from contracts with customers, in accordance with IFRS 15.

5.1.1. Sales revenues of operating segments according to product type

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Refining Segment				
Revenue from contracts with customers IFRS 15	47 470	24 723	53 280	25 458
Light distillates	10 165	5 268	11 019	5 673
Medium distillates	29 550	14 942	31 237	14 017
Heavy fractions	4 958	2 727	4 978	2 905
Other*	2 979	1 661	5 809	2 763
Effect of the settlement of cash flow hedge accounting	(182)	125	237	100
Excluded from scope of IFRS 15	7	3	10	5
	47 477	24 726	53 290	25 463
Petrochemical Segment				
Revenue from contracts with customers IFRS 15	7 984	4 120	8 126	3 672
Monomers	1 758	930	1 699	812
Polymers	1 770	925	1 795	799
Aromas	832	404	666	293
Fertilizers	720	358	769	380
Plastics	457	255	761	294
PTA	884	437	748	372
Other**	1 563	811	1 688	722
Excluded from scope of IFRS 15	4	2	4	2
	7 988	4 122	8 130	3 674
Energy Segment				
Revenue from contracts with customers IFRS 15	15 866	6 713	22 071	9 083
Excluded from scope of IFRS 15	28	14	26	13
	15 894	6 727	22 097	9 096
Retail Segment				
Revenue from contracts with customers IFRS 15	30 851	16 280	26 506	13 460
Light distillates	11 636	6 348	10 222	5 458
Medium distillates	16 102	8 260	13 437	6 435
Other***	3 113	1 672	2 847	1 567
Excluded from scope of IFRS 15	135	69	128	68
	30 986	16 349	26 634	13 528
Upstream Segment				
Revenue from contracts with customers IFRS 15	4 009	1 577	3 587	1 632
NGL ****	570	273	448	232
Crude oil	1 913	792	1 790	831
Natural Gas	1 067	279	867	334
LNG *****	18	8	36	13
Helium	167	83	164	91
Mining services	266	138	273	127
Other	8	4	9	4
Excluded from scope of IFRS 15	1	1	-	-
	4 010	1 578	3 587	1 632
Gas Segment				
Revenue from contracts with customers IFRS 15	43 238	15 029	70 771	21 004
Natural Gas	39 100	13 312	66 958	19 653
LNG *****	249	109	288	107
CNG *****	61	29	78	37
Electricity	366	175	8	2
Other *****	3 462	1 404	3 439	1 205
Excluded from scope of IFRS 15	1 929	817	9 982	4 437
	45 167	15 846	80 753	25 441
Corporate Functions				
Revenue from contracts with customers IFRS 15	304	154	349	189
Excluded from scope of IFRS 15	16	8	17	6
	320	162	366	195
	151 842	69 510	194 857	79 029

* 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 6 and 3-month period ended 30 June 2024 and 30 June 2023 revenues from none of Group 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

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Revenue from contracts customers				
Poland	99 431	43 030	134 314	50 389
Germany	9 555	4 930	12 409	5 743
Czech Republic	9 590	4 945	10 234	5 017
Lithuania, Latvia, Estonia	6 739	3 353	6 189	3 099
Other countries, incl.:	24 407	12 338	21 544	10 250
Netherlands	5 075	2 270	2 546	1 589
United Kingdom	3 380	1 392	3 462	1 683
Austria	3 531	1 823	350	177
Switzerland	2 743	1 522	4 340	1 439
Ukraine	2 295	1 123	2 292	1 046
Hungary	1 229	677	965	499
Slovakia	1 040	538	968	452
Ireland	479	267	1 318	560
Singapore	204	153	1 505	619
	149 722	68 596	184 690	74 498
excluded from scope of IFRS 15				
Poland	1 730	727	10 040	4 464
Germany	46	23	39	21
Czech Republic	81	44	87	45
Other countries	263	120	-	-
	2 120	914	10 167	4 531
	151 842	69 510	194 857	79 029

5.2. Operating expenses

Cost by nature

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Materials and energy	(66 017)	(29 519)	(83 665)	(35 067)
Gas costs	(16 208)	(6 037)	(26 832)	(6 862)
Cost of merchandise and raw materials sold	(23 509)	(12 252)	(29 264)	(12 547)
External services	(6 311)	(3 450)	(4 916)	(2 880)
Employee benefits	(6 505)	(3 140)	(5 775)	(2 891)
Depreciation and amortisation	(6 848)	(3 486)	(7 197)	(3 375)
Taxes and charges, incl.:	(20 788)	(9 967)	(14 131)	(6 278)
write-off for the Fund for the Payment of Price Differences	(15 410)	(7 703)	(7 972)	(3 747)
Other	(1 072)	(562)	(1 006)	(523)
	(147 258)	(68 413)	(172 786)	(70 423)
Change in inventories	1 069	(358)	(1 557)	(2 116)
Cost of products and services for own use and other	728	354	312	148
Operating expenses	(145 461)	(68 417)	(174 031)	(72 391)
Distribution expenses	7 230	3 515	7 511	3 849
Administrative expenses	2 894	1 359	2 745	1 358
Cost of sales	(135 337)	(63 543)	(163 775)	(67 184)

The increase in the item taxes and fees in the 6 and 3-month period ended 30 June 2024 compared to the 6 and 3-month period ended 30 June 2023 by PLN (6,657) million and PLN (3,689) million, respectively, resulted mainly from:

- an increase in the contribution to the Price Difference Payment Fund by PLN (7,438) million and PLN (3,956) million, which energy producers and sellers and natural gas extraction companies were obliged to pay in 2023, and in the first half of 2024, based on the amended Act on special protection of certain gas fuel recipients, only natural gas extraction companies were obliged to pay;
- changes in the value of the updated provision for estimated CO₂ emission costs for 2023, taking into account the settlement of subsidies for allowances received free of charge for a given year, by PLN 963 million and PLN 378 million in connection with the lower price of CO₂ emission allowances in 2024.

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

As at 30 June 2024, due to the unfavorable market environment, the ORLEN Group identified evidence of impairment of assets in accordance with IAS 36 "Impairment of assets" in the Upstream segment in ORLEN, ORLEN Upstream Polska, and in the Petrochemical segment in ORLEN and Anwil for the CGU Plastics (CGU - Cash Generating Unit).

5.3.1. Recognition and reversal of impairment losses on property, plant and equipment, intangible assets, goodwill and rights-of-use assets

In the 6 and 3-month period ended 30 June 2024, the total impact of recognized net impairment losses on the ORLEN Group's fixed assets amounted to PLN (1 239) million and PLN (521) million, respectively.

Net impairment losses on property, plant and equipment, intangible assets, goodwill and right-of-use assets of the ORLEN Group in the 6 and 3-month period ended 30 June 2024 broken down by companies:

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (restated data)	6 MONTHS ENDED 30/06/2023 (unaudited) ((restated data))	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
ORLEN	(1 196)	(490)	(2 247)	(19)
ENERGA Group	(4)	(2)	(3)	(2)
ORLEN Deutschland	-	-	(4)	(2)
ORLEN Unipetrol	(8)	(7)	(4)	(4)
PGNiG Upstream Norway AS	(7)	(3)	-	-
PGNiG Termika Group	(3)	-	-	-
Polska Spółka Gazownictwa Group	(22)	(21)	(8)	(8)
LOTOS Petrobaltic	-	-	(45)	(45)
Other	1	2	1	3
Total	(1 239)	(521)	(2 310)	(77)

Net impairment losses on property, plant and equipment, intangible assets, goodwill and right-of-use assets of the ORLEN Group in the 6 and 3-month period ended 30 June 2024 broken down by segments:

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) ((restated data))	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Refining	(7)	(5)	(17)	(17)
Petrochemical	(1 126)	(460)	(3)	(3)
Energy	(9)	(4)	(4)	(3)
Retail	-	-	(4)	(1)
Upstream	(62)	(19)	(2,270)	(41)
Gas	(34)	(32)	(12)	(12)
Corporate Functions	(1)	(1)	-	-
Total	(1 239)	(521)	(2 310)	(77)

Accordingly, reversals and creation of impairment losses of property, plant and equipment, intangible assets, goodwill and right-of-use assets were included in other operating income and other operating expenses (note 5.4.).

Production assets of the Petrochemical segment

In the 6 month and 3-month period ended 30 June 2024, the total impact of recognized net impairment losses on fixed assets of the ORLEN Group in the Petrochemical segment amounted to PLN (1,126) million and PLN (460) million, respectively, and primarily concerned the impairment of assets of the Petrochemical segment in ORLEN in the amount of PLN (460) million and PLN (656) million realized in the 3 month period ended 30 June and 3 month period ended 31 March 2024, respectively, mainly due to the impairment of expenditure incurred in these periods on the implementation of the Olefins III investment.

The value in use of assets of the Petrochemical segment of the ORLEN company as at 30 June 2024 and as at 31 March 2024 amounted to PLN 6,398 million and PLN 5,753 million, respectively, and was calculated using discount rates dedicated to petrochemical operations in Poland (Poland Petrochemical). The remaining macroeconomic assumptions and methodology in the tests conducted were analogous to these at the end of 2023.

Sensitivity analysis of the impairment of the value in use of the ORLEN Petrochemical segment as part of tests conducted as at 30 June 2024

in PLN million		EBITDA		
change		-5%	0%	5%
DISCOUNT RATE	- 1 p.p.	decrease in impairment loss 1,229	decrease in impairment loss 3,230	decrease in impairment loss 5,231
	0,0 p.p.	increase in impairment loss (1,740)	-	decrease in impairment loss 1,740
	+ 1 p.p.	increase in impairment loss (4,118)	increase in impairment loss (2,592)	increase in impairment loss (1,066)

Other net impairment losses recognized on the fixed assets of the ORLEN Group in the Petrochemical segment amounted to PLN (10) million and related to the discontinuation of research and development work.

In the Anwil company, for the Plastics CGU, impairment indications were identified related to the business environment and the loss recorded in this area for 6 months of 2024. The analysis conducted at the discount rate dedicated to petrochemical activities (Poland Petrochemical) did not confirm impairment loss in this CGU.

The discount rates after tax for Poland Petrochemical estimated by the ORLEN Group as at 30 June 2024 and 31 March 2024 were as follows:

Poland Petrochemical	2024	2025	2026	2027	2028	2029	2030+
30 June 2024	8.91%	8.56%	8.84%	9.00%	9.07%	9.1%	7.89%
31 March 2024	9.06%	8.84%	8.89%	9.04%	9.15%	9.21%	8.32%

Assets of the Upstream segment

In the 6 and 3-month period ended 30 June 2024, the total impact of recognized net impairment losses on fixed assets of the ORLEN Group in the Upstream segment amounted to PLN (62) million and PLN (19) million, respectively, and mainly concerned exploration costs written off in ORLEN Companies and PGNiG Upstream Norway AS.

The ORLEN Group identified indications of lower hydrocarbon price forecasts and conducted impairment tests of assets exposed to impairment in ORLEN and ORLEN Upstream Poland companies with new price assumptions and discount rate. The analyses conducted did not indicate any risk of impairment of the tested assets.

Main macroeconomic assumptions in 2024-2033 used in the tests as at 30 June 2024:

		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Brent	USD/bbl	89.4	81.1	82.3	83.7	85.4	87.2	89.0	90.3	91.7	93.1
Natural Gas	EUR/MWh	32.5	37.1	32.4	28.6	25.8	23.0	21.9	25.1	27.8	31.5

Main macroeconomic assumptions for 2024-2033 used in tests as at 31 December 2023:

		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Brent	USD/bbl	87.3	88.7	89.9	92.7	93.6	95.0	96.9	98.8	100.8	102.8
Natural Gas	EUR/MWh	53.4	49.1	38.0	35.1	34.3	33.6	33.0	33.3	33.4	34.2

The discount rates after tax estimated by the ORLEN Group for upstream activities (Poland Upstream Production) as at 30 June 2024 and 31 December 2023 were as follows (for subsequent years, the discount rate calculated for 2030 was used):

Poland Upstream Production	2024	2025	2026	2027	2028	2029	2030+
30 June 2024	9.83%	9.48%	9.76%	9.92%	9.98%	10.02%	8.82%
31 December 2023	8.29%	8.14%	8.08%	8.16%	8.28%	7.9%	7.9%

The discount rate for the Polish market estimated as at 30 June 2024 takes into account the specific risk identified by the Group related to regulatory risk and increased price volatility on the hydrocarbon market.

For other assets as at 30 June 2024, the estimates and assumptions adopted for the valuations disclosed in the Consolidated Financial Statements of the ORLEN Group for 2023 remain valid (note 14.4).

5.4. Other operating income and expenses
Other operating income

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Profit on sale of non-current non-financial assets	28	10	19	6
Reversal of impairment allowances of property, plant and equipment and intangible assets and other assets	61	60	59	24
Reversal of provisions	42	30	73	22
Penalties and compensations	621	493	143	53
Grants	29	16	51	36
Derivatives, incl.:	545	198	2 896	1 265
<i>not designated for hedge accounting purposes - settlement and valuation</i>	213	173	1 860	409
<i>hedging cash flows - ineffective part concerning measurement and settlement</i>	228	-	762	711
<i>fair value hedges - valuation of hedging instruments and items</i>	2	-	4	-
<i>hedging cash flows - settlement of hedging costs</i>	102	25	270	145
Other	253	170	315	127
	1 579	977	3 556	1 533

In the 6 and 3-month period of 2024 in the position penalties and compensations the Group recognised income from partial compensation in the amount of PLN 443 million (USD 110 million) corresponding to the amount of funds received from insurers to date, constituting an indisputable and non-refundable amount determined at the level of insurance markets with the loss adjuster in connection with the failure at the Hydrodesulphurization of Rubber installation at ORLEN Production Plant in Plock. The final amount of compensation will depend on the final arrangements with the insurers.

Other operating expenses

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Loss on sale of non-current non-financial assets	(73)	(29)	(63)	(27)
Recognition of impairment allowances of property, plant and equipment and intangible assets, goodwill and other assets	(1 300)	(581)	(2 369)	(101)
Recognition of provisions	(102)	(49)	(60)	(25)
Penalties, damages and compensations	(43)	(21)	(52)	(23)
Derivatives, incl.:	(646)	(324)	(1 469)	(516)
<i>not designated for hedge accounting purposes - settlement and valuation</i>	(307)	(13)	(1 393)	(343)
<i>hedging cash flows - ineffective part concerning measurement and settlement</i>	(165)	(187)	(34)	(153)
<i>fair value hedges - valuation of hedging instruments and items</i>	(2)	-	(5)	-
<i>hedging cash flows - settlement of hedging costs</i>	(172)	(124)	(37)	(20)
Other, incl.:	(521)	(272)	(377)	(233)
<i>donations</i>	(318)	(144)	(85)	(62)
	(2 685)	(1 276)	(4 390)	(925)

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

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Valuation of derivative financial instruments	(27)	30	(343)	(478)
<i>commodity futures, incl.:</i>	112	58	(192)	(35)
<i>CO2 emission allowances</i>	-	-	(149)	1
<i>electricity</i>	(22)	(40)	3	(29)
<i>natural gas</i>	134	98	(46)	(7)
<i>commodity forwards, incl.:</i>	(137)	(80)	9	(39)
<i>electricity</i>	11	29	(62)	(36)
<i>natural gas</i>	(148)	(109)	71	(3)
<i>commodity swaps</i>	(2)	50	(161)	(404)
<i>foreign currency swap</i>	-	1	-	1
<i>other</i>	-	1	1	(1)
Settlement of derivative financial instruments	(67)	130	810	544
<i>commodity futures, incl.:</i>	-	-	302	6
<i>CO2 emission allowances</i>	-	-	279	6
<i>diesel oil</i>	-	-	23	-
<i>commodity forwards, incl.:</i>	(8)	(9)	19	-
<i>electricity</i>	(8)	(9)	19	-
<i>commodity swaps</i>	(57)	140	487	537
<i>foreign currency swap</i>	(2)	(1)	-	-
<i>other</i>	-	-	2	1
	(94)	160	467	66

For the 6 and 3-month period ended 30 June 2024 and 30 June 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) as well as commodity futures and commodity forwards (hedging the CO₂ term contracts, natural gas 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 CO₂ 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

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Interest calculated using the effective interest rate method	534	287	1 008	529
Other interest	-	-	1	-
Net foreign exchange gain	63	-	1 463	832
Derivatives not designated as hedge accounting - settlement and valuation	231	48	190	64
Other	55	28	172	60
	883	363	2 834	1 485

Finance costs

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Interest calculated using the effective interest rate method	(116)	(56)	(183)	(92)
Interest on lease	(295)	(141)	(227)	(115)
Interest on tax liabilities	(30)	(25)	(43)	-
Net foreign exchange loss	-	(52)	-	-
Derivatives not designated as hedge accounting - settlement and valuation	(170)	(55)	(440)	(222)
Other	(96)	(45)	(163)	(60)
	(707)	(374)	(1 056)	(489)

Borrowing costs capitalized during the 6 and 3-month period ended 30 June 2024 and 30 June 2023 amounted to PLN (304) million and PLN (120) million, PLN (240) million and PLN (135) million, respectively.

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

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Valuation of derivative financial instruments	10	(12)	(222)	(136)
<i>currency forwards</i>	32	(8)	(8)	7
<i>other, incl.:</i>	(22)	(4)	(214)	(143)
<i>currency interest rate swaps</i>	(21)	(1)	(203)	(135)
<i>interest rate swaps</i>	7	4	(4)	(1)
<i>Polimex-Mostostal option</i>	(8)	(7)	(7)	(7)
Settlement of derivative financial instruments	51	5	(28)	(22)
<i>currency forwards</i>	13	15	(19)	(11)
<i>other, incl.:</i>	38	(10)	(9)	(11)
<i>currency interest rate swaps</i>	38	(10)	(12)	(12)
<i>interest rate swaps</i>	-	-	3	1
	61	(7)	(250)	(158)

During the 6 and 3-month period ended 30 June 2024 and 30 June 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. Goodwill

	Business segment	30/06/2024 (unaudited)	31/12/2023 (restated data)
At the beginning of the period		2 179	700
New acquisitions		1 731	1 585
Wind farms in Wielkopolska and Western Pomerania	Energy	-	163
Ujazd, Dobrzyca oraz Dominowo wind farms	Energy	-	1 107
Remaq	Petrochemical	-	218
Acquisition of part of petrochemical assets	Petrochemical	-	97
Doppler Energie (currently ORLEN Austria)	Retail	584	-
KUFPEC Norway	Upstream	1 140	-
Other	Corporate Functions	7	-
Impairment allowances of goodwill recognised upon the acquisition of part of petrochemical assets	Petrochemical	-	(97)
Foreign exchange differences		(79)	(9)
		3 831	2 179

5.7. Investments in jointly controlled entities and associates

	Place of business	Principal activity	Business segment	Participation in share capital at 30.06.2024	Valuation method
joint ventures					
Basell ORLEN Polyolefins Group (BOP) (ORLEN)	Plock/Poland	production, distribution and sales of polyolefins	Petrochemical	50.00%	equity method
Plocki Park Przemysłowo-Technologiczny Group (PPPT) (ORLEN)	Plock/Poland	construction and renting real estate	Corporate Functions	50.00%	equity method
Pieridae Production GP Ltd (ORLEN Upstream)	Calgary/Canada	exploration and extraction of minerals, storage, transport and logistics	Upstream	50.00%	equity method
Baltic Power (ORLEN)	Warsaw/Poland	construction and operation of offshore wind farms	Energy	51.14%	equity method
ORLEN Synthos Green Energy Group (ORLEN)	Warsaw/Poland	commercialization of micro and small nuclear reactor technology	Energy	50.00%	equity method
Baltic Gas Sp z o.o. (LOTOS UPSTREAM)	Gdańsk/Poland	mining of crude oil and natural gas (service activities supporting the exploitation of oil and natural gas deposits)	Upstream	50.00%	equity method
Baltic Gas Sp. z o.o. and partners Sp. k. (LOTOS UPSTREAM)	Gdańsk/Poland	oil and natural gas mining	Upstream	51,00%	equity method
UAB Minijos Nafta (AB LOTOS Geonafta)	Gargždai/Lithuania	oil exploration and production	Upstream	50.00%	equity method
Elektrociepłownia Stalowa Wola S.A. (ORLEN)	Stalowa Wola / Poland	production of electricity and heat	Energy	50.00%	equity method
Zakład Separacji Popiołów Siekierki S.A. (PGNiG Termika)	Warsaw/Poland	fly ash cleaning company	Energy	70.00%	equity method
Baltic Offshore Service Solution (ENERGA)	Gdańsk/Poland	services for offshore wind energy sector	Energy	50.00%	equity method
Associates					
Polimex Mostostal S.A. (ORLEN and ENERGA)	Warsaw/Poland	an engineering and construction company, general contractor in the field of industrial construction, producer and exporter of steel structures	Energy/Upstream	32.54%	equity method
Zakład Wytwórczy Urządzeń Gazowniczych "Intergaz" Sp z o.o. (ORLEN)	Tarnowskie Góry/Poland	production of gas meters and gas pressure reducers	Upstream	38.30%	equity method
UAB Naftelf (ORLEN Lietuva)	Vilnius / Lithuania	aviation fuel trading and construction warehouses	Refinery	34.00%	equity method
Naftoport Sp. z o.o. (ORLEN)	Gdańsk/Poland	reloading of crude oil and petroleum products and their transit	Refinery	26.92%	equity method
PFK GASKON S.A (ORLEN)	Warsaw/Poland	financial consulting in the area of energy and real estate services	Upstream	45.94%	equity method
DEWON S.A. (ORLEN)	Ukraine/Kyiv	Implementation of services related to natural gas extraction, well reconstruction as well as development and exploitation of deposits in Ukraine.	Upstream	36.38%	equity method
joint operations					
Rafineria Gdańska S.A. (ORLEN)	Gdańsk/Poland	processing of crude oil, production of fuels and oils	Refinery	70.00%	share in assets and liabilities
Butadien Kralupy (ORLEN Unipetrol)	Kralupy nad Vltavou/Czech Republic	manufacturing of butadien	Petrochemical	51.00%	share in assets and liabilities

Value of investments accounted for using the equity method

	30/06/2024 (unaudited)	31/12/2023
Joint ventures	2 020	1 803
Basell ORLEN Polyolefins Group (ORLEN)	509	563
Baltic Power (ORLEN)	1 114	844
ORLEN Synthos Green Energy Group (ORLEN)	346	349
Plocki Park Przemysłowo-Technologiczny Group (ORLEN)	38	37
Others	13	10
Associates	306	367
Polimex Mostostal (ORLEN and ENERGA)	231	291
Naftoport (ORLEN)	60	61
Others	15	15
	2 326	2 170

Share in profit from investments accounted for using the equity method

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Joint ventures	265	247	(137)	(126)
Basell ORLEN Polyolefins Group (ORLEN)	(3)	13	(1)	(1)
Baltic Power (ORLEN)	271	237	(33)	(27)
Pozostale*	(3)	(3)	(103)	(98)
Associates	(50)	5	26	16
Naftoport (ORLEN)	14	8	15	7
Polimex Mostostal (ORLEN and ENERGA)	(65)	(4)	11	9
Others	1	1	-	-
	215	252	(111)	(110)

* in the line other in the 6-and 3-month period ended 30 June 2023, the Group presented its share in the result of EuRoPol Gaz; from 1 November 2023, this company is subject to full consolidation.

Condensed financial information of joint venture of Basell ORLEN Polyolefins Group

	30/06/2024 (unaudited)	31/12/2023
Non-current assets	701	700
Current assets	1 346	1 244
cash	361	511
other current assets	985	733
Total assets	2 047	1 944
Total equity	1 222	1 327
Non-current liabilities	18	19
Current liabilities, incl.:	807	598
trade and other liabilities	771	573
Total liabilities	825	617
Total equity and liabilities	2 047	1 944
Net debt	(361)	(511)
Net assets	1 222	1 327
Group's share in joint ventures (50%)	611	664
Elimination of gains or losses resulting from transactions with joint venture	(102)	(101)
Joint ventures investments accounted for under equity method	509	563



	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Sales revenues	1 596	791	1 754	792
Cost of sales	(1 525)	(753)	(1 668)	(780)
<i>depreciation and amortisation</i>	(20)	(20)	(33)	(16)
Gross profit on sales	71	38	86	12
Distribution expenses	(64)	(31)	(58)	(27)
Administrative expenses	(17)	(9)	(14)	(8)
Other operating income and expenses, net	-	(1)	209	207
Profit/(Loss) from operations	(10)	(3)	223	184
Net finance income and costs	7	5	5	(3)
Profit/ (Loss) before tax	(3)	2	228	181
Tax expense	-	(1)	(42)	9
Net profit/(loss)	(3)	1	186	190
Dividends received from joint ventures	51	51	100	100
Net profit/(loss)	(3)	1	186	190
Group's share in joint ventures (50%)	(2)	1	93	95
Elimination of gains or losses resulting from transactions with joint venture	(1)	12	(94)	(96)
Group's share in result of joint ventures accounted for under equity method	(3)	13	(1)	(1)

Condensed financial information of joint venture of Baltic Power Sp. z o.o.

	30/06/2024 (unaudited)	31/12/2023
Non-current assets	6 037	4 689
Current assets	425	1 385
<i>cash</i>	106	822
<i>other current assets</i>	319	563
Total assets	6 462	6 074
Total equity	2 044	1 515
Non-current liabilities, incl.:	4 127	3 533
<i>loans and borrowings</i>	3 335	2 211
<i>other non-current liabilities</i>	792	1 322
Current liabilities, incl.:	291	1 026
<i>trade and other liabilities</i>	233	628
Total liabilities	4 418	4 559
Total equity and liabilities	6 462	6 074
Net debt	3 283	1 774
Net assets	2 044	1 515
Group's share in joint ventures (51.14%)	1 045	775
Goodwill	69	69
Joint ventures investments accounted for under equity method	1 114	844

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Cost of sales	(8)	(4)	-	-
Administrative expenses	-	-	(5)	(3)
(Loss) from operations	(8)	(4)	(5)	(3)
Net finance income and costs, incl.:	539	468	(59)	(49)
<i>measurement and settlement of derivatives</i>	533	467	-	-
Profit/ (Loss) before tax	531	464	(64)	(52)
Net profit/(loss)	531	464	(64)	(52)
Net profit/(loss)	531	464	(64)	(52)
Group's share in joint ventures (51.14%)	271	237	(33)	(27)
Group's share in result of joint ventures accounted for under equity method	271	237	(33)	(27)

Condensed financial information of the associate of Polimex-Mostostal S.A.

The terms of the investment agreement signed in 2017 give the Group the opportunity to influence the financial and operating policy of Polimex-Mostostal as well as determine the composition of the company's governing bodies, which translates into the Group's significant influence. In connection with the above, the share in Polimex-Mostostal was classified as an associate accounted for using the equity method.

	30/06/2024 (unaudited)	31/12/2023
Non-current assets	769	689
Current assets	1 760	1 763
<i>cash</i>	428	241
<i>other current assets</i>	1 332	1 522
Total assets	2 529	2 452
Non-current liabilities	208	246
Current liabilities	1 500	1 197
Total liabilities	1 708	1 443
Total equity and liabilities	2 529	2 452
Net assets	821	1 009
Group's share in associates (32,54%)	267	327
Customization adjustments	(36)	(36)
Investments in associates	231	291

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Sales revenues	1 090	724	1 659	841
Total costs, incl.: <i>depreciation and amortisation</i>	(1 345) (22)	(733) (11)	(1 619) (21)	(806) (11)
Profit/(Loss) from operations	(255)	(9)	40	35
Net finance income and costs	9	(1)	3	(3)
Profit/ (Loss) before tax	(246)	(10)	43	32
Tax expense	46	(2)	(11)	6
Net profit/(loss)	(200)	(12)	32	38
Net profit/(loss)	(200)	(12)	32	38
Group's share in associates (32,54%)	(65)	(4)	10	12
Customization adjustments	-	-	1	(3)
Group's share in profit of associates	(65)	(4)	11	9

5.8. Loans, borrowings and bonds

	Non-current 30/06/2024 (unaudited)	Non-current 31/12/2023	Current 30/06/2024 (unaudited)	Current 31/12/2023 (restated data)	Total 30/06/2024 (unaudited)	Total 31/12/2023 (restated data)
Loans *	2 142	2 451	2 341	4 235	4 483	6 686
Borrowings	135	122	36	48	171	170
Bonds	8 063	8 098	134	213	8 197	8 311
	10 340	10 671	2 511	4 496	12 851	15 167

* as at 30 June 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 243 million and PLN 437 million in the non-current part and PLN 3 million and PLN 3 million in the current part, respectively.

In the 1st half 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 3,998 million and PLN (6,185) million.

As at 30 June 2024 the decrease in debt level of the Group results mainly from:

- net repayments of ORLEN loans in the amount of PLN (1,291) million and Unipetrol Group loans in the equivalent amount of PLN (328) million as well as PGNiG Upstream Norway loans in the equivalent amount of PLN (208) million,
- advanced redemption of senior bonds issued by B8 Sp.z o.o. Baltic SKA in the amount of PLN (105) million which corresponds to the nominal value of USD (26) million.

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

As at 30 June 2024 and as at 31 December 2023 the maximum possible indebtedness due to loans and borrowings amounted to PLN 27,298 million and PLN 32,829 million, respectively. As at 30 June 2024 and as at 31 December 2023 PLN 22,221 million and PLN 25,698 million, respectively, remained unused. The decrease in the value of the Group maximum possible indebtedness and open credit lines are mainly due to:

- changes in ORLEN credit agreements which include in particular: in accordance with the provisions of the agreement, the inability to disbursement the syndicated loan of EUR 1,415 million due to the approaching expiry date of the agreement and 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, as well as obtaining a new financing at Deutsche Bank in the amount of PLN 350 million,
- from the premature termination of credit agreements in the ENERGA Group: with SMBC Bank in the amount of EUR 120 million and a syndicated loan in the amount of PLN 2,000 million,
- from the expiry of the loan agreement in Unipetrol Group in the amount of EUR 80 million.

In the period covered by these half-year 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.

5.9. Derivatives and other assets and liabilities

Derivatives and other assets

	Non-current 30/06/2024 (unaudited)	Non-current 31/12/2023	Current 30/06/2024 (unaudited)	Current 31/12/2023	Current 30/06/2024 (unaudited)	Current 31/12/2023
Cash flow hedging instruments	1 586	1 500	647	1 501	2 233	3 001
<i>currency forwards</i>	1 517	1 493	437	429	1 954	1 922
<i>commodity swaps</i>	-	6	70	686	70	692
<i>CO2 commodity futures</i>	69	1	140	258	209	259
<i>foreign currency swaps</i>	-	-	-	128	-	128
Derivatives not designated as hedge accounting	164	180	637	1 107	801	1 287
<i>currency forwards</i>	1	-	7	12	8	12
<i>commodity swaps</i>	-	-	8	7	8	7
<i>currency interest rate swaps</i>	-	7	7	10	7	17
<i>interest rate swaps</i>	5	-	-	-	5	-
<i>commodity futures, incl.:</i>	71	83	307	552	378	635
<i>electricity</i>	24	33	80	105	104	138
<i>natural gas</i>	47	50	227	447	274	497
<i>commodity forwards, incl.:</i>	78	74	299	515	377	589
<i>electricity</i>	17	26	111	174	128	200
<i>natural gas</i>	61	48	188	341	249	389
<i>other</i>	9	16	9	11	18	27
Fair value hedging instruments	9	2	28	9	37	11
<i>commodity swaps</i>	9	2	28	9	37	11
Derivatives	1 759	1 682	1 312	2 617	3 071	4 299
Other financial assets	2 793	2 693	1 711	1 509	4 504	4 202
<i>receivables on settled derivatives</i>	-	-	108	286	108	286
<i>investments in equity instruments at fair value through other comprehensive income</i>	342	326	-	-	342	326
<i>investments in equity instruments at fair value through profit or loss</i>	169	149	-	-	169	149
<i>hedged item adjustment</i>	-	1	-	5	-	6
<i>security deposits</i>	-	-	1 223	644	1 223	644
<i>short-term deposits</i>	-	-	57	78	57	78
<i>loans granted</i>	1 106	1 128	112	125	1 218	1 253
<i>purchased securities</i>	276	369	8	8	284	377
<i>restricted cash</i>	704	312	192	310	896	622
<i>other</i>	196	408	11	53	207	461
Other non-financial assets	953	938	925	1 873	1 878	2 811
<i>investment property</i>	594	598	-	-	594	598
<i>assets due to contracts valued at the time of settlement of business combination</i>	-	-	852	1 800	852	1 800
<i>shares and stocks of nonconsolidated subsidiaries</i>	65	69	-	-	65	69
<i>other *</i>	294	271	73	73	367	344
Other assets	3 746	3 631	2 636	3 382	6 382	7 013

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

As at 30 June 2024 and as at 31 December 2023, the Group has security deposits that do not meet the definition of cash equivalents concerning mainly securing the settlement of commodity transactions and 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 market prices of the products and is subject to ongoing revisions. The change of PLN 579 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 30 June 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 628 million and PLN 609 million accordingly, for Grupa Azoty Polyolefins S.A, accounted for as investments in equity instruments at fair value through other comprehensive income, in the amount of PLN 279 million and

PLN 282 million accordingly and for other non-consolidated companies in the amount of PLN 310 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 30/06/2024 (unaudited)	Non-current 31/12/2023	Current 30/06/2024 (unaudited)	Current 31/12/2023	Current 30/06/2024 (unaudited)	Current 31/12/2023
Cash flow hedging instruments	39	50	730	392	769	442
<i>currency forwards</i>	5	9	16	24	21	33
<i>commodity swaps</i>	-	41	624	368	624	409
<i>CO2 commodity futures</i>	34	-	90	-	124	-
Derivatives not designated as hedge accounting	162	190	624	1 400	786	1 590
<i>currency forwards</i>	1	1	21	57	22	58
<i>commodity swaps</i>	-	36	10	307	10	343
<i>interest rate swaps</i>	1	4	-	-	1	4
<i>currency interest rate swaps</i>	10	-	1	-	11	-
<i>commodity futures, incl.:</i>	52	90	293	614	345	704
<i>electricity</i>	7	7	20	30	27	37
<i>natural gas</i>	45	83	273	584	318	667
<i>commodity forwards, incl.:</i>	98	59	299	422	397	481
<i>electricity</i>	32	46	158	229	190	275
<i>natural gas</i>	66	13	141	193	207	206
Fair value hedging instruments	-	1	-	5	-	6
<i>commodity swaps</i>	-	1	-	5	-	6
Derivatives	201	241	1 354	1 797	1 555	2 038
Other financial liabilities	350	269	316	518	666	787
<i>liabilities on settled derivatives</i>	-	-	92	352	92	352
<i>investment liabilities</i>	69	69	-	-	69	69
<i>hedged item adjustment</i>	9	2	28	9	37	11
<i>refund liabilities</i>	-	-	111	31	111	31
<i>security deposits</i>	-	-	81	102	81	102
<i>other *</i>	272	198	4	24	276	222
Other non-financial liabilities	647	590	3 359	4 060	4 006	4 650
<i>liabilities from contracts with customers</i>	47	37	-	-	47	37
<i>deferred income</i>	578	510	1 700	442	2 278	952
<i>liabilities due to contracts valued at the time of settlement of business combination</i>	22	43	1 659	3 618	1 681	3 661
Other liabilities	997	859	3 675	4 578	4 672	5 437

* As at 30 June 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 [5.5](#) and [5.6](#).

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 30 June 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 CO₂ 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 30 June 2024 and as at 31 December 2023, the position of contract assets and contract liabilities recognized for a business combination amounted to PLN 852 million and PLN 1,681 million and PLN 1,800 million and PLN 3,661 million, respectively.

Deferred income as at 30 June 2024 includes mainly the unsettled part of the grants for property rights of CO₂ allowances in the amount of PLN 1,407 million.

5.10. Provisions

	Non-current	Non-current	Current	Current	Total	Total
	30/06/2024 (unaudited)	31/12/2023	30/06/2024 (unaudited)	31/12/2023 (restated data)	30/06/2024 (unaudited)	31/12/2023 (restated data)
For decommissioning and environmental costs	6 604	5 854	152	180	6 756	6 034
Jubilee bonuses and post-employment benefits	1 899	1 953	274	289	2 173	2 242
CO ₂ emissions, energy certificates	-	-	8 094	9 106	8 094	9 106
Other	2 160	2 358	1 504	1 973	3 664	4 331
	10 663	10 165	10 024	11 548	20 687	21 713

The increase in the provision for liquidation and environmental costs in the 1st half of 2024 compared to the end of 2023 by PLN 722 million results mainly from the recognition of provisions acquired due to the acquisition of control over KUFPEC Norway AS. The decrease in the value of other provisions by PLN 667 million compared to 2023 results from the settlement of the provision for onerous contract in the Energa Group in the amount of PLN 340 million related to the introduction of the act on the freezing of energy prices and the elimination of provisions as a result of the sale of TUW in the amount of PLN 308 million. Additional information in note [3.1](#).

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

As compared to the previous reporting period the Group did not change the valuation methods concerning financial instruments. Methods applied in determining the fair value were described in the Consolidated Financial Statements for 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

	30/06/2024		Fair value hierarchy		
	Carrying amount (unaudited)	Fair value (unaudited)	Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at fair value through other comprehensive income	342	342	71	-	271
Financial assets measured at fair value through profit or loss	169	169	-	-	169
Loans granted	1 218	1 270	-	1 270	-
Derivatives	3 071	3 071	968	2 103	-
Purchased securities	284	395	-	395	-
	5 084	5 247	1 039	3 768	440
Financial liabilities					
Loans	4 483	4 527	-	4 527	-
Borrowings	171	182	-	182	-
Bonds	8 197	7 948	6 382	1 566	-
Derivatives	1 555	1 555	1 073	482	-
	14 406	14 212	7 455	6 757	-

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.

5.12. Future commitments resulting from signed investment contracts

As at 30 June 2024 and as at 31 December 2023 the value of future commitments resulting from investment contracts signed until that day amounted to PLN 27,415 million and PLN 27,600 million, respectively.

5.13. Issue and redemption of debt securities

The balance of debt securities liabilities as at 30 June 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 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.

5.14. Distribution of the Parent Company's profit for 2023 and the dividend payment in 2024

The Ordinary General Meeting of Shareholders of ORLEN on 25 June 2024 decided 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 dividend date was set at 20 September of 2024 and the dividend payment date at 20 December of 2024.

5.15. 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 and the parties are looking for an expert who could provide an expert opinion on the case.

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

There are in progress 3 cases from the lawsuit of ORLEN Projekt against POLWAX:

- payment of the amount of PLN 6.7 million legally concluded to advantage of ORLEN Projekt. POLWAX filed a cassation appeal. The case is at the stage of cassation proceedings,
- payment of the amount of PLN 67.8 million. The District Court in Rzeszów ordered POLWAX to pay ORLEN Projekt the amount of PLN 28.9 million, together with interest and costs of legal representation. The court dismissed the remaining part of ORLEN Projekt's claims. Both Parties appealed against the judgment. The case is at the appeal stage.
- for payment of the amount of PLN 1.1 million for storage and transport of equipment purchased by ORLEN Projekt towards the implementation of the Investment. The case is at the stage of proceedings before the Court of First Instance.

There are 3 cases pending from the lawsuit of POLWAX against ORLEN Projekt:

- payment of PLN 132 million for actual damage and lost profits that allegedly occurred in connection with improper performance and non-performance of the contract by ORLEN Projekt. The District Court in Rzeszów issued a judgment dismissing in its entirety the claim of POLWAX against ORLEN Projekt for payment of PLN 132 million with interest. The case is at the appeal stage.
- payment of PLN 9.9 million as reimbursement of the costs of removal and disposal of waste in the form of contaminated soil from the Investment area, and (ii) non-contractual storage of soil from the Investment area on a property belonging to POLWAX. The case is at the stage of proceedings before the Court of first instance.

- for removal of movable property – request of POLWAX for a commitment of ORLEN Projekt to restore the lawful state by emptying the warehouses transferred to ORLEN Projekt in order to store equipment and materials for the needs of the Investment. The case is at the appeal stage. ORLEN Projekt filed an appeal.

In evaluation of ORLEN Projekt the claims are groundless and therefore the Group did not recognise the provision.

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 Consolidated Financial Statements for 2023 (note 17.4.2).

Contingent liabilities related to the ENERGA Group

As at 30 June 2024, the contingent liabilities of the ENERGA Group recognised in these consolidated financial statement of the ORLEN Group amounted to PLN 238 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 30 June 2024, the estimated value of those claims recognised as contingent liabilities amounts to PLN 221 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

The subject of the proceedings is a claim of Elektrobudowa S.A. in bankruptcy for payment of the total amount PLN 118.63 million and Euro 13.97 million.

The case concerns the settlement of the EPC contract with date 1 August 2016 for the construction of the Metathesis Installation, put into operation in 2019 year.

So far, the Court of Arbitration has issued twenty awards (5 preliminary awards and 15 partial awards), in which it awarded a total amount PLN 36.83 million and Euro 7.28 million for the benefit to the bankruptcy Trustee Elektrobudowa S.A. and dismissed the claims as to amounts PLN 1.24 million and Euro 0.37 million.

The remaining claims have not yet been resolved.

The amounts awarded in judgments have been paid in full.

Detailed information regarding the lawsuit proceedings regarding the claim of Elektrobudowa S.A. against ORLEN were presented in the Consolidated Financial Statements for 2023 in note 17.4.2.

The value of open provisions for the ongoing proceedings with Elektrobudowa as of 30 June 2024 amounted to PLN 68 million.

PGNiG Upstream Norway AS tax settlements

On 1 May 2023, based on the Business Purchase Agreement - the purchase of an organized part of the enterprise 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. 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 (PGNiG Supply & Trading GmbH)
- Dispute regarding LEPN's historical thin capitalisation
- Dispute regarding the classification of capital expenditure at the Alvhheim project

The value of provisions made for pending tax proceedings as at 30 June 2024 amounted PLN 82 million (equivalent of NOK 218 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 remain pending and are being considered in arbitration proceedings, which will resolve the parties' claims regarding, among others, change of price terms of natural gas supplies based on a number of applications for renegotiation submitted by Gazprom and ORLEN (as the legal successor of PGNiG) from 2017 and causes and effects of Gazprom's suspension of natural gas supplies from 27 April 2022.

Due to its extensive scope, the arbitration proceedings have been divided into several phases, in which the parties' individual claims will be resolved. The current phase of the proceedings covers the issue of a possible change of price terms based on the ORLEN's and Gazprom's renegotiation requests from 2017. The parties filed counterclaims in this respect.

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 2022, 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 30 June 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.

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

5.16. Related parties transactions

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

As at 30 June 2024 and 31 December 2023 and in the 6 and 3-month period ended 30 June 2024 and 30 June 2023 there were no significant transactions of related parties of the ORLEN Group with Members of the Management Board and the Supervisory Board, members of the other key executive personnel of the Parent Company and their relatives.

The above transactions concerned mainly the purchase and sale of fuels, fuel additives, diesel oil, film and LDPE raw material.

In the 6 and 3-month period ended 30 June 2024 and 30 June 2023, on the basis of submitted declarations, there were no material Transactions of key management personnel and their close persons with related parties of the ORLEN Group.

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

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Parent Company				
Short-term employee benefits	39.5	17.9	44.9	26.4
Post-employment benefits	-	-	0.1	0.1
Termination benefits	24.0	5.4	0.5	0.5
Subsidiaries				
Short-term employee benefits	242.8	128.6	230.4	119.3
Post-employment benefits	0.6	0.3	-	-
Other long term employee benefits	2.6	2.2	1.1	0.8
Termination benefits	21.6	16.8	3.1	1.8
	331.1	171.2	280.1	148.9

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

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

	Sales				Purchases			
	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Jointly-controlled entities	1 979	1 015	1 915	857	(351)	(171)	(260)	(157)
<i>joint ventures</i>	1 979	1 015	1 915	857	(351)	(171)	(260)	(157)
Other related parties	68	30	91	28	(31)	(13)	(240)	(200)
	2 047	1 045	2 006	885	(382)	(184)	(500)	(357)

	Trade receivables, other receivables and loans granted		Trade, lease and other liabilities	
	30/06/2024 (unaudited)	31/12/2023	30/06/2024 (unaudited)	31/12/2023
Jointly-controlled entities	1 645	1 526	85	80
<i>joint ventures</i>	1 645	1 526	85	80
Other related parties	100	79	60	38
	1 745	1 605	145	118

The above transactions with related parties include mainly sales and purchases of refinery and petrochemicals products and services. During the 6 and 3-month period ended 30 June 2024 and 30 June 2023 there were no related parties transactions within the Group concluded on other than an arm's length basis.

5.16.4. 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 30 June 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 6 and 3-month period ended 30 June 2024 and 30 June 2023 and as at 30 June 2024 and 31 December 2023, the Group identified the following transactions:

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Sales	5 077	2 318	6 565	3 563
Purchases	(4 768)	(2 252)	(4 264)	(1 481)
		30/06/2024 (unaudited)		31/12/2023
Trade receivables, other receivables		1 190		1 462
Trade, lease and other liabilities		702		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.

5.17. Excise tax guarantees

Excise tax guarantees and excise tax on goods and merchandise under the excise tax suspension procedure are part of off-balance sheet liabilities and as at 30 June 2024 and as at 31 December 2023 amounted to PLN 3,886 million and PLN 2,950 million, respectively. In the 3rd and 4th 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, while in the 1st and 2nd quarters of 2024, the Group rebuilt the level of these stocks. As at 30 June 2024 the Group assesses the materialisation of this type of liability as very low.

5.18. Information on loan sureties or guarantees granted by the Parent Company or its subsidiaries to one entity or its subsidiary where the total value of existing sureties or guarantees is significant

The guarantees and sureties granted within the Group to third parties as at 30 June 2024 and as at 31 December 2023 amounted to PLN 20,627 million and PLN 19,526 million, respectively. As at 30 June 2024 they related mainly to security of:

- future liabilities arising from bonds issuances of Group's subsidiary in the amount of PLN 5,391 million,
 - liabilities of PGNiG Supply&Trading GmbH, PGNiG Upstream Norway AS, ORLEN Trading Switzerland and PST LNG SHIPPING LIMITED arising from operational activities in the total amount of PLN 10,947 million,
 - financial liabilities arising from credit agreements of Group's subsidiaries in total amount of PLN 886 million
 - realisation of investment projects of subsidiaries: CCGT Ostrołęka and CCGT Grudziądz in total amount of PLN 404 million,
- as well as the timely payment of liabilities by subsidiaries.

As at 30 June 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 guarantee issued in favour of the bondholders by ENERGA. The guarantee is issued with a maturity date of 31 December 2033 for the issuer of Eurobonds, Energa Finance.

The existing ORLEN guarantee for the amount of USD 91,5 million expired on 2 April 2024 together with the advanced redemption of B8 Sp. z o.o. Baltic SKA.

	Nominal value		Subscription date	Expiration date	Rating	Value of guarantee issued	
	EUR	PLN				EUR	PLN
Eurobonds	300	1 294	7.03.2017	7.03.2027	BBB+, Baa2	1 250	5 391

The value of guarantees granted was translated using the exchange rate as at 30 June 2024

In addition, the value of guarantees regarding liabilities to third parties granted during ongoing operations as at 30 June 2024 and as at 31 December 2023 amounted to PLN 5,127 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.

5.19. Events after the end of the reporting period
Signing of a preliminary agreement by ORLEN Wind 3 for the purchase of two photovoltaic farms and one wind farm

On 1 August 2024, ORLEN Wind 3, a subsidiary of the ORLEN Group, has entered into a preliminary agreement with EDP Renewables Polska to acquire two solar PV farms with a combined capacity of 280 MWp located in the Provinces of Zielona Góra and Poznań, along with a 26 MW wind farm in the Province of Łódź. Valued at approximately PLN 1.15 billion, the transaction stands out as one of the largest deals in terms of installed capacity made in recent years within the Polish renewable energy sector. Upon completion, this acquisition will elevate the ORLEN Group's renewable generation capacity by nearly 30%.

After the end of the reporting period there were no other events, apart from those disclosed in these half-year condensed consolidated financial statements that would require recognition or disclosure.

HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS

FOR THE 6 AND 3-MONTH PERIOD ENDED 30 JUNE

2024

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

B. HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION
Separate statement of profit or loss and other comprehensive income

		6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
	NOTE				
Sales revenues	5.1	102 514	47 623	128 663	52 542
<i>revenues from sales of finished goods and services</i>		77 402	35 153	100 300	39 136
<i>revenues from sales of merchandise and raw materials</i>		25 112	12 470	28 363	13 406
Cost of sales	5.2	(97 852)	(47 082)	(106 313)	(45 018)
<i>cost of finished goods and services sold</i>		(74 330)	(35 493)	(79 313)	(32 320)
<i>cost of merchandise and raw materials sold</i>		(23 522)	(11 589)	(27 000)	(12 698)
Gross profit on sales		4 662	541	22 350	7 524
Distribution expenses		(4 109)	(2 006)	(4 119)	(2 200)
Administrative expenses		(1 148)	(494)	(1 135)	(544)
Other operating income	5.4	2 313	1 169	4 517	1 905
Other operating expenses	5.4	(3 159)	(1 292)	(5 641)	(1 308)
(Loss)/reversal of loss due to impairment of trade receivables		(24)	2	(58)	(58)
Profit/(Loss) from operations		(1 465)	(2 080)	15 914	5 319
Finance income	5.5	2 374	1 548	3 903	2 744
Finance costs	5.5	(1 759)	(1 581)	(705)	(363)
Net finance income and costs		615	(33)	3 198	2 381
Reversal of loss due to impairment of financial assets other than trade receivables		1 866	1 593	99	17
Profit/(Loss) before tax		1 016	(520)	19 211	7 717
Tax expense		124	361	(3 313)	(1 212)
<i>current tax</i>		26	33	(447)	394
<i>deferred tax</i>		98	328	(2 866)	(1 606)
Net profit/(loss)		1 140	(159)	15 898	6 505
Other comprehensive income:					
which will not be reclassified subsequently into profit or loss		25	13	2	1
<i>actuarial gains and losses</i>		22	20	-	-
<i>gains/(losses) on investments in equity instruments at fair value through other comprehensive income</i>		8	(4)	3	2
<i>deferred tax</i>		(5)	(3)	(1)	(1)
which will be reclassified into profit or loss		(1 624)	(380)	4 895	591
<i>hedging instruments</i>		(1 616)	(579)	5 466	592
<i>hedging costs</i>		(389)	110	577	138
<i>deferred tax</i>		381	89	(1 148)	(139)
Total net comprehensive income		(459)	(526)	20 795	7 097
Net profit/(loss) and diluted net profit per share (in PLN per share)		0.98	(0.14)	13.69	5.60

The accompanying notes disclosed on pages 60 – 84 are an integral part of these half-year condensed separate financial statements.

Separate statement of financial position

	NOTE	30/06/2024 (unaudited)	31/12/2023
ASSETS			
Non-current assets			
Property, plant and equipment		45 919	43 799
Intangible assets and goodwill		4 034	4 933
Right-of-use asset		4 807	4 696
Shares in subsidiaries and jointly controlled entities		69 300	67 974
Derivatives	5.7	1 602	1 505
Long-term lease receivables		19	19
Other assets	5.7	15 044	12 668
		140 725	135 594
Current assets			
Inventories		22 639	23 726
Trade and other receivables		17 223	18 792
Current tax assets		149	46
Cash		1 629	2 854
Derivatives	5.7	757	1 594
Other assets	5.7	11 315	17 837
Non-current assets classified as held for sale		3 920	3 926
		57 632	68 775
Total assets		198 357	204 369
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1 974	1 974
Share premium		46 405	46 405
Own shares		-	(2)
Hedging reserve		1 429	3 053
Revaluation reserve		22	15
Retained earnings		85 794	89 454
Total equity		135 624	140 899
LIABILITIES			
Non-current liabilities			
Loans, borrowings and bonds	5.6	8 200	9 337
Provisions	5.8	2 836	2 871
Deferred tax liabilities		150	626
Liabilities from contracts with customers		8	6
Derivatives	5.7	527	629
Lease liabilities		2 951	2 899
Other liabilities	5.7	267	184
		14 939	16 552
Current liabilities			
Trade and other liabilities		30 406	26 226
Lease liabilities		547	482
Liabilities from contracts with customers		405	431
Loans, borrowings and bonds	5.6	2 079	3 319
Provisions	5.8	3 024	4 428
Current tax liabilities		-	7
Derivatives	5.7	976	1 030
Other liabilities	5.7	10 357	10 995
		47 794	46 918
Total liabilities		62 733	63 470
Total equity and liabilities		198 357	204 369

The accompanying notes disclosed on pages 60 – 84 are an integral part of these half-year condensed separate financial statements.

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	-	-	-	-	-	1 140	1 140
Components of other comprehensive income	-	-	-	(1 624)	7	18	(1 599)
Total net comprehensive income	-	-	-	(1 624)	7	1 158	(459)
Dividends	-	-	-	-	-	(4 818)	(4 818)
Sale of own shares	-	-	2	-	-	-	2
30/06/2024	1 974	46 405	-	1 429	22	85 794	135 624
(unaudited)							
01/01/2023	1 974	46 405	(2)	4 539	10	74 690	127 616
Net profit	-	-	-	-	-	15 898	15 898
Components of other comprehensive income	-	-	-	4 895	2	-	4 897
Total net comprehensive income	-	-	-	4 895	2	15 898	20 795
Equity resulting from merger under common control	-	-	-	-	-	(3)	(3)
Dividends	-	-	-	-	-	(6 385)	(6 385)
30/06/2023	1 974	46 405	(2)	9 434	12	84 200	142 023
(unaudited)							
(restated data)							

The accompanying notes disclosed on pages 60 – 84 are an integral part of these half-year condensed separate financial statements.

Separate statement of cash flows

		6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
	NOTE				
Cash flows from operating activities					
Profit/(Loss) before tax		1 016	(520)	19 211	7 717
Adjustments for:					
Depreciation and amortisation	5.2	2 090	1 050	2 705	1 254
Foreign exchange (profit)		(77)	-	(385)	(399)
Net interest		(794)	(355)	(814)	(399)
Dividends	5.5	(848)	(848)	(1 221)	(1 221)
Loss on investing activities		545	200	2 370	192
Change in provisions		1 369	473	2 027	971
Change in working capital		2 421	830	11 915	(29)
<i>inventories</i>		1 072	(2 075)	11 064	2 345
<i>receivables</i>		1 511	1 895	2 897	1 720
<i>liabilities</i>		(162)	1 010	(2 046)	(4 094)
Other adjustments, incl.:		(4 306)	(1 019)	(6 671)	(5 345)
<i>settlement of grants for property rights</i>		(677)	(348)	(1 062)	(576)
<i>security deposits</i>	5.7	(812)	19	6 890	2 175
<i>derivatives</i>		(1 682)	(366)	(5 550)	(3 730)
<i>change in contract assets and liabilities measured at the time of settlement of the business combination</i>	5.7	(1 348)	(552)	(7 024)	(3 293)
Income tax received/(paid)		(84)	77	(4 803)	(4 521)
Net cash from/(used in) operating activities		1 332	(112)	24 334	(1 780)
Cash flows from investing activities					
Acquisition of property, plant and equipment, intangible assets and right-of-use asset		(6 359)	(2 323)	(10 799)	(4 906)
Acquisition of shares		(658)	(4)	-	-
Acquisition of bonds		-	-	(3 978)	(923)
Recapitalisation of subsidiaries		(131)	(95)	(607)	(607)
Recapitalisation in investments in joint ventures		-	-	(770)	-
Disposal of property, plant and equipment, intangible assets and right-of-use asset		761	-	1 227	1 090
Proceeds as to implementation of Remedies		20	20	340	340
Disposal of shares		86	12	-	-
Interest received		989	504	1 022	545
Dividends received		806	806	332	332
Sale of bonds		-	-	3 000	3 000
Acquisition of petrochemical assets less cash		-	-	(212)	6
Expenses from loans granted		(2 496)	(1 155)	(11 919)	(583)
Proceeds from loans granted		2 958	716	13 216	6 633
Net flows within cash-pool system		4 184	1 821	(2 421)	1 934
Other		(73)	-	(191)	(192)
Net cash from/(used in) investing activities		87	302	(11 760)	6 669
Cash flows from financing activities					
Proceeds from loans and borrowings received	5.6	2 298	1 748	23	23
Repayments of loans and borrowings	5.6	(4 630)	(1 091)	(6 852)	(3 254)
Interest paid from loans, borrowings, bonds and cash pool		(406)	(224)	(451)	(290)
Interest paid on lease		(99)	(65)	(87)	(32)
Net flows within cash-pool system		460	(437)	2 120	(87)
Payments of liabilities under lease agreements		(212)	(101)	(202)	(89)
Other		(47)	(20)	(91)	(45)
Net cash (used) in financing activities		(2 636)	(190)	(5 540)	(3 774)
Net increase/(decrease) in cash		(1 217)	-	7 034	1 115
Effect of changes in exchange rates		(8)	5	3	15
Cash, beginning of the period		2 854	1 624	7 939	13 846
Cash, end of the period		1 629	1 629	14 976	14 976
<i>including restricted cash</i>		<i>117</i>	<i>117</i>	<i>689</i>	<i>689</i>

The accompanying notes disclosed on pages 60 – 84 are an integral part of these half-year condensed separate financial statements.

EXPLANATORY NOTES TO THE HALF-YEAR CONDENSED SEPARATE FINANCIAL STATEMENTS

1. Principal activity of ORLEN

ORLEN Spółka Akcyjna with its headquarters in Płock, 7 Chemików Street ("Company", "Issuer", "Parent Company") was funded by incorporation of Petrochemia Płock S.A. with Centrala Produktów Naftowych S.A., on 7 September 1999.

The core business of the Company is the processing of crude oil and the production of fuel, petrochemical and chemical goods, as well as, retail and wholesale of fuel products. ORLEN generates, distributes and trades of electricity and heat.

Since 26 November 1999 ORLEN shares are quoted on the main market of the Warsaw Stock Exchange in the continuous trading system.

2. Information on principles adopted in the preparation of the half-year condensed separate financial statements

2.1. Statement of compliance and general principles of preparation

These half-year condensed separate 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 provided by issuers of securities and terms of deeming information required by the regulations of a non-member state equivalent (Official Journal 2018, item 757) and present the ORLEN financial position as at 30 June 2024 and as at 31 December 2023, financial results and cash flows for the 6 and 3-month period ended 30 June 2024 and 30 June 2023.

These half-year condensed separate financial statements were prepared on the assumption that the Company will continue to operate as a going concern in the foreseeable future.

As part of the assessment of the Company's ability to continue as a going concern, the Management Board 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 Company's operations and the related changes in the macroeconomic situation in Europe and around the world.

As at the date of approval of these half-year condensed separate financial statements there is no evidence indicating that the Company will not be able to continue its operations as a going concern.

The Company has unlimited period of operations.

These half-year condensed separate financial statements, except for the separate 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 half-year condensed separate financial statements, the significant accounting policies applied by the Company and significant values based on judgments and estimates were the same as described in individual explanatory notes in the Separate Financial Statements for 2023.

2.2.2. Restated of comparative data

In the Quarterly Report for the 4th quarter of 2023, the Company presented the final settlement of the merger transaction with the PGNIG. 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 Company revised the comparative information regarding the separate statement of profit or loss and other comprehensive income and the separate statement of cash flows for 1st half of 2023.

	6 MONTHS ENDED 30/06/2023 (unaudited) (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with the ORLEN	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Sales revenues	121 402	7 261	128 663
Cost of sales	(106 151)	(162)	(106 313)
Gross profit on sales	15 251	7 099	22 350
Distribution expenses	(4 119)	-	(4 119)
Administrative expenses	(1 135)	-	(1 135)
Other operating income	4 552	(35)	4 517
Other operating expenses	(3 920)	(1 721)	(5 641)
(Loss)/reversal of loss due to impairment of trade receivables	(58)	-	(58)
Profit from operations	10 571	5 343	15 914
Net finance income and costs	3 198	-	3 198
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables	99	-	99
Profit before tax	13 868	5 343	19 211
Tax expense	(2 298)	(1 015)	(3 313)
<i>current tax</i>	<i>(447)</i>	-	<i>(447)</i>
<i>deferred tax</i>	<i>(1 851)</i>	<i>(1 015)</i>	<i>(2 866)</i>
Net profit	11 570	4 328	15 898
Total net comprehensive income	16 467	4 328	20 795
Net profit and diluted net profit per share (in PLN per share)	9.97	3.73	13.69

Compared to the data presented in the half-year condensed consolidated financial statements for 1st half-year of 2023, as a result of final settlement process for the merger with the PGNiG, the following items of revenue and expense have changed:

- 1) sales revenue, the value of which for the 1st half-year of 2023 increased by PLN 7,261 million to amount PLN 128,663 million, mainly as a result of the settlement of assets and liabilities under gas and electricity sales contracts, for which the actual implementation of the underlying contracts took place by the end of 30 June 2023;
- 2) cost of sales, the value of which for the 1st half-year of 2023 increased by PLN (162) million to amount PLN (106,313) million, mainly due to verification of recognized write-downs on inventories at PGNiG, the recognition of changes in the depreciation of property, plant and equipment, intangible assets and right-of-use assets, which were revalued as part of the merger settlement process and the settlement of assets and liabilities under contracts for the purchase of electricity, for which the actual implementation of the underlying contracts took place by the end of 30 June 2023;
- 3) other net operating income/expenses, the value of which for the 1st half-year of 2023 decreased by PLN (1,756) million to amount PLN (1,124) million net, mainly due to the verification of recognized impairment losses on fixed assets;
- 4) as a result of the above changes, the deferred tax position has also changed by the amount of PLN (1,015) million.

	3 MONTHS ENDED 30/06/2023 (unaudited) (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with the ORLEN	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Sales revenues	49 102	3 440	52 542
Cost of sales	(44 737)	(281)	(45 018)
Gross profit on sales	4 365	3 159	7 524
Distribution expenses	(2 200)	-	(2 200)
Administrative expenses	(544)	-	(544)
Other operating income	1 904	1	1 905
Other operating expenses	(1 307)	(1)	(1 308)
(Loss)/reversal of loss due to impairment of trade receivables	(58)	-	(58)
Profit from operations	2 160	3 159	5 319
Net finance income and costs	2 381	-	2 381
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables	17	-	17
Profit before tax	4 558	3 159	7 717
Tax expense	(612)	(600)	(1 212)
<i>current tax</i>	394	-	394
<i>deferred tax</i>	(1 006)	(600)	(1 606)
Net profit	3 946	2 559	6 505
Total net comprehensive income	4 538	2 559	7 097
Net profit and diluted net profit per share (in PLN per share)	3.40	2.20	5.60

	6 MONTHS ENDED 30/06/2023 (unaudited) (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with the ORLEN	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Cash flows from operating activities			
Profit before tax	13 868	5 343	19 211
Adjustments for:			
Depreciation and amortisation	1 594	1 111	2 705
Loss on investing activities	614	1 756	2 370
Change in working capital	13 050	(1 135)	11 915
<i>inventories</i>	12 199	(1 135)	11 064
Other adjustments	353	(7 024)	(6 671)
Net cash from/(used in) operating activities	24 283	51	24 334
Cash flows from investing activities			
Disposal of property, plant and equipment, intangible assets and right-of-use asset	1 254	(27)	1 227
Other	(167)	(24)	(191)
Net cash from/(used in) investing activities	(11 709)	(51)	(11 760)

	3 MONTHS ENDED 30/06/2023 (unaudited) (published data)	Adjustments to comparative data due to completion of accounting settlement of merger with the ORLEN	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Cash flows from operating activities			
Profit before tax	4 558	3 159	7 717
Adjustments for:			
Depreciation and amortisation	802	452	1 254
Loss on investing activities	168	24	192
Change in working capital	288	(317)	(29)
<i>inventories</i>	2 662	(317)	2 345
Other adjustments	(2 051)	(3 294)	(5 345)
Net cash from/(used in) operating activities	(1 804)	24	(1 780)
Cash flows from investing activities			
Other	(168)	(24)	(192)
Net cash from/(used in) investing activities	6 693	(24)	6 669

2.3. Functional currency and presentation currency of financial statements

The functional currency and presentation currency of these half-year condensed separate 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 is presented in PLN million in the separate financial statements, unless otherwise stated.

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

The sale of natural gas and the production and sale of electricity and heat during the year are subject to seasonal fluctuations. The volume of natural gas and energy sold, and thus sales revenues, increase in the winter months and decrease in the summer months. It depends on the ambient temperature and the length of the day. 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 individual recipients to a much greater extent than recipients from the production/industrial sector.

In the period of 6 and 3 months ended 30 June 2024, there is no significant seasonality or cyclicity of operations in other segments of ORLEN.

3. Financial situation of ORLEN and settlement of business combination transactions

3.1. ORLEN achievements and factors that have a significant impact on the half-year condensed separate financial statements

Profit or loss for the 6 months of 2024

Sales revenues of the ORLEN for the 6 months of 2024 amounted to PLN 102,514 million and was higher by PLN (26,149) million (y/y). The decrease in sales revenues concerned the Gas, Energy, Refining and Upstream segments.

The operating expenses totally increased by PLN 8,458 million (y/y) to PLN (103,109) million mainly as a result of lower costs in the Gas, Refining and Energy segments.

Refining Segment

The decrease in sales revenues in the Refining segment amounted to PLN (4,457) million (y/y) and resulted mainly from a decline in prices of crude oil and light and medium distillates following the strengthening of PLN against foreign currencies.

The segment's sales volume amounted to 8,555 thousand tons and reached a comparable level (y/y).

The decrease in operating costs in the Refining segment amounted to PLN 4,084 million (y/y) and was mainly due to lower costs of commercial goods, electricity consumption, non-oil production inputs from external purchases and from other operating segments of ORLEN S.A., as well as, lower CO₂ emission costs (y/y).

Petrochemical Segment

The increase in sales revenues in the Petrochemical segment amounted to PLN 426 million (y/y) and was mainly due to higher sales volumes of the segment by 15.5% (y/y) to the level of 899 thousand tones, mainly PTA, olefins, polyolefins, benzene and glycols.

The increase in sales revenues was partially limited by lower (y/y) prices of main products, including: ethylene, propylene, polyethylene, butadiene and paraxylene and the strengthening of the PLN exchange rate against the EUR.

The increase in operating costs was insignificant and amounted to PLN 57 million (y/y) and resulted mainly from higher (y/y) prices of production inputs (mainly kerosene).

Energy Segment

The decrease in revenues from sales in the Energy segment amounted to PLN (1,263) million (y/y) and was mainly due to the decrease in electricity prices TGeBase by (34.4)% (y/y) and lower electricity sales volumes by (18.9)% (y/y).

The decrease in operating costs in the Energy segment amounted to PLN 1,742 million (y/y) and was mainly due to the decrease in natural gas prices, lower natural gas consumption (due to shutdown of CCGT Plock in May and June 2024), lower CO₂ emission costs and no write-offs for the Price Difference Payment Fund, which were applicable in 2023.

Upstream Segment

The decrease in revenues from sales in the Upstream segment amounted to PLN (177) million (y/y) and resulted mainly from lower by (33.8)% (y/y) TGEgasDA natural gas prices on the market, as well as, from lower hydrocarbon sales volume.

The increase in operating costs in the Upstream segment amounted to PLN (8,069) million (y/y) and was mainly due to the increase (y/y) gas write-offs to the Price Difference Payment Fund by PLN (8,537) million.

Gas Segment

The decrease in revenues from sales in the Gas segment amounted to PLN (21,918) million (y/y) and resulted mainly from lower natural gas prices on the markets.

The decrease in operating costs amounted to PLN 12,886 million (y/y) and resulted mainly from lower gas purchase costs as a result of the decrease in market gas prices and strengthening of the PLN exchange rate against foreign currencies.

Additionally, both sales revenues and operating costs of the segment included the impact of the settlement of assets of the former PGNiG Group as at the merger date in the net amount of PLN (6,809) million (y/y).

The result of other operating activities amounted to PLN (846) million and was higher by PLN 278 million (y/y). This change was mainly influenced by lower impairment allowances on assets (y/y) by PLN 1,051 million and a negative impact (y/y) of the effect of valuation and settlement of derivative financial instruments related to operating exposure in the total amount of PLN (562) million.

As a result, profit from operations for the 6 months of 2024 amounted to PLN (1,465) million and was lower by PLN (17,379) million (y/y). Net finance income in the described period amounted to PLN 615 million and included mainly dividend income in the amount of PLN 848 million and net interest income in the amount of PLN 927 million and the recognition of impairment allowances on shares in subsidiaries in the amount of PLN (1,324) million in connection with the change in the nature of the impairment allowances on cash pool receivables recognised at the end of 2023. In the 2nd quarter of 2024, ORLEN adopted a resolution to increase the capital in the subsidiary ORLEN Trading Switzerland, which it carried out by making a non-cash contribution to ORLEN Trading Switzerland in the form of its receivables against the company under the cash pool.

Due to the above, the Company recognised a reversal of impairment allowances on financial assets other than trade receivables in the amount of PLN 1,324 million and recognised a write-down on shares in the same amount.

After the deduction of tax charges in the amount of PLN 124 million, the net profit of the ORLEN for the 6 months of 2024 amounted to PLN 1,140 million and was lower by PLN (14,758) million (y/y).

Profit or loss for the 2nd quarter of 2024

Sales revenues of the ORLEN in the 2nd quarter of 2024 amounted to PLN 47,623 million and were lower by PLN (4,919) million (y/y). The decrease in sales revenues mainly concerned the Gas segment.

Operating costs amounted to PLN (49,582) million and were higher by PLN (1,820) million (y/y) mainly as a result of the increase in the costs of the Upstream segment mitigated by the decrease in the costs of the Gas and Energy segments.

Refining Segment

The decrease in sales revenues in the Refining segment amounted to PLN (638) million (y/y) and was mainly due to a decline in the prices of light distillates with higher prices of medium distillates and heavy refinery fractions expressed in PLN.

The segment's sales volume was comparable (y/y) - the decline in sales of gasoline and other refinery products was compensated by the increase in sales of oil and aviation fuel.

The decrease in operating costs in the Refining segment amounted to PLN 587 million (y/y) and was mainly due to lower costs of trade goods, electricity consumption, and also lower (y/y) CO₂ emission costs.

Petrochemical Segment

The increase in sales revenues in the Petrochemical segment amounted to PLN 391 million (y/y) and was mainly due to higher segment sales volumes by 18.4% (y/y) to level of 450 thousand ton, mainly olefins, PTA, benzene and polyolefins.

The increase in product prices on global markets in the second quarter (y/y) was entirely limited by the strengthening of the PLN exchange rate.

The increase in operating costs amounted to PLN 225 million (y/y) and resulted mainly from the increase (y/y) in the prices of production inputs (kerosene) and higher production capacity utilization resulting from higher sales.

Energy Segment

The decrease in revenues from sales in the Energy segment amounted to PLN (593) million (y/y) and resulted mainly from the decrease in electricity prices TGeBase by (24.7)% (y/y) and lower electricity sales volumes by (43.3)% (y/y).

The decrease in operating costs in the Energy segment amounted to PLN 934 million (y/y) and was mainly due to the decrease in natural gas prices, lower natural gas consumption due to the standstill at CCGT Płock in Q2 2024, lower CO₂ emission costs and no burden of costs with contributions to the Price Difference Payment Fund in 2024, which were applicable in 2023.

Upstream Segment

The decrease in revenues from sales in the Upstream segment amounted to PLN (56) million (y/y) and resulted mainly from lower volumes of sales of hydrocarbons and reduction by (12.1)% (y/y) of TGEgasDA market quotations.

The increase in operating costs in the Upstream segment amounted to PLN (4,351) million (y/y) and was mainly due to an increase in the gas write-offs to the Price Difference Payment Fund by PLN (4,424) million.

Gas Segment

The decrease in revenues from sales in the Gas segment amounted to PLN (5,044) million (y/y) and was mainly due to lower gas prices on the markets (y/y).

The decrease in operating costs in the Gas segment amounted to PLN 1,231 million (y/y) and resulted mainly from lower gas purchase costs as a result of the decrease in market gas prices and strengthening of PLN against foreign currencies.

Additionally, both sales revenues and operating costs of the segment included the impact of the settlement of assets of the former PGNiG Group as at the merger date in the net amount of PLN (3,059) million (y/y).

The result of other operating activities amounted to PLN (123) million and was lower by PLN (720) million (y/y) mainly due to:

- recognition of higher by PLN (471) million net impairment allowances of property, plant and equipment, intangible assets and right of use assets,
- negative impact (y/y) of the settlement and valuation effect of derivative financial instruments related to operational exposure in the total amount of PLN (783) million,

- recognition of partial compensation from insurers in connection with the failure of the Hydrodesulphurisation of Gudron (HOG) installation at the ORLEN Production Plant in Plock in the amount of PLN 443 million.

The result on financial activities amounted to PLN (33) million and was lower by PLN (2,414) million (y/y) mainly due to:

- surplus of negative exchange rate differences in the amount of PLN (592) million,
- recognition of lower dividend income by PLN (373) million,
- creation of a write-down on shares of ORLEN Trading Switzerland in the amount of PLN (1,324) million.

In the 2nd quarter of 2024, ORLEN adopted a resolution to increase the capital in its subsidiary ORLEN Trading Switzerland, which it carried out by making a non-cash contribution to ORLEN Trading Switzerland in the form of its receivables against the company under the cash pool. Due to the above, the nature of the impairment allowances on cash pool receivables recognised at the end of 2023 has changed.

As a consequence, the Company recognised a reversal of the impairment allowances on financial assets other than trade receivables in the amount of PLN 1,324 million and recognised an impairment allowances on shares in the same amount.

After the deduction of tax charges in the amount of PLN 361 million, the net result of the ORLEN amounted to PLN (159) million and was lower by PLN (6,664) million (y/y).

Statement of financial position

As at 30 June 2024 the total assets of ORLEN amounted to PLN 198,357 million and was lower by PLN (6,012) million in comparison with 31 December 2023.

The change in the value of assets was influenced by an increase in the value of fixed assets by 3.8% and a decrease in the value of current assets by (16.2)%.

As at 30 June 2024, the value of non-current assets amounted to PLN 140,725 million and was higher by PLN 5,131 million in comparison with the end of the previous year, mainly due to increase in property, plant and equipment and intangible assets by PLN 1,332 million, an increase in shares in subsidiaries and jointly controlled entities by PLN 1,326 million, mainly as a result of the acquisition of shares in Doppler Energie (currently ORLEN Austria) and the accounting treatment of the capital increase in ORLEN Trading Switzerland by making a non-cash contribution to the company in the form of ORLEN's receivables against the company under cash pool, an increase in intra-group loans granted to ORLEN Group companies by PLN 2,303 million.

The value of current assets as at 30 June 2024 decreased by PLN (11,143) million in comparison with the end of the previous year, mainly as decrease in:

- inventories by PLN (1,087) million, mainly due to decrease in volume and gas prices on the European market,
- trade and other receivables by PLN (1 569) million,
- balance of cash by PLN (1,225) million,
- other assets by PLN (6,522) million, which mainly related to the an increase in the cash pool balance by PLN (4,788) million and loans granted to ORLEN Group companies in the amount of PLN (2,236) million.

As at 30 June 2024, total equity amounted to PLN 135,624 million and was lower by PLN (5,275) million in comparison with the end of 2023, mainly as a result of dividends liabilities from previous years' profits in the amount PLN (4,818) million, impact of the change in hedging reserve in the amount of PLN (1,624) million and net profit for the 6 months of 2024 in the amount of PLN 1,140 million.

The value of trade and other liabilities amounted to PLN increased by PLN 4,180 million in comparison to the end of 2023 mainly due to ORLEN's shareholder dividend liabilities by PLN 4,818 million.

Value of provisions as at 30 June 2024 amounted to PLN 5,860 million and was lower by PLN (1,439) million in comparison to the end of 2023. The decrease in provisions resulted mainly from the recognition and updating of the net provision for estimated CO₂ emissions and energy certificates in the amount of PLN (1,419) million and recognition of provision in the amount of PLN 1,618 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 (3,037) million.

As at 30 June 2024, net financial indebtedness of the ORLEN Group amounted to PLN 8,650 million and was lower by PLN (1,152) million in comparison with the end of 2023. The change in net financial debt included a decrease in cash and cash equivalents by PLN 1,225 million and net outflows including inflows and repayments of loans, borrowings and bonds in the amount PLN (2,332) million.

Statement of cash flows for the 6 months of 2024

Proceeds of net cash from operating activities for the 6 months of 2024 amounted to PLN 1,332 million and comprised mainly result from operations increased by depreciation and amortisation (EBITDA) in the amount of PLN 625 million adjusted by:

- the positive impact of decrease in a net working capital by PLN 2,421 million
- change in provisions in the amount of PLN 1,369 million mainly as a result of creation of provision for CO₂ emission,
- other adjustments in the amount of PLN (4,306) million related mainly to mainly concerning security deposits for the settlement of transactions hedging commodity risk concluded with financial institutions and on commodity exchanges in the amount of PLN (812)

million, the impact of the settlement and valuation of derivative instruments in the amount of PLN (1,682) million and the change in assets and liabilities from contracts valued at the moment of settlement of the business combination in the amount of PLN (1,348) million.

Net cash from investing activities for the 6 months of 2024 amounted to PLN 87 million and comprised mainly net cash flows for the acquisition of property, plant and equipment, intangible assets and right-of-use asset in the amount of PLN (5,598) million and net flows within the cash pool system of PLN 4,184 million, net proceeds from loans granted in the amount PLN 462 million and dividend received in the amount of PLN 806 million.

Net cash flows used in financing activities for the 6 months of 2024 amounted to PLN (2,636) million and comprised mainly the net repayment of loans and borrowings in the amount of PLN (2,332) million.

Following inclusion of the revaluation of cash due to exchange differences, the cash balance in the 6-month period of 2024 increased by PLN (1,225) million and as at 30 June 2024 amounted to PLN 1,629 million.

Statement of cash flows for the 2nd quarter of 2024

In the 2nd quarter of 2024 the net cash used in operating activities amounted to PLN (112) million and comprised mainly of profit from operations increased by depreciation and amortisation (EBITDA) in the amount of PLN (1,030) million, adjusted by:

- the positive impact of decrease in a net working capital by PLN 830 million,
- change in provisions in the amount of PLN 473 million,
- other adjustments in the amount of PLN (1,019) million related mainly to settlement and valuation of derivatives in the amount of PLN (366) million, settlement of grants for property rights in the amount of PLN (348) million and change in assets and liabilities due to contracts valued at the time of settlement of business combination in the amount of PLN (552) million.

In the 2nd quarter of 2024 the net cash from investing activities amounted to PLN 302 million and comprised mainly of net expenses for the acquisition of property, plant and equipment, intangible assets and right-of-use asset in the amount of PLN (2,323) million and net flows within the cash pool system of PLN 1,821 million, net expenses from loans granted in the amount PLN (439) million and dividend received in the amount of PLN 806 million.

In the 2nd quarter of 2024 net cash used in financing activities amounted to PLN (190) million and comprised mainly the net flows within cash-pool system in the amount of PLN (437) million, interest paid in the amount of PLN (289) million and net inflows of loans and borrowings in the amount of PLN 657 million.

Following inclusion of the revaluation of cash due to exchange differences, the cash balance in the 2nd quarter of 2024 increased by PLN 5 million and as at 30 June 2024 amounted to PLN 1,629 million.

Factors and events which may influence future results

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

- impact of the geopolitical situation on the global economy, availability and prices of energy carriers,
- paths of inflation and central bank interest rates,
- a significant decrease in the global GDP growth rate and the risk of recession,
- the European Commission's policy of introducing appropriate tariffs that would equalize market conditions in Europe,
- European Union's climate policy and prices of rights and CO₂ emissions allowances,
- administrative interventions on international and domestic fuel markets and electricity (price caps, taxation of windfall profits, tariff policy of the President of the Energy Regulatory Office),
- increase in operating costs and investment financing related to inflation, geopolitical risk and regulatory risk,
- availability of production installations,
- 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.

4. Segment's data

As at 30 June 2024 the operations of the Company are 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,
- the Upstream segment, which includes activity related to exploration and extraction of mineral resources

- the Gas segment, which includes mainly the sale of imported natural gas, extracted from fields and purchased on gas exchanges, distribution of natural gas through the distribution network to individual, industrial and wholesale customers;
- and Corporate Functions, which include activities related to management, administration and remaining activities not allocated to separate operating segments i.e. reconciling items.

Revenues, costs, financial results, increases in non-current assets
for the 6-month period ended 30 June 2024

	NOTE	Refining Segment (unaudited)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited)	Gas Segment (unaudited)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited)
External revenues	5.1	47 986	3 579	2 765	17 548	1 618	28 934	84	-	102 514
Inter-segment revenues		17 509	1 784	1 498	-	2 104	3 574	118	(26 587)	-
Sales revenues		65 495	5 363	4 263	17 548	3 722	32 508	202	(26 587)	102 514
Operating expenses		(62 779)	(5 390)	(3 717)	(16 850)	(16 948)	(22 829)	(1 183)	26 587	(103 109)
Other operating income	5.4	1 810	90	71	12	74	244	12	-	2 313
Other operating expenses	5.4	(1 383)	(1 270)	(17)	(21)	(133)	(139)	(196)	-	(3 159)
(Loss)/reversal of loss due to impairment of trade receivables		(3)	-	-	-	(12)	(16)	7	-	(24)
Profit/(Loss) from operations		3 140	(1 207)	600	689	(13 297)	9 768	(1 158)	-	(1 465)
Net finance income and costs	5.5									615
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables										1 866
Profit before tax										1 016
Tax expense										124
Net profit										1 140
Depreciation and amortisation	5.2	501	94	150	301	773	144	127	-	2 090
EBITDA		3 641	(1 113)	750	990	(12 524)	9 912	(1 031)	-	625
EBITDA LIFO		3 649	(1 092)	750	990	(12 524)	9 912	(1 031)	-	654
Increases in non-current assets		1 469	2 520	138	539	748	100	113	-	5 627

for the 6-month period ended 30 June 2023

	NOTE	Refining Segment (unaudited)	Petrochemical Segment (unaudited)	Energy Segment (unaudited)	Retail Segment (unaudited)	Upstream Segment (unaudited) (restated data)	Gas Segment (unaudited) (restated data)	Corporate Functions (unaudited)	Adjustments (unaudited)	Total (unaudited) (restated data)
External revenues	5.1	52 443	3 153	4 028	16 277	1 795	50 852	115	-	128 663
Inter-segment revenues		16 797	1 908	1 467	-	3 402	3 959	114	(27 647)	-
Sales revenues		69 240	5 061	5 495	16 277	5 197	54 811	229	(27 647)	128 663
Operating expenses		(66 863)	(5 333)	(5 459)	(15 920)	(8 879)	(35 715)	(1 045)	27 647	(111 567)
Other operating income	5.4	2 209	253	34	13	126	1 857	25	-	4 517
Other operating expenses	5.4	(1 949)	(85)	(7)	(19)	(2 419)	(1 052)	(110)	-	(5 641)
(Loss)/reversal of loss due to impairment of trade receivables		-	-	-	-	(63)	3	2	-	(58)
Profit/(Loss) from operations		2 637	(104)	63	351	(6 038)	19 904	(899)	-	15 914
Net finance income and costs	5.5									3 198
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables										99
Profit before tax										19 211
Tax expense										(3 313)
Net profit										15 898
Depreciation and amortisation	5.2	373	267	144	284	1 263	261	113	-	2 705
EBITDA		3 010	163	207	635	(4 775)	20 165	(786)	-	18 619
EBITDA LIFO		4 264	133	207	635	(4 775)	20 165	(786)	-	19 843
Increases in non-current assets		2 137	1 704	237	513	735	117	74	-	5 517

for the 3-month period ended 30 June 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	23 904	1 861	1 273	9 321	697	10 515	52	-	47 623
Inter-segment revenues		9 062	937	730	-	1 016	1 618	59	(13 422)	-
Sales revenues		32 966	2 798	2 003	9 321	1 713	12 133	111	(13 422)	47 623
Operating expenses		(31 597)	(2 731)	(1 743)	(8 821)	(8 476)	(9 049)	(587)	13 422	(49 582)
Other operating income	5.4	1 177	25	16	6	48	(104)	1	-	1 169
Other operating expenses	5.4	(675)	(600)	(11)	(10)	(57)	85	(24)	-	(1 292)
(Loss)/reversal of loss due to impairment of trade receivables		-	-	-	-	6	(5)	1	-	2
Profit/(Loss) from operations		1 871	(508)	265	496	(6 766)	3 060	(498)	-	(2 080)
Net finance income and costs	5.5									(33)
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables										1 593
(Loss) before tax										(520)
Tax expense										361
Net (loss)										(159)
Depreciation and amortisation	5.2	257	44	75	153	389	68	64	-	1 050
EBITDA		2 128	(464)	340	649	(6 377)	3 128	(434)	-	(1 030)
EBITDA LIFO		2 017	(479)	340	649	(6 377)	3 128	(434)	-	(1 156)
Increases in non-current assets		837	1 182	83	229	361	34	54	-	2 780

for the 3-month period ended 30 June 2023

NOTE	Refining Segment	Petrochemical Segment	Energy Segment	Retail Segment	Upstream Segment	Gas Segment	Corporate Functions	Adjustments	Total	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited) (restated data)	(unaudited) (restated data)	(unaudited)	(unaudited)	(unaudited)	
External revenues	5.1	24 542	1 470	1 866	8 286	753	15 559	66	-	52 542
Inter-segment revenues		8 038	933	694	-	1 228	1 590	63	(12 546)	-
Sales revenues		32 580	2 403	2 560	8 286	1 981	17 149	129	(12 546)	52 542
Operating expenses		(32 184)	(2 506)	(2 677)	(7 987)	(4 125)	(10 280)	(549)	12 546	(47 762)
Other operating income	5.4	732	138	9	5	44	960	17	-	1 905
Other operating expenses	5.4	(669)	(83)	(2)	(12)	(147)	(317)	(78)	-	(1 308)
(Loss)/reversal of loss due to impairment of trade receivables		-	-	-	-	(46)	(11)	(1)	-	(58)
Profit/(Loss) from operations		459	(48)	(110)	292	(2 293)	7 501	(482)	-	5 319
Net finance income and costs	5.5									2 381
(Loss)/reversal of loss due to impairment of financial assets other than trade receivables										17
Profit before tax										7 717
Tax expense										(1 212)
Net profit										6 505
Depreciation and amortisation	5.2	187	127	72	158	576	76	58	-	1 254
EBITDA		646	79	(38)	450	(1 717)	7 577	(424)	-	6 573
EBITDA LIFO		1 066	67	(38)	450	(1 717)	7 577	(424)	-	6 981
Increases in non-current assets		1 100	1 177	160	183	434	31	52	-	3 137

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

	30/06/2024 (unaudited)	31/12/2023
Refining Segment	53 419	54 490
Petrochemical Segment	7 359	5 992
Energy Segment	7 493	9 739
Retail Segment	7 662	7 667
Upstream Segment	18 470	18 585
Gas Segment	100 424	86 609
Segment assets	194 827	183 082
Corporate Functions	101 442	105 585
Adjustments	(97 912)	(84 298)
	198 357	204 369

Operating segments include all assets except for financial assets, tax assets and cash. Assets used jointly by the operating segments are allocated based on revenues generated by individual operating segments.

5. Other notes
5.1. Sales revenues
PROFESSIONAL JUDGMENT

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 Company expects - it will be entitled in exchange for these goods or services.

This principle the Company 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 Company considers that the transfer of an asset occurs when the customer obtains control of the 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 Company uses both the outcome method and the input-based method to measure the degree of fulfilment of the performance obligation. When revenue is recognised using the input-based method, the Company excludes the impact of those expenditures that do not reflect the service provided by the Company which involves the transfer of control of goods or services to the customer. Applying the outcome method the Company 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 Company is entitled for the goods and services already provided to the customer.

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

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Revenues from sales of finished goods and services, net	77 402	35 153	100 300	39 136
revenue from contracts with customers	75 688	34 423	92 686	35 522
excluded from scope of IFRS 15	1 714	730	7 614	3 614
Revenues from sales of merchandise and raw materials, net	25 112	12 470	28 363	13 406
revenue from contracts with customers	25 112	12 470	28 363	13 406
Sales revenues, incl.:	102 514	47 623	128 663	52 542
revenue from contracts with customers	100 800	46 893	121 049	48 928

Revenues excluded from the scope of IFRS 15 refer to operating lease contracts. Moreover, the Company 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 concluded contracts, the Company undertakes to transfer to customers mainly refining and petrochemical products and goods, electricity and heat, crude oil, natural gas, energy distribution and gas transmission services. Under these agreements, the Company acts as a principal.

Transaction prices in existing contracts with customers are generally not subject to restrictions, except for prices for customers subject to the obligation to approve the tariff by the President of the Energy Regulatory Office, concerning electricity and heat distribution services in the Energy segment and gas fuel distribution services in the Gas segment. There are no contracts that provide for significant reimbursements of remuneration and other similar obligations. The Company does not identify the rights to remuneration, the receipt of which is conditional and therefore the Company does not present the item Assets under contracts with customers.

The warranties provided under the contracts are warranties that provide a customer with assurance that the product complies with agreed-upon specification. They do not consist of a separate service.

There are mainly sales with deferred payment in the Company. Additionally, cash sales occurs in the Retail segment. 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 upon delivery of the good or upon completion of the service.

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

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 Company. 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. Within the Retail segment, in Fleet Program settlements with customers take place mostly in two-week 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 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 Company analyses revenues based on the type of contract, date of transfer, contract duration and sales channels.

In the Company, 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 Company 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. Revenues from contracts with a variable amount are presented in the Corporate Functions segment.

As part of the Refining, Petrochemical and Gas segments, with respect to sales of refinery and petrochemical and gas products, the Company recognises revenue from the fulfilment of the performance obligation, depending on the terms of delivery applied Incoterms. When the control of good is transferred to the customer before the transport service is provided, these constitute separate performance obligations. The delivery of a good is a service provided at a point in time, while a transport is a continuous service (provided 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 and revenue recognition is the moment of release of good, except for sales of fuels in the Fleet Program using Fleet Cards.

Revenue recognised over time within the Refining, Petrochemical and Energy segment mainly relate to the sale of crude oil, petrochemical products, energy and heat. Revenues generated by the Company over time are recognised using the output method and the time and expenditures 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 within Retail segment and the sale of crude oil and petrochemical products within the Refining, Petrochemical segment.

Contracts accounted for on the basis of time and effort consumed include mainly IT services and media sales within the Capital Group.

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

As at 30 June 2024 the Company analysed the value of the transaction price allocated to unfulfilled performance obligations. The unfulfilled or partially unfulfilled performance obligations as at 30 June 2024 mainly concerned contracts for the sale of electricity and power media that will end during 2024 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 fulfilment of performance obligation under these contracts are recognised in the amount that the Company has the right to invoice, the Company applied a practical exception, according to which it does not disclose information about the total amount of the transaction price allocated to the performance obligation.

The Company realizes sales directly to end customers in the Retail segment managing the network nearly 1,929 fuel stations: 1,496 own stations and 433 stations operated under franchise agreement.

The Company's sales to customers in the Refining and Petrochemical 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 using mostly third-party distribution infrastructure.

5.1.1. Sales revenues of operating segments according to product type

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Refining Segment				
Revenue from contracts with customers IFRS 15	47 974	23 898	52 430	24 536
Crude oil	19 343	9 322	18 726	9 138
Light distillates	4 692	2 471	5 341	2 666
Medium distillates	19 032	9 412	19 889	8 665
Heavy fractions	3 235	1 701	3 169	1 736
Other*	1 672	992	5 305	2 331
Excluded from scope of IFRS 15	12	6	13	6
	47 986	23 904	52 443	24 542
Petrochemical Segment				
Revenue from contracts with customers IFRS 15	3 578	1 860	3 152	1 469
Monomers	1 617	852	1 644	761
Polymers	184	96	161	70
Aromas	456	251	346	168
PTA	884	437	748	372
Other**	437	224	253	98
Excluded from scope of IFRS 15	1	1	1	1
	3 579	1 861	3 153	1 470
Energy Segment				
Revenue from contracts with customers IFRS 15	2 764	1 272	4 028	1 866
Excluded from scope of IFRS 15	1	1	-	-
	2 765	1 273	4 028	1 866
Retail Segment				
Revenue from contracts with customers IFRS 15	17 514	9 306	16 254	8 274
Light distillates	6 476	3 569	5 798	3 120
Medium distillates	8 692	4 455	8 261	3 928
Other***	2 346	1 282	2 195	1 226
Excluded from scope of IFRS 15	34	15	23	12
	17 548	9 321	16 277	8 286
Upstream Segment				
Revenue from contracts with customers IFRS 15	1 617	696	1 795	753
NGL ****	31	13	38	17
Crude oil	634	281	668	291
Natural Gas	665	268	794	295
LNG *****	29	11	53	17
Other	258	123	242	133
Excluded from scope of IFRS 15	1	1	-	-
	1 618	697	1 795	753
GAS Segment				
Revenue from contracts with customers IFRS 15	27 280	9 815	43 290	11 969
Natural Gas	24 320	8 626	39 349	10 737
LNG *****	274	115	333	115
Electricity	2 621	1 036	3 531	1 082
Other	65	38	77	35
Excluded from scope of IFRS 15	1 654	700	7 562	3 590
	28 934	10 515	50 852	15 559
Corporate Functions				
Revenue from contracts with customers IFRS 15	73	46	100	61
Excluded from scope of IFRS 15	11	6	15	5
	84	52	115	66
	102 514	47 623	128 663	52 542

* 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

During the 6-month period ended 30 June 2024, the Company generated sales revenues that individually exceeded 10% of total sales revenues from two recipients of products and goods mainly operating in the Refining, Energy and Upstream segments, in the total amount of PLN 25,183 million. However during the 6-month period ended 30 June 2023, the Company generated sales revenues that individually exceeded 10% of total sales revenues from one recipient of products and goods primarily operating in

the Refining, Energy and Uptstream segment, in the total amount of PLN 13,735 million. These recipients were entities of the ORLEN Group.

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

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Revenue from contracts with customers				
Poland	72 369	33 092	93 083	35 660
Germany	1 294	749	1 451	498
Czech Republic	8 238	3 472	7 591	3 651
Lithuania, Latvia, Estonia	12 061	6 282	11 582	5 675
Other countries, incl.:	6 838	3 298	7 342	3 444
Switzerland	2 441	1 131	1 901	760
Ireland	464	256	1 297	542
Ukraine	1 083	419	1 253	541
United Kingdom	566	337	573	336
Singapore	40	1	565	435
Finland	212	77	338	127
	100 800	46 893	121 049	48 928
excluded from scope of IFRS15 - Poland	1 714	730	7 614	3 614
	102 514	47 623	128 663	52 542

5.2. Operating expenses

Cost by nature

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Materials and energy	(38 556)	(19 483)	(38 096)	(17 975)
Cost of merchandise and raw materials sold	(23 522)	(11 589)	(27 000)	(12 698)
External services	(4 342)	(2 177)	(4 127)	(2 001)
Employee benefits	(1 584)	(746)	(1 390)	(684)
Depreciation and amortisation	(2 090)	(1 050)	(2 705)	(1 254)
Taxes and charges, incl.:	(17 826)	(8 766)	(9 984)	(4 778)
write-off for the Fund for the Payment of Price Differences	(15 109)	(7 555)	(7 069)	(3 378)
Gas costs	(16 208)	(6 037)	(26 832)	(6 862)
Other	(539)	(288)	(501)	(293)
	(104 667)	(50 136)	(110 635)	(46 545)
Change in inventories	1 402	461	(888)	(1 207)
Cost of products and services for own use	156	93	(44)	(10)
Operating expenses	(103 109)	(49 582)	(111 567)	(47 762)
Distribution expenses	4 109	2 006	4 119	2 200
Administrative expenses	1 148	494	1 135	544
Cost of sales	(97 852)	(47 082)	(106 313)	(45 018)

The increase in the item taxes and fees in the 6 and 3-month period ended 30 June 2024 compared to the 6 and 3-month period ended 30 June 2023 by PLN (7,842) million and PLN (3,988) million, respectively, resulted mainly from:

- an increase in the contribution to the Price Difference Payment Fund by PLN (8,040) million and PLN (4,177) million, which energy producers and sellers and natural gas extraction companies were obliged to pay in 2023, and in the first half of 2024, based on the amended Act on special protection of certain gas fuel recipients, only natural gas extraction companies were obliged to pay;
- changes in the value of the updated provision for estimated CO₂ emission costs for 2023, taking into account the settlement of subsidies for allowances received free of charge for a given year, by PLN 319 million and PLN 238 million in connection with the lower price of CO₂ emission allowances in 2024.

5.3. Impairment allowances of property, plant and equipment and intangible assets, right-of-use assets and shares in subsidiaries and jointly-controlled entities

As at 30 June 2024, ORLEN identified indications and performed tests for impairment of assets in accordance with IAS 36 "Impairment of Assets" in the Petrochemical segment and the Upstream segment.

5.3.1. Recognition and reversal of impairment losses on property, plant and equipment, intangible assets, goodwill and rights-of-use assets

In the 6 and 3-months period ended 30 June 2024 the total effect of net impairment losses recognised on the ORLEN non-current assets for the period of 6 months and 3 months was PLN (1,196) million and PLN (490) million respectively.

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) ((restated data))	3 MONTHS ENDED 30/06/2023 (unaudited) ((restated data))
Refining	-	-	(16)	(16)
Petrochemical	(1,127)	(460)	-	-
Energy	-	-	(1)	(1)
Retail	-	-	-	-
Upstream	(56)	(17)	(2,226)	2
Gas	(13)	(13)	(4)	(4)
Corporate Functions	-	-	-	-
Total	(1,196)	(490)	(2,247)	(19)

Reversals and write-downs of tangible fixed assets, intangible assets, goodwill and right-of-use assets were included in other operating income and other operating expenses, respectively (note 5.4).

ORLEN Petrochemical

In the 6 month and 3-month period ended 30 June 2024, the total impact of recognized net impairment losses on fixed assets of ORLEN Petrochemicals segment amounted to PLN (1,127) million and PLN (460) million, respectively, and primarily concerned the impairment losses on assets of the Petrochemicals segment in ORLEN in the amount of PLN (460) million and PLN (656) million, realized in the 3 month period ended 30 June and 3 month period ended 31 March 2024, respectively, mainly due to the impairment of expenditure incurred in these periods on the implementation of the Olefins III investment.

The value in use of assets of the Petrochemical segment of the ORLEN company as at 30 June 2024 and as at 31 March 2024 amounted to PLN 6,398 million and PLN 5,753 million, respectively, and was calculated using discount rates dedicated to petrochemical operations in Poland (Poland Petrochemical). The remaining macroeconomic assumptions and methodology in the tests conducted were analogous to these at the end of 2023.

Sensitivity analysis of the impairment of the value in use of the ORLEN Petrochemicals segment as part of tests conducted as at 30 June 2024

DISCOUNT RATE	in PLN million	EBITDA		
	change	-5%	0%	5%
- 1 p.p.		decrease in impairment loss 1,229	decrease in impairment loss 3,230	decrease in impairment loss 5,231
0,0 p.p.		increase in impairment loss (1,740)	-	decrease in impairment loss 1,740
+ 1 p.p.		increase in impairment loss (4,118)	increase in impairment loss (2,592)	increase in impairment loss (1,066)

The after-tax discount rates estimated by ORLEN for Poland Petrochemical as at 30 June 2024 and 31 March 2024 were as follows:

Poland Petrochemical	2024	2025	2026	2027	2028	2029	2030+
30 June 2024	8.91%	8.56%	8.84%	9.00%	9.07%	9.1%	7.89%
31 March 2024	9.06%	8.84%	8.89%	9.04%	9.15%	9.21%	8.32%

Other net impairment losses recognized on the fixed assets of the ORLEN in the Petrochemical segment amounted to PLN (11) million and related to the discontinuation of research and development work.

Orlen Upstream

In the 6 month and 3-month period ended 30 June 2024, the total impact of recognized net impairment losses on fixed assets of the Upstream segment amounted to PLN (56) million and PLN (17) million, respectively, and mainly concerned exploration costs write-offs.

ORLEN identified indications of lower hydrocarbon price forecasts and performed impairment tests of Upstream segment assets at current crude oil and natural gas prices and discount rates. The analyses performed did not indicate any risk of impairment of the tested assets.

Key macroeconomic assumptions for 2024-2033 used in tests as at 30 June 2024:

		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Brent	USD/bbl	89.4	81.1	82.3	83.7	85.4	87.2	89.0	90.3	91.7	93.1
Natural Gas	EUR/MWh	32.5	37.1	32.4	28.6	25.8	23.0	21.9	25.1	27.8	31.5

Key macroeconomic assumptions for 2024–2033 used in tests as at 31 December 2023:

		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Brent	USD/bbl	87.3	88.7	89.9	92.7	93.6	95.0	96.9	98.8	100.8	102.8
Natural Gas	EUR/MWh	53.4	49.1	38.0	35.1	34.3	33.6	33.0	33.3	33.4	34.2

The discount rates after tax estimated by ORLEN for upstream activities in Poland (Poland Upstream Production) as at 30 June 2024 and 31 December 2023 were as follows (for subsequent years, the discount rate calculated for 2030 was used):

Poland Upstream Production	2024	2025	2026	2027	2028	2029	2030	2030+
30 June 2024	9.83%	9.48%	9.76%	9.92%	9.98%	10.02%	8.82%	8.82%
31 December 2023	8.29%	8.14%	8.08%	8.16%	8.28%	7.9%	7.9%	7.9%

The discount rate for the Polish market estimated as at 30 June 2024 takes into account the specific risk identified by the Company related to regulatory risk and increased price volatility on the hydrocarbon market.

5.3.2. Recognition and reversal of impairment losses on stocks and shares in subsidiaries and jointly controlled entities

ORLEN Trading Switzerland

In the 2nd quarter of 2024, ORLEN decided to provide additional financing for ORLEN Trading Switzerland in order to continue the debt collection process, which it implemented by making a non-cash contribution to ORLEN Trading Switzerland in the form of ORLEN's receivables against the company under the cash pool in the amount of PLN 1,962 million (USD 486.3 million). The debt collection process conducted in ORLEN Trading Switzerland aims to recover the funds that the company paid in 2023 as prepayments for the purchase of crude oil and petroleum products.

In connection with the above, the previous cash pool impairment loss on receivables in the amount of PLN (1,324) million created as at 31 December 2023 was reversed, and the Company recognised in the same amount an impairment loss on stock and shares.

As at 30 June 2024, no other indications were identified and no impairment tests were performed on shares and interests in subsidiaries and jointly controlled entities.

5.4. Other operating income and expenses

Other operating income

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Profit on sale of non-current non-financial assets	71	1	15	2
Reversal of provisions	7	3	33	7
Reversal of impairment allowances of property, plant and equipment, intangible assets and other assets	58	58	55	23
Penalties and compensations	549	463	46	6
Derivatives	1 472	553	4 241	1 798
<i>not designated for hedge accounting purposes - settlement and valuation</i>	1 239	707	3 335	1 032
<i>fair value hedges - valuation of hedging instruments and items</i>	2	-	-	-
<i>hedging cash flows - ineffective part concerning measurement and settlement</i>	145	(177)	656	627
<i>hedging cash flows - settlement of hedging costs</i>	86	23	250	139
Other	156	91	127	69
	2 313	1 169	4 517	1 905

In the 6 and 3-month period of 2024 in the position penalties and compensations the Company recognised income from partial compensation in the amount of PLN 443 million (USD 110 million) corresponding to the amount of funds received from insurers to date, constituting an indisputable and non-refundable amount determined at the level of insurance markets with the loss

adjuster in connection with the failure at the Hydrodesulphurization of Rubber installation at ORLEN Production Plant in Płock. The final amount of compensation will depend on the final arrangements with the insurers.

Other operating expenses

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited) (restated data)
Loss on sale of non-current non-financial assets	(33)	(15)	(125)	(91)
Recognition of provisions	(60)	(21)	(18)	(11)
Recognition of impairment allowances of property, plant and equipment, intangible assets and other assets	(1 254)	(548)	(2 302)	(42)
Penalties, damages and compensations	(12)	(5)	(11)	(6)
Derivatives	(1 419)	(519)	(2 946)	(981)
<i>not designated for hedge accounting purposes - settlement and valuation</i>	(1 404)	(516)	(2 938)	(847)
<i>fair value hedges - valuation of hedging instruments and items</i>	(2)	-	-	-
<i>hedging cash flows - ineffective part concerning measurement and settlement</i>	(10)	(3)	(6)	(134)
<i>hedging cash flows - settlement of hedging costs</i>	(3)	-	(2)	-
Other, incl.:	(381)	(184)	(239)	(177)
<i>donations</i>	(295)	(141)	(59)	(56)
	(3 159)	(1 292)	(5 641)	(1 308)

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

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited) (restated data)	3 MONTHS ENDED 30/06/2023 (unaudited)
Valuation of derivative financial instruments	(60)	(26)	(287)	(284)
<i>commodity futures</i>	-	-	(149)	1
<i>CO2 emission allowances</i>	-	-	(149)	1
<i>commodity forwards</i>	(4)	(6)	(95)	(73)
<i>electricity</i>	(1)	(6)	(99)	(74)
<i>natural gas</i>	(3)	-	4	1
<i>commodity swaps</i>	(56)	(21)	(43)	(213)
<i>foreign currency swap</i>	-	1	-	1
Settlement of derivative financial instruments	(105)	217	684	469
<i>commodity futures</i>	-	-	303	6
<i>CO2 emission allowances</i>	-	-	279	5
<i>diesel oil</i>	-	-	24	1
<i>commodity swaps</i>	(104)	218	381	463
<i>other</i>	(1)	(1)	-	-
	(165)	191	397	185

During the 6 and 3-month period ended 30 June 2024 and 30 June 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 of timing mismatches on crude oil purchases, purchase and sale of natural gas, the refining margin) as well as commodity futures and commodity forwards (hedging the CO₂ term contracts, natural gas and electricity). Moreover this line recognised the ineffective part in terms of hedge accounting of valuation and settlement of commodity swaps for hedging, 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 Company 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 Company on the sale of a physical position.

The Company applies hedge accounting to hedge the purchase and sale of natural gas, oversize reserves and bitumen as well as to hedge the physical sale of finished products purchased by sea and to hedge the currency risk in operating activities. 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 Company also applies hedge accounting for purchases to hedge risk of change of market prices of CO₂ allowances. In connection with the above, the effective part of change in fair value of hedging instrument is related to statement of financial situation in position revaluation reserve due to the application of hedge accounting, whereas the non-effective part of change in fair value of hedging instrument is related to profit and loss statement into other operating income or other operating expenses. Accumulated gains or losses related to the hedging instrument recognized in the revaluation reserve, accumulated until the date of termination of the hedging relationship, are reclassified in the period of recognition of the hedged item to intangible assets or assets held for sale, respectively.

5.5. Finance income and costs

Finance income

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Interest calculated using the effective interest rate method	1 139	544	1 642	829
Other interest	31	31	1	1
Net foreign exchange gain	-	-	716	541
Dividends	848	848	1 221	1 221
Derivatives not designated as hedge accounting - settlement and valuation	104	40	199	82
Other	252	85	124	70
	2 374	1 548	3 903	2 744

Finance costs

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Interest calculated using the effective interest rate method	(136)	(83)	(214)	(105)
Interest on lease	(80)	(40)	(72)	(40)
Other interest	(27)	(18)	(9)	(4)
Net foreign exchange loss	(36)	(51)	-	-
Derivatives not designated as hedge accounting - settlement and valuation	(93)	(29)	(130)	(29)
Recognition of impairment allowances of shares in subsidiaries	(1 324)	(1 324)	-	-
Other	(63)	(36)	(280)	(185)
	(1 759)	(1 581)	(705)	(363)

Borrowing costs capitalized during the 6 and 3-month period ended 30 June 2024 and 30 June 2023 amounted to PLN (298) million and PLN (121) million, PLN (175) million and PLN (94) million, respectively.

5.6. Loans, borrowings and bonds

	Non-current		Current		Total	
	30/06/2024 (unaudited)	31/12/2023	30/06/2024 (unaudited)	31/12/2023	30/06/2024 (unaudited)	31/12/2023
Loans	857	903	1 833	3 092	2 690	3 995
Borrowings	1 084	2 144	137	156	1 221	2 300
Bonds	6 259	6 290	109	71	6 368	6 361
	8 200	9 337	2 079	3 319	10 279	12 656

During the 6-month period of 2024, as a part of cash flows from financing activities ORLEN has made drawings and repayments of borrowings and loans from available credit lines in the total amount of PLN 2,298 million and PLN (4,630) million. As at 30 June 2024 the decrease in debt level results mainly from net repayments of the loans in the amount of PLN (1,291) million and partial repayment of the intercompany borrowing granted from PGNiG Upstream Norway in the amount of PLN (1,052) million.

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

As at 30 June 2024 and as at 31 December 2023 the maximum possible indebtedness due to loans and borrowings amounted to PLN 18,606 million and PLN 21,253 million, respectively. As at 30 June 2024 and as at 31 December 2023 PLN 15,221 million and PLN 16,563 million, respectively, remained unused. The decrease in the value of the maximum possible indebtedness and open credit lines are mainly due to changes in credit agreements which include in particular: in accordance with the provisions of the agreement, the inability to disbursement the syndicated loan of EUR 1,415 million due to the approaching expiry date of the agreement and 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, as well as obtaining a new financing at Deutsche Bank in the amount of PLN 350 million.

In the period covered by these half-year condensed separate 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		Current		Total	
	30/06/2024 (unaudited)	31/12/2023	30/06/2024 (unaudited)	31/12/2023	30/06/2024 (unaudited)	31/12/2023
Cash flow hedging instruments	1 091	938	398	1 194	1 489	2 132
<i>currency forwards</i>	1 021	931	193	182	1 214	1 113
<i>commodity swaps</i>	-	6	65	627	65	633
<i>currency swaps</i>	-	-	-	127	-	127
<i>commodity futures (CO2 emission allowances)</i>	70	1	140	258	210	259
Derivatives not designated as hedge accounting	17	23	47	102	64	125
<i>currency forwards</i>	14	23	37	38	51	61
<i>commodity swaps</i>	-	-	7	57	7	57
<i>interest rate swaps</i>	3	-	-	-	3	-
<i>commodity forwards (electricity)</i>	-	-	3	4	3	4
<i>commodity forwards (natural gas)</i>	-	-	-	3	-	3
Derivatives under centralization	485	542	284	289	769	831
<i>commodity swaps</i>	-	1	58	26	58	27
<i>currency forwards</i>	485	541	226	263	711	804
Fair value hedging instruments	9	2	28	9	37	11
<i>commodity swaps</i>	9	2	28	9	37	11
Derivatives	1 602	1 505	757	1 594	2 359	3 099
Other financial assets	14 876	12 493	11 205	17 541	26 081	30 034
<i>loans granted</i>	13 574	11 271	2 401	4 637	15 975	15 908
<i>cash pool</i>	-	-	7 524	12 312	7 524	12 312
<i>receivables on settled derivatives</i>	-	-	98	235	98	235
<i>receivables on settled derivatives under centralization</i>	-	-	18	22	18	22
<i>financial assets measured at fair value through other comprehensive income</i>	292	284	-	-	292	284
<i>financial assets measured at fair value through profit or loss</i>	1	1	-	-	1	1
<i>hedged item adjustment</i>	-	1	-	5	-	6
<i>security deposits</i>	-	-	1 016	206	1 016	206
<i>purchased securities</i>	276	273	8	8	284	281
<i>restricted cash</i>	195	200	50	50	245	250
<i>assets related to financing</i>	526	446	85	65	611	511
<i>other</i>	12	17	5	1	17	18
Other non-financial assets	168	175	110	296	278	471
<i>investment property</i>	161	161	-	-	161	161
<i>assets due to contracts valued at the time of settlement of business combination</i>	-	-	110	296	110	296
<i>other</i>	7	14	-	-	7	14
Other assets	15 044	12 668	11 315	17 837	26 359	30 505

As at 30 June 2024 and as at 31 December 2023, the Company has security deposits that do not meet the definition of cash equivalents concerning mainly securing settlement of commodity transactions and 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 market prices of the products and is subject to ongoing revisions. The change of PLN 810 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 30 June 2024 and as at 31 December 2023, the position Loans granted amounted to PLN 15,975 million and PLN 15,908 million and related mainly to intra-group loans granted to ORLEN Group companies for corporate-wide and investment purposes and loans granted under the employee loan program.

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 deposits. 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, presented – due to its long-term nature – under 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 on the use of this cash (it may only be applied towards specific long-term objectives), the assets accumulated in the Extraction Facilities Decommissioning Fund are recognised in the Company's statement of financial position as other assets under non-current assets.

Derivatives and other liabilities

	Non-current		Current		Total	
	30/06/2024 (unaudited)	31/12/2023	30/06/2024 (unaudited)	31/12/2023	30/06/2024 (unaudited)	31/12/2023
Cash flow hedging instruments	37	48	624	372	661	420
<i>commodity swaps</i>	-	41	518	348	518	389
<i>commodity futures (CO2 emission allowances)</i>	34	-	90	-	124	-
<i>currency forwards</i>	3	7	16	24	19	31
Derivatives not designated as hedge accounting	1	38	114	384	115	422
<i>currency forwards</i>	1	1	8	56	9	57
<i>commodity swaps</i>	-	37	106	328	106	365
Derivatives under centralization	489	542	238	269	727	811
<i>commodity swaps</i>	-	-	13	49	13	49
<i>currency forwards</i>	486	541	225	220	711	761
<i>interest rate swaps</i>	3	1	-	-	3	1
Fair value hedging instruments	-	1	-	5	-	6
<i>commodity swaps</i>	-	1	-	5	-	6
Derivatives	527	629	976	1 030	1 503	1 659
Other financial liabilities	188	119	8 376	8 202	8 564	8 321
<i>liabilities on settled derivatives</i>	-	-	92	353	92	353
<i>liabilities on settled derivatives under centralization</i>	-	-	56	101	56	101
<i>investment liabilities</i>	62	62	-	-	62	62
<i>cash pool</i>	-	-	8 197	7 732	8 197	7 732
<i>hedged item adjustment</i>	10	3	28	9	38	12
<i>security deposits</i>	-	-	-	2	-	2
<i>other</i>	116	54	3	5	119	59
Other non-financial liabilities	79	65	1 981	2 793	2 060	2 858
<i>deferred income</i>	79	65	758	36	837	101
<i>liabilities due to contracts valued at the time of settlement of business combination</i>	-	-	1 223	2 757	1 223	2 757
Other liabilities	267	184	10 357	10 995	10 624	11 179

Description of changes of derivatives not designated as hedge accounting is presented in notes [5.5](#) i [5.6](#).

The line receivables due to settled derivatives and liabilities due to settled derivatives refer to derivatives with a maturity date at the end of the reporting period or earlier, however the payment date falls after the balance sheet date. As at 30 June 2024, these line include the value of matured commodity swaps hedging mainly the refining margin and natural gas.

Additionally, as at 30 June 2024, the line deferred income also includes the unsettled value of CO₂ property rights received free of charge for 2023 in the amount of PLN 728 million as at the reporting date.

5.8. Provisions

	Non-current		Current		Total	
	30/06/2024 (unaudited)	31/12/2023	30/06/2024 (unaudited)	31/12/2023	30/06/2024 (unaudited)	31/12/2023
For decommissioning and environmental costs	2 164	2 149	79	102	2 243	2 251
Jubilee bonuses and post-employment benefits	490	521	84	88	574	609
CO ₂ emissions, energy certificates	-	-	2 361	3 780	2 361	3 780
Other	182	201	500	458	682	659
	2 836	2 871	3 024	4 428	5 860	7 299

Detailed information in note [3.1](#).

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

As compared to the previous reporting period the Company did not change the valuation methods concerning financial instruments.

Methods applied in determining the fair value were described in the Separate Financial Statements for 2023 in note 15.3.

In the position Financial assets at fair value through other comprehensive income, quoted/unquoted shares not held for trading are presented.

Fair value hierarchy

	30/06/2024		Fair value hierarchy		
	Carrying amount	Fair value	Level 1	Level 2	Level 3
	(unaudited)	(unaudited)			
Financial assets					
Financial assets measured at fair value through profit or loss	1	1	-	-	1
Financial assets measured at fair value through other comprehensive income	292	292	36	-	256
Loans granted	15 975	16 441	-	16 441	-
Purchased securities	284	395	-	395	-
Derivatives, incl.:	2 359	2 359	215	2 144	-
<i>Derivatives under centralization</i>	769	769	-	769	-
	18 911	19 488	251	18 980	257
Financial liabilities					
Loans	2 690	2 691	-	2 691	-
Borrowings	1 221	1 220	-	1 220	-
Bonds	6 368	6 155	5 147	1 008	-
Derivatives, incl.:	1 503	1 503	324	1 179	-
<i>Derivatives under centralization</i>	727	727	-	727	-
	11 782	11 569	5 471	6 098	-

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).

During the reporting period and comparative period there were no reclassifications in the Company between levels of the fair value hierarchy during the reporting and comparative period.

5.10. Future commitments resulting from signed investment contracts

As at 30 June 2024 and as at 31 December 2023 the value of future commitments resulting from investment contracts signed until that day amounted to PLN 15,921 million and PLN 16,646 million, respectively.

5.11. Issue and redemption of debt securities

The balance of debt securities liabilities as at 30 June 2024:

- 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;
- under 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;

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. Distribution of the Parent Company's profit for 2023 and the dividend payment in 2024

The Ordinary General Meeting of Shareholders of ORLEN on 25 June 2024 decided 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 dividend date was set at 20 September of 2024 and the dividend payment date at 20 December of 2024.

5.13. Contingent liabilities

Information concerning significant proceedings in front of court, body appropriate for arbitration proceedings or in front of administration bodies:

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 and the parties are looking for an expert who could provide an expert opinion on the case.

Arbitration procedure brought by Elektrobudowa S.A. against ORLEN

The subject of the proceedings is a claim of Elektrobudowa S.A. in bankruptcy for payment of the total amount PLN 118.63 million and Euro 13.97 million.

The case concerns the settlement of the EPC contract with date 1 August 2016 for the construction of the Metathesis Installation, put into operation in 2019 year.

So far, the Court of Arbitration has issued twenty awards (5 preliminary awards and 15 partial awards), in which it awarded a total amount PLN 36.83 million and Euro 7.28 million for the benefit to the bankruptcy Trustee Elektrobudowa S.A. and dismissed the claims as to amounts PLN 1.24 million and Euro 0.37 million. The remaining claims have not yet been resolved. The amounts awarded in judgments have been paid in full.

Detailed information regarding the lawsuit proceedings regarding the claim of Elektrobudowa S.A. against ORLEN were presented in the financial statements of ORLEN for 2023 in note 16.5.2.

The value of open provisions for the ongoing proceedings with Elektrobudowa as of 30 June 2024 amounted to PLN 68 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 remain pending and are being considered in arbitration proceedings, which will resolve the parties' claims regarding, among others, change of price terms of natural gas supplies based on a number of applications for renegotiation submitted by Gazprom and ORLEN (as the legal successor of PGNiG) from 2017 and causes and effects of Gazprom's suspension of natural gas supplies from 27 April 2022.

Due to its extensive scope, the arbitration proceedings have been divided into several phases, in which the parties' individual claims will be resolved. The current phase of the proceedings covers the issue of a possible change of price terms based on the ORLEN's and Gazprom's renegotiation requests from 2017. The parties filed counterclaims in this respect.

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.

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

5.14. Related parties transactions

5.14.1. Related parties transactions of the ORLEN Group

As at 30 June 2024 and 31 December 2023 and in the 6 and 3-month period ended 30 June 2024 and 30 June 2023 there were no material transactions of related parties with Members of the Management Board and the Supervisory Board of the Company, other key executive personnel of the Company and their relatives.

The above transactions concerned mainly the purchase and sale of fuels, fuel additives, diesel oil, film and LDPE raw material.

5.14.2. Remuneration of key executive personnel of the Company

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Short-term employee benefits	39.5	17.9	44.9	26.4
Post-employment benefits	-	-	0.1	0.1
Termination benefits	24.0	5.4	0.5	0.5
	63.5	23.3	45.5	27.0

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

5.14.3. Transactions and balances of settlements of the Company with related parties

	Subsidiaries		Jointly- controlled entities		Total	
	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)
Sales	42 380	19 660	1 463	764	43 843	20 424
Revenues under centralization of derivative financial instruments	1 407	230	-	-	1 407	230
Purchases	19 334	10 472	20	11	19 354	10 483
Costs under centralization of derivative financial instruments	1 262	431	-	-	1 262	431
Finance income, incl.:	2 082	1 430	51	51	2 133	1 481
<i>Dividends</i>	797	797	51	51	848	848
Finance costs (mainly interest)	145	86	-	-	145	86

	Subsidiaries		Jointly- controlled entities		Total	
	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Sales	44 849	20 079	1 575	750	46 424	20 829
Revenues under centralization of derivative financial instruments	1 340	150	-	-	1 340	150
Purchases	(27 060)	(12 602)	(22)	(12)	(27 082)	(12 614)
Costs under centralization of derivative financial instruments	(2 016)	(298)	-	-	(2 016)	(298)
Finance income, incl.:	2 159	1 615	100	100	2 259	1 715
<i>Dividends</i>	1 121	1 121	100	100	1 221	1 221
Finance costs (mainly interest)	(297)	-	-	-	(297)	-

	Subsidiaries		Jointly- controlled entities		Total	
	30/06/2024 (unaudited)	31/12/2023	30/06/2024 (unaudited)	31/12/2023	30/06/2024 (unaudited)	31/12/2023
Trade and other receivables	6 011	8 181	584	430	6 595	8 611
Other assets	23 238	27 960	-	-	23 238	27 960
<i>Loans granted</i>	15 696	15 626	-	-	15 696	15 626
<i>Cash pool</i>	7 524	12 312	-	-	7 524	12 312
<i>Receivables on settled derivatives under centralization</i>	18	22	-	-	18	22
Lease receivables	21	20	-	-	21	20
Derivatives under centralization	21	101	-	-	21	101
Trade and other liabilities	3 505	3 954	9	11	3 514	3 965
Borrowings	1 215	2 300	-	-	1 215	2 300
Other liabilities, incl.:	8 257	7 834	-	-	8 257	7 834
<i>Cash pool</i>	8 197	7 732	-	-	8 197	7 732
<i>Liabilities on settled derivatives under centralization</i>	56	101	-	-	56	101
Lease liabilities	503	528	1	1	504	529
Derivatives under centralization	713	808	-	-	713	808

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

During the 6 and 3-month period ended 30 June 2024 and 30 June 2023, there were no related parties transaction in the Company concluded on other than as arm's length basis.

5.14.4. Transactions with entities related to the State Treasury

As at 30 June 2024 and 31 December 2023 the largest shareholder of the Company was the State Treasury with 49.9% of shares.

The Company 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 6 and 3-month period ended 30 June 2024 and 30 June 2023, the Company identified the following transactions:

	6 MONTHS ENDED 30/06/2024 (unaudited)	3 MONTHS ENDED 30/06/2024 (unaudited)	6 MONTHS ENDED 30/06/2023 (unaudited)	3 MONTHS ENDED 30/06/2023 (unaudited)
Sales	2 928	1 180	2 959	1 138
Purchases	(1 646)	(876)	(1 604)	(817)

	30/06/2024 (unaudited)	31/12/2023
Trade receivables, other receivables	510	643
Trade, lease and other liabilities	393	335

Above transactions were concluded on an arm's length basis and were related to the Company's 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 30 June 2024 and as at 31 December 2023 amounted to PLN 3,360 million and PLN 2,480 million, respectively. In the 3rd and 4th 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, while in the 1st and 2nd quarters of 2024, the Group rebuilt the level of these stocks. As at 30 June 2024, the PN ORLEN assesses the materialisation of this type of liability as very low.

5.16. Information on loan sureties or guarantees granted by the ORLEN to one entity or its subsidiary where the total value of existing sureties or guarantees is significant

The guarantees and sureties granted within the Group to third parties as at 30 June 2024 and as at 31 December 2023 amounted to PLN 14,879 million and PLN 13,593 million, respectively. As at 30 June 2024 they related mainly to security of:

- liabilities of PGNiG Supply&Trading GmbH, PGNiG Upstream Norway AS, ORLEN Trading Switzerland and PST LNG SHIPPING LIMITED arising from operational activities in the total amount of PLN 10,947 million,
- financial liabilities arising from credit agreements of Group's subsidiaries in total amount of PLN 886 million,
- realisation of investment projects of subsidiaries: CCGT Ostrołęka and CCGT Grudziądz in total amount of PLN 404 million,

as well as the timely payment of liabilities by subsidiaries.

As at 30 June 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.

The existing ORLEN guarantee for the amount of USD 91,5 million expired on 2 April 2024 together with the advanced redemption of B8 Sp. z o.o. Baltic SKA. senior bonds.

In addition, the value of guarantees regarding liabilities to third parties granted during ongoing operations as at 30 June 2024 and as at 31 December 2023 amounted to PLN 4,143 million and PLN 4,167 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

After the end of the reporting period there were no other events apart from those disclosed in these half-year condensed separate financial statements, that would require recognition or disclosure.

MANAGEMENT BOARD REPORT ON THE OPERATIONS OF THE
GROUP

FOR THE 1st HALF 2024



C. MANAGEMENT BOARD REPORT ON THE OPERATIONS OF THE GROUP
1. Financial situation
1.1. Major factors affecting EBITDA LIFO (profit on operations increased by depreciation and amortisation by LIFO method of inventory valuation)
Statement of profit or loss for the 6 months of 2024

Result from operations increased by depreciation and amortization ("EBITDA") in the 1st half of 2024 amounted to PLN 12,272 million compared to PLN 27,013 million in the same period of 2023.

The impact of crude oil prices changes on inventory valuation in the 1st half of 2024 included in EBITDA result amounted to PLN 97 million compared to PLN (1,555) million in the 1st half of 2023.

EBITDA according to LIFO inventory valuation method ("EBITDA LIFO") after elimination of net impairment allowances on non-current assets* amounted to PLN 13,414 million and was lower by PLN (17,464) million (y/y).

	6 months 2024	6 months 2023	change (y/y)
EBITDA	12 272	27 013	(14 741)
LIFO	97	(1 555)	1 652
EBITDA LIFO	12 175	28 568	(16 393)
Net impairment allowances on non-current assets*	(1 239)	(2 310)	1 071
EBITDA LIFO (after elimination of impairment allowances*)	13 414	30 878	(17 464)
Factors influencing the change in results:			(17 464)
	Macro	(1)	(15 222)
	Volume	(2)	679
	Others	(3)	(2 921)

* Net impairment allowances on non-current assets:

- 1st half 2024 PLN (1,239) million – mainly petrochemicals segment assets amounted to PLN (1,126) million, upstream segment assets amounted to PLN (62) million and gas segment assets amounted to PLN (34) million.
- 1st half 2023 PLN (2,310) million – mainly the upstream assets.

(1) Total impact of macroeconomic parameters amounted to PLN (15,222) million (y/y).

In the refining segment the impact of macro factors was negative PLN (2,280) million (y/y), it was mainly due to lower (y/y) margins (crack) on light and middle distillates, negative impact of processed crude oil grades differentials and hedging transaction and strengthening of USD against PLN partially compensated by the impact of lower (y/y) CO₂ emission costs.

In the petrochemical segment amounted PLN (53) million and resulted mainly from lower petrochemical margins on all products and the strengthening of the of PLN against EUR partially compensated by the impact of lower (y/y) CO₂ emission costs.

In the energy segment amounted PLN (440) million (y/y) and included mainly the negative impact of lower sales prices of electricity produced by the Energa Group and the margins realized on its sales. The negative effects were partially offset by the positive impact of margins on electricity distribution, lower (y/y) costs of network losses and CO₂ emission costs.

In the upstream segment amounted PLN (3,762) million (y/y) as a result of lower (y/y) gas quotations and the strengthening of the of PLN against USD, EUR and NOK.

In the gas segment amounted PLN (8,687) million (y/y) and resulted mainly from lower margin on the sale of E gas (high-methane) in connection with the execution of futures contracts on TGE at lower prices compared to the 1st half of 2023 and the negative impact of hedging transactions. The above negative effects were partially compensated positive impact of the strengthening of PLN against USD and EUR

(2) Total volume sales of the ORLEN Group in segments refinery, petrochemicals and retail increased by 4% (y/y) i.e. to 23,148 thousand tons. Sales in the energy segment decreased by (12)% (y/y) and amounted 14,7 TWh. Sales in the upstream segment amounted 14,3 million boe and was higher by 27% (y/y) whereas gas segment volumes amounted to 157 TWh and decreased by (1)% (y/y).

As a result of the increase in total sales volumes, **the volume effect amounted to PLN 679 million (y/y).**

In the refining segment, the impact of volumes amounted PLN (1,583) million (y/y) and was mainly due to a change in the structure of processed crude oil due to a further reduction in the processing of Rebco crude oil by 9 pp. in the 1st half of 2024 (y/y) (from 2.8 million tons to 1.2 million tons) and replacing it with more expensive types of crude oil. Additionally, the volume sales of the segment's products decreased by (2)% (y/y), among others as a result of the cyclical shutdown of the refinery in Litvinov and the reconstruction of mandatory and operational stocks.

In the petrochemical segment, the effect of the change in volumes amounted to PLN 308 million (y/y) and resulted from 8% higher (y/y) sales, mainly of olefins, polyolefins, fertilizers and PTA with lower PVC sales.

In the energy segment, the volume impact amounted to PLN (131) million (y/y), mainly as a result of lower energy production in the Energa Group (Ostrolęka Power Plant).

In the retail segment, the change in sales volumes was positive and reached the level of PLN 169 million (y/y) due to higher sales volume in the Czech market by 16% (y/y), Polish market by 2% and German market by 1%, with lower sales in the Lithuanian by (3)% (y/y). In addition, in 6 months of 2024, sales volumes of the Doppler Group managing petrol stations in Austria are included amounting to 430 thousand tones.

In the upstream segment, the volume effect amounted to PLN 1,729 million (y/y) and included mainly the recognition of production and sales volumes of the new mining company KUFPEC Norway AS, which merged with PGNiG Upstream Norway AS in June 2024.

In the gas segment, the impact of sales volumes amounted to PLN 187 million (y/y), mainly as a result of the positive effect on the resale of surplus E gas in PGNiG Obrót Detaliczny, partially limited by lower sales of high-methane gas on the TGE by ORLEN S.A.

(3) The impact of other factors amounted to PLN (2,921) million (y/y) and mainly included:

- higher (y/y) write-downs on the Price Difference Payment Fund in the amount of PLN (7,438) million (y/y),
- the impact of the settlement of assets and liabilities of the former PGNiG Group as at the merger date in the amount of PLN (3,796) million (y/y),
- higher (y/y) trade margins mainly in segment Gas as a result of the positive impact of lower prices of gas withdrawals from storage with lower commercial margins on the sale of E (high-methane) and Ls/Lw (nitrogen-rich) gas. In addition, retail margins increased at lower refining and petrochemical margins,
- positive impact (y/y) of the balance on other operating activities (after elimination of the impact of hedging transactions and impairment allowances of assets) in the amount of PLN 185 million (y/y) including mainly partial compensation from insurers in connection with the failure of the Gudron Hydrodesulfurization (HOG) installation at the ORLEN Production Plant in Plock in the amount of PLN 443 million, partially limited by PLN (236) million higher (y/y) donations made by ORLEN S.A., mainly to the ORLEN Foundation and PGNiG and for the renovation of roads in the Stara Biala and Plock communes,
- higher (y/y) share in profit of Baltic Power consolidated by the equity method in the amount of PLN 305 million (mainly as a result of the valuation of the IRS instrument),
- positive impact of net write-downs on inventories (NRV) in the amount of PLN 306 million (y/y),
- increase (y/y) in overhead and labour costs with a positive impact (y/y) from the use of historical inventory layers.

Statement of profit or loss for 2nd quarter of 2024

Result from operations increased by depreciation and amortization ("EBITDA") in the 2nd quarter of 2024 amounted to PLN 4,542 million compared to PLN 10,473 million in the same period of 2023.

The impact of crude oil prices changes on inventory valuation in the 2nd quarter of 2024 included in EBITDA result amounted to PLN 33 million compared to PLN (384) million in the 2nd 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 5,029 million and was lower by PLN (5,904) million (y/y).

	2nd quarter 2024	2nd quarter 2023	change (y/y)
EBITDA	4 542	10 473	(5 931)
LIFO	33	(384)	417
EBITDA LIFO	4 509	10 857	(6 348)
Net impairment allowances on non-current assets*	(521)	(77)	(444)
EBITDA LIFO (after elimination of impairment allowances*)	5 030	10 934	(5 904)
Factors influencing the change in results:			(5 904)
	Macro	(1)	(2 996)
	Volume	(2)	1 117
	Others	(3)	(4 025)

* Net impairment allowances on non-current assets:

- 2nd quarter 2024 PLN (521) million – mainly petrochemicals segment assets amounted to PLN (460) million, gas segment amounted to PLN (32) million and upstream segment assets amounted to PLN (19) million.
- 2nd quarter 2023 PLN (77) million – mainly the upstream segment assets amounted to PLN (41) million, refining segment amounted to PLN (17) million and gas segment assets amounted to PLN (12) million.

(1) The total impact of macroeconomic parameters amounted to PLN (2,996) million PLN (r/r).

In the refining segment, the impact of changes in macro factors was negative PLN (37) million (y/y) and was mainly due to lower margins on light distillates and heavy fuel oil and the strengthening of the PLN against the USD. The segment's results were positively affected by increased margins on middle distillates and lower CO2 emission costs.

In the petrochemical segment, the macro impact amounted to PLN 31 million (y/y) and was mainly due to lower costs of own consumption (gas and electricity) at Anwil with the negative impact of lower (y/y) petrochemical margins on all products and the strengthening of the PLN against the EUR.

In the energy segment, it amounted to PLN 806 million (y/y) and was mainly due to higher margins on energy distribution and sales, as well as lower CO2 emission costs, with the negative impact of lower sales prices for electricity produced by the Energa Group.

In the upstream segment, it reached PLN (893) million (y/y) as a result of the negative impact of lower gas prices by (-) 12% and the strengthening of the PLN against USD, EUR and NOK.

In the gas segment, it amounted to PLN (2,904) million (y/y) as a result of lower margins on sales of E (high-methane) gas due to the execution of futures contracts on TGE at lower prices compared to 2nd quarter of 2023, and the negative impact (y/y) of hedging transactions. The above negative effects were partially offset by the positive impact of the strengthening of the PLN against the USD and EUR.

(2) Total volume sales of the ORLEN Group in refining, petrochemicals and retail segment increased by 3% (y/y) i.e. to 11,997 thousand tons. Sales of energy segment decreased by (12)% (y/y) and amounted to 6,8 TWh. In turn, sales of upstream segment amounted to 5,5 million boe and was slightly lower by (-) 0,5% (y/y) whereas sales of gas segment amounted to 60 TWh and increased by 1% (y/y).

Despite of the increase in total sales volumes **volume effect amounted to PLN 1,117 million (y/y).**

In the refining segment the impact of sales volume amounted to PLN (744) million (y/y) and resulted mainly from the change in the structure of processed oils, due to a further reduction of Rebco oil processing by 10 pp. in 2nd quarter of 2024 (y/y) (from the level of 1,2 million tons to 0,2 million tons) and its replacement with more expensive types of oil. In addition volume sales of the segment's products decreased by (2)% (y/y) mainly as a result of cyclical shutdown of the Litvinov refinery.

In the petrochemical segment, the effect of volume change amounted to PLN 234 million (y/y) and resulted from higher sales of olefins, polyolefins, fertilizers, PVC and PTA.

In the energy segment volume impact amounted to PLN (108) million (y/y) mainly due to lower energy production in Energa Group (Ostrołęka power plant) and lower sales in CCGT Plock i Włocławek.

In the retail segment volume change was positive reaching PLN 94 million (y/y) due to higher sales volume in all markets, i.a. the Czech market by 12% (y/y), the Polish market by 11% (y/y), the German market by 3% and the Lithuanian by 6% (y/y). In addition, in the 2nd quarter of 2024, sales volumes of the Doppler Group managing petrol stations in Austria were included, amounting to 219 thousand tons.

In the upstream segment volume effect amounted to PLN 1,436 million (y/y) and resulted mainly from recognition of production and sales volumes of the new upstream company KUFPEC Norway AS, which merged with PGNiG Upstream Norway AS in June 2024.

In the gas segment, the impact of sales volumes amounted to PLN 204 million (y/y) mainly as a result of a positive effect on the resale of surplus E-gas at PGNiG Obrót Detaliczny partially limited by lower sales of high-methane gas on TGE by ORLEN S.A.

(3) The impact of other factors amounted to PLN (4,025) million (y/y) and mainly included:

- higher (y/y) write-downs on the Price Difference Payment Fund in the amount of PLN (3,956) million (y/y),
- the impact of settlement of assets and liabilities of the former PGNiG Group as of the merger date in the amount of PLN (1,582) million (y/y),
- negative (y/y) impact of trading margins in the refining, petrochemical and power energy segment with a positive impact in the retail and gas segment,
- positive (y/y) impact of the balance on other operating activities (after eliminating the impact of hedging transactions and asset impairment charges) in the amount of PLN 412 million (y/y) comprising mainly partial compensation from insurers in connection with an accident at the Gudron Hydrodesulfurization (HOG) unit at ORLEN's Production Plant in Plock in the amount of PLN 443 million partially limited by transfers from ORLEN S. A. in Q2 2024 donations to the Municipalities of Stara Biala and Plock in the amount of PLN (141) million,
- higher (y/y) share of profit of Baltic Power consolidated by the equity method in the amount of PLN 264 million, mainly as a result of valuation of IRS instrument,
- positive impact (y/y) of net write-downs on inventories (NRV) in the amount of PLN 129 million,
- higher (y/y) overhead and labour costs with a positive impact from the use of historical inventory layers.

1.2. 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 Popiolek 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 Popiolek 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 Fařara 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.

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.

Moreover the Company's Supervisory Board at the same meeting decided to remove Mr Józef Węgrecki from the position of the Company's Management Board Member with effect from 30 April 2024

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 ORLEN'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.

JUNE 2024

Changes in the Management Board

ORLEN announced that on 12 June 2024 the Company's Supervisory Board appointed to the composition of the ORLEN S.A. Management Board the following persons:

- Mr Marek Balawejder with effect on the start of the day of 1 August 2024 for the position of Member of the Management Board, Wholesale and Logistics,
- Mr Artur Osuchowski with effect on the start of the day of 13 June 2024 for the position of Member of the Management Board, Energy and Energy Transformation,

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.

Changes in the Supervisory Board

ORLEN announced that 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 dismissed effective from 24 June 2024 Mr Piotr Wielowieyski from the Supervisory Board of ORLEN S.A. of the current term of office.

ORLEN's Supervisory Board approved the disposal of own shares retained after merger with LOTOS Group and PGNiG

ORLEN announced that on 19 June 2024 the Company's Supervisory Board approved the disposal of own shares, issued by ORLEN in connection with the merger of the Company with LOTOS Group S.A. and with Polskie Górnictwo Naftowe i Gazownictwo S.A. that due to the adopted rules of shares swap ratio described in the merger plans of the companies were not handed over to the shareholders, in the amount of 7,220 of series E shares and 26,938 of series F shares ("Shares"). The disposal of Shares will be ordered in the brokerage firm that maintains the ORLEN securities account at the current market price. The total number of Shares for disposal amounts to 34,158 and presents ca.

0.003% of the ORLEN share capital.
Transaction of the Shares disposal shall be made in the next three months.

JULY 2024**Changes in the Supervisory Board**

ORLEN announced that on 24 July 2024 Ordinary General Meeting of ORLEN appointed following persons to the Company's Supervisory Board:

- Mr Marian Sewerski for the member of the Company's Supervisory Board,
- Mr Piotr Wielowieyski for the member of the Company's Supervisory Board

AUGUST 2024**The statements of claims for annulment or repeal of the resolutions of the Ordinary General Meeting of ORLEN**

ORLEN acquired an information from the District Court for Łódź, X Commercial Division, about the statements of claims filed by the Company's shareholders for annulment or repeal of the following resolutions adopted by the Ordinary General Meeting of ORLEN on 25 June 2024:

- Resolution No 12 on discharge of member of the Management Board, Mr Armen Konrad Artwich of liability for his activities in 2023,
- Resolution No 14 on discharge of member of the Management Board, Mrs Patrycja Klarecka of liability for her activities in 2023,
- Resolution No 15 on discharge of member of the Management Board, Mr Michał Róg of liability for his activities in 2023,
- Resolution No 16 on discharge of member of the Management Board, Mr Jan Szewczak of liability for his activities in 2023,
- Resolution No 17 on discharge of member of the Management Board, Mr Józef Węgrecki of liability for his activities in 2023,
- Resolution No 18 on discharge of member of the Management Board, Mr Piotr Sabat of liability for his activities in 2023,
- Resolution No 19 on discharge of member of the Management Board, Mr Krzysztof Nowicki of liability for his activities in 2023,
- Resolution No 21 on discharge of member of the Management Board, Mr Robert Perkowski of liability for his activities in 2023,
- Resolution No 26 on discharge of member of the Supervisory Board, Mr Andrzej Szumański of liability for his activities in 2023,
- Resolution No 30 on discharge of member of the Supervisory Board, Mr Michał Klimaszewski of liability for his activities in 2023.

In the Company's opinion the statements of claims are groundless.

The statements of claims for annulment or repeal of the resolutions of the Ordinary General Meeting of ORLEN

ORLEN acquired an information from the District Court for Łódź, X Commercial Division, about the statements of claims filed by the Company's shareholder for annulment or repeal of the following resolutions adopted by the Ordinary General Meeting of ORLEN on 25 June 2024:

- Resolution No 13 on discharge of member of the Management Board, Mr Adam Burak of liability for his activities in 2023,
- Resolution No 20 on discharge of member of the Management Board, Mrs Iwona Waksmundzka-Olejniczak of liability for her activities in 2023.

In the Company's opinion the statements of claims are groundless.

1.3. Significant risk factors influencing current and future financial results

As part of its operations the ORLEN Group monitors and assesses risk and undertakes activities in order to minimise their impact on the financial situation on an ongoing basis.

The ORLEN Group applies a consistent set of rules for managing the financial risk defined in the policy for risk management and under the control and supervision of the Financial Risk Committee, the Management Board and the Supervisory Board.

Main financial risks in respect of the ORLEN Group's operations include:

- market risk: commodity risk, exchange rates risk and interest rates risk;
- credit and liquidity risk.

The above risks are described detailed in the Consolidated Financial Statements for 2023 in note 16.5 and in point 5.8 of the Management Board Report on the Operations of the Group for 2023.

1.4. Hedge accounting

As part of hedging strategies, the ORLEN Group mainly hedges its cash flows from sales of the Group's products and purchase of crude oil and natural gas and CO₂ emission allowances as well as changes in operating inventories level.

Net carrying amount of financial instruments hedging cash flows

		30/06/2024 (unaudited)	31/12/2023
Type of instrument / type of risk	Hedging strategies within the cash flows hedge related to exposure to:		
currency forwards / risk of exchange rates changes	operating activities from sales of finished goods and purchase of crude oil and gas	1 933	2 017
currency swaps / risk of exchange rates changes			
commodity swaps / commodity risk	volatility of refinery margin and prices of raw materials or finished goods constituting oversized operating inventories, time mismatch occurring on purchases of crude oil and sale gas	(554)	283
commodity futures/commodity risk	securing the prices of CO2 emission allowances	85	259
		1 464	2 559

Net carrying amount of instruments hedging fair value

		30/06/2024 (unaudited)	31/12/2013
Type of instrument / type of risk	Hedging strategies within the cash flows hedge related to exposure to:		
commodity swaps / commodity risk	offers for which pricing formulas are based on fixed price	37	5
		37	5

2. Forecasted development of the ORLEN Group

The development directions of the ORLEN Group are consistent with the Group's current strategy until 2030, which was published after the completion of the mergers with the Energa Group, Lotos Group and PGNiG in February 2023. As a result, a multi-utility concern was created with diversified sources of revenue, with adequate resources to implement the energy transformation in the region. The ORLEN Group's strategy until 2030 assumes maximization of value in segments and business areas in which the ORLEN Group currently holds a strong strategic position and owns mature assets. Another direction is strategic development, in which the Group invests in petrochemicals, upstream, but also allocates large expenditures in the development of new areas such as renewable energy. The third strategic direction is investments in the future, both at the level of competences and pilot and low-scale installations, building a good competitive position of the Group in the next decade. The current Strategy sets more ambitious goals in terms of decarbonisation and installed renewable energy capacity, which are in line with global trends and will enable the ORLEN Group to achieve its emission neutrality target by 2050. The ORLEN Group has commenced work on updating the strategy in the extended time horizon to 2035, the new strategy should be announced at the end of this year.

ORLEN Group's aspirations in 2030

In response to the trends and challenges facing the energy sector, ORLEN Group has the opportunity to become a leader in the energy transformation in Central Europe:

- one of the important concerns in Europe, present along the entire value chain of the multi-energy area;
- a provider of integrated services for customers, meeting fuel, energy and purchasing needs based on current and new channels and digital technologies;
- a socially responsible entity, thanks to investments in sustainable development, energy transformation, decarbonization, recycling and social initiatives;
- a stable source of value creation, as a result of pursuing a responsible financial policy, focusing on maximizing return on investment while maintaining a stable balance sheet.

Strategic development logic of the ORLEN Group

The Group's development is based on a diversified portfolio of investments in the Group's current and future areas of activity.

Maximizing value in segments and business areas where the ORLEN Group currently holds a strong strategic position and mature assets: refining, gas-fired power generation, conventional power generation, gas distribution, fuel retail and gas and oil upstream. The share of investments in these strategic directions will be approximately 35%.

The main directions of investment within this strategic logic will be:

- Refining: maximizing value by maintaining production capacity, implementing investments in the production of biofuels and low-emission fuels while reducing emissions and improving efficiency, and securing and strengthening logistics and trade functions;
- Gas-fired power generation: expansion of CCGT units balancing the Polish electric power system and replacing high-emission coal-fired power plants and CHP plants;
- Gas distribution network: expansion of gas source connections (including biogas and biomethane plants).

Strategic development: the largest part of the capital expenditure will be allocated to segments that complement the strategic development of the Group, primarily related to renewable energy and petrochemicals.

The main directions of investments in this strategic logic will be:

- Petrochemicals: developing a segment development strategy and development activities by, among others, searching for synergies within international partnerships;
- Renewable energy: implementing investments in both offshore and onshore wind energy and photovoltaic farms;
- Biogas: expanding the portfolio of biogas and biomethane plants portfolio;
- Electro mobility: expanding the EV charging network to 10,000 points, especially in Poland, but also in markets with a strong presence of the ORLEN Group retail network.

Investments in the future: development directions in which the ORLEN Group will take a strategic position to prepare for the market challenges identified as having a significant impact after 2030: hydrogen technologies, synthetic fuels, carbon capture, utilization and storage (CCUS) (for own and customers' needs), small modular reactors (SMR), chemical and mechanical recycling.

New Energy: the main area of development: investments in renewable energy sources

In accordance with the adopted strategy, by the end of 2030 the ORLEN Group will have renewable energy sources with a total capacity of 9 GW, including, among others, offshore and onshore wind farms, photovoltaics and biogas and biomethane powered units.

Offshore RES

Work is continuing on the Baltic Power project, the most advanced offshore wind energy project in Poland and the largest investment in renewable sources in Central Europe. As part of the final preparations for offshore installation work, planned for the end of this year, key components of the Baltic Power investment are being manufactured. Power stations are being built in Pomerania, which will allow for the collection of energy from turbines and transmission to land. Upon completion of construction in 2026, Baltic Power will cover up to 3% of the country's energy demand.

Onshore RES

Following a series of acquisitions and development of its own projects, the ORLEN Group already owns 1 GW of installed capacity in renewable energy sources on land in the scope of wind and photovoltaic energy. Further development in these areas will contribute to achieving the strategic goal of 9 GW of installed capacity in renewable energy sources by 2030.

Petrochemicals – value growth and recycling

Work has begun on updating the strategy and approach to key projects and strategic options, including the petrochemical segment. The ORLEN Group plans numerous activities, including the development of the recycling area with an assumed capacity of 0.3 million tonnes by 2030, in connection with the dynamic development of the circular economy concept.

Refinery: value maximization

In 2024, the ORLEN Group processed 18.9 million tons of crude oil, while in Poland the refineries did not use Russian feedstock. In accordance with the plan, investments are being implemented in the Group's refineries, including deepening the processing of crude oil at the Refinery in Mažeikiai and the Viesbreaking installation in Płock. In addition, the ORLEN Group is investing over half a billion zlotys in the refinery in Gdańsk to strengthen the security and certainty of product supplies. A marine transshipment terminal will be constructed at the refinery wharf, which from 2025 will enable the transshipment of over a million tons of products, including base oils, marine fuels and bio additives to fuels. At the same time, a modern HBO installation, i.e. the so-called Hydrocracking Oil Block, is being built in Gdańsk, connected to the terminal. Work is also underway in the biofuel segment - in the next decade, the Group will become one of the leading producers of biofuels in the region with (FAME, HVO).

Retail: expansion of the retail network and expansion of the non-fuel segment

The ORLEN Group achieved the strategic goal of the number of retail stations at the end of June 2024, which amounted to 3,505 stations, among others thanks to the acquisition of fuel stations in Austria. Thanks to this, the ORLEN Group is now present on 7 retail markets in Europe.

The ORLEN Group's recent acquisitions in the retail area also contribute to the implementation of electric mobility goals: 110 charging points for electric cars were acquired in 34 locations. Additionally, 40 of the acquired facilities in Austria are equipped with solar PV panels.

The ORLEN Group is also implementing plans to develop hydrogen refueling stations - the first hydrogen refueling station of the ORLEN Group was opened in Poznań. Passenger cars, trucks and buses can refuel at the station. It is part of the Clean Cities project, co-financed from EU funds under the CEF instrument and national funds from the "Green Public Transport" program.

The ORLEN Group will consistently acquire new customer groups thanks to its broad, integrated offer, including electricity, natural gas and liquid fuels.

Upstream: balanced portfolio growth with an emphasis on gas assets

Due to the need to ensure the country's energy security, the ORLEN Group's strategy assumes maintaining exploration and a stable level of gas production in Poland and investing in the growth of production, especially in Norway, but also in other international directions. The aim is to increase the volume of gas production by approx. 70% compared to the period of operationalization of the strategy. An important milestone was the increase in the amount of gas transmitted to Poland by over 1 bcm after the acquisition of KUPFEC assets on the Norwegian Continental Shelf (NSK) in 2024. The Group continues exploration activities and ensuring stable production also in Poland.

As part of the program generating value from integration (PMI), the integration of production assets on NSK was carried out. The Group is implementing a project to integrate domestic production companies in order to optimize their operations and achieve synergy within the ORLEN Group. In addition, it conducts activities that allow it to build a balanced portfolio of upstream assets, which includes operations in Pakistan and the UAE.

Gas Trading

The Group assumes that it will maintain the security of natural gas supplies to Poland (LNG and pipeline supplies) through a diversified portfolio of supply sources. The Group will strive to maximize value from other activities, e.g. strengthening the trading function in order to optimize sales margin.

Conventional power and distribution networks

Support for the stability of electricity and gas supplies in Poland, investment in generation sources and modernization and expansion of the network. In order to lower the carbon footprint of power and heat generation while ensuring the continuity of energy supply, the Group will expand the CCGT unit park balancing the Polish electricity system and replacing high-emission coal-fired power plants and CHP plants.

All heating plants covered by the EU ETS belonging to the Group prepared and submitted Climate Neutrality Plans in June 2024, indicating the path of emission reduction by 2030 and climate neutrality in the perspective of 2050.

As part of the partnerships, the Group will also develop and operate small modular reactors (SMRs) - another potential source of zero-emission electricity and heat.

To enable the energy transformation, the Group will modernize and expand the electricity distribution network.

Sustainable development of the ORLEN Group

The ORLEN Group Strategy until 2030 sets the long-term goal of achieving a net zero carbon footprint by 2050. By 2030, the Group will reduce CO₂e emissions by 25% (absolute amount of emissions in the Refining, Petrochemical and Upstream segments), and by 40% CO₂e emissions per MWh in the energy sector, as well as by 15% net carbon intensity (NCI) (emission intensity from sold energy products measured as gCO₂e/MJ for all emission ranges) compared to the baseline values from 2019. The ORLEN Group will allocate significant funds for investments supporting the energy transformation and plans to increase expenditures in line with the EU Taxonomy to 45% in 2030.

In addition to decarbonization, the ORLEN Group sets ambitious goals in other areas of sustainable development. The ORLEN Group Sustainable Development Strategy for 2024-2030 defines the approach and goals of the organization in the area of minimizing the impact on the climate, environmental protection, as well as working conditions, cooperation with local communities and responsible management. It includes, among others, the Just Transition Program, addressed to communities from areas undergoing transformation. Implementation of the sustainable development assumptions will strengthen the competitiveness of the ORLEN Group and will allow mitigation of business risks and enable long-term creation of value for shareholders.

Significant investments in R&D and digital transformation

Pursuit of the strategy goals will require transformation within the organization. The key area will be research and development. An important element of the change will be the digital transformation process, supporting the improvement of production and distribution efficiency, for which the Group has allocated dedicated resources. In addition, the Group focuses on projects that reduce the environmental footprint and aims to strengthen relationships with customers. The ORLEN Group will implement a new management model, adapted to the scale of operations and taking into account the ongoing acquisition processes. The Group will be an organization based on knowledge and comprehensive competences, investing in the development of talents and human capital.

Group growth while maintaining stable financial foundations

The strategy also includes stable financial foundations for the conducted operations. Building the value of the ORLEN Group is based on profitable investments, sustainable sources of financing and a stable balance sheet. The sources of financing will be balanced by supplementing current financial flows with additional debt capacity. The ORLEN Group also uses alternative sources of financing, such as project finance, EU funding for innovation and energy transition projects, and co-financing of selected projects by external partners. Initiatives directly aligned with the Group's carbon neutrality goal are co-financed, among others, through sustainable development bonds and green bonds issued on the European capital market.

3. Other information

3.1. Composition of the Management Board and the Supervisory Board

On the date of preparation of this Consolidated half-year report, the composition of the management and supervisory bodies of ORLEN is as follows:

Management Board

Ireneusz Fąfara	– President of the Management Board, Chief Executive Officer
Marek Balawejder	– Member of the Management Board, Retail Sales
Magdalena Bartoś	– Vice-President of the Management Board, Financials
Witold Literacki	– Vice-President of the Management Board for Corporate Affairs,

Artur Osuchowski	– Member of the Management Board, Energy and Energy Transformation
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
Marian Sewerski	– 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 to 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		
	foregoing half-year report*	change p.p.	previous quarterly report**	foregoing half-year report*	change	previous quarterly report**
State Treasury *	49.90%	-	49.90%	579 310 079	-	579 310 079
Nationale-Nederlanden OFE*	6.03%	0.27%	5.76%	69 983 000	3 105 613	66 877 387
Other	44.07%	(0.27)%	44.34%	511 648 970	(3 105 613)	514 754 583
	100.00%	-	100.00%	1 160 942 049	-	1 160 942 049

* according to the information from the Extraordinary General Shareholders' Meeting of ORLEN of 24 June 2024

** 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 these half-year condensed consolidated financial statements, the Members of the Management Board did not hold any shares in ORLEN.

In the period covered by these half-year 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 realize previously published forecasts of current year results

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

D. STATEMENTS OF THE MANAGEMENT BOARD**In respect of the reliability of preparation of the half-year condensed consolidated and separate financial statements**

The Management Board of ORLEN hereby declares that to the best of its knowledge these half-year condensed consolidated and separate financial statements and comparative data were prepared in compliance with the accounting principles applicable to the ORLEN Group and ORLEN in force and that they reflect true and fair view of the economic condition, financial position and financial result of the ORLEN Group and ORLEN.

In respect of the half-year Management Board Report on the operations of the ORLEN Group

The Management Board of ORLEN hereby declares that this half-year Management Board Report on the operations of the ORLEN Group gives a true view of the ORLEN Group development, achievements and position, and includes a description of key threats and risks.

This half-year report was approved by the Management Board of the Parent Company on 21 August 2024.

signed digitally on the Polish original

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Ireneusz Fąfara

President of the Management Board

signed digitally on the Polish original

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Marek Balawejder

Member of the Management Board

signed digitally on the Polish original

.....

Magdalena Bartoś

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

.....

Artur Osuchowski

Member 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