



PKN ORLEN – Grupa Lotos merger

Investor presentation

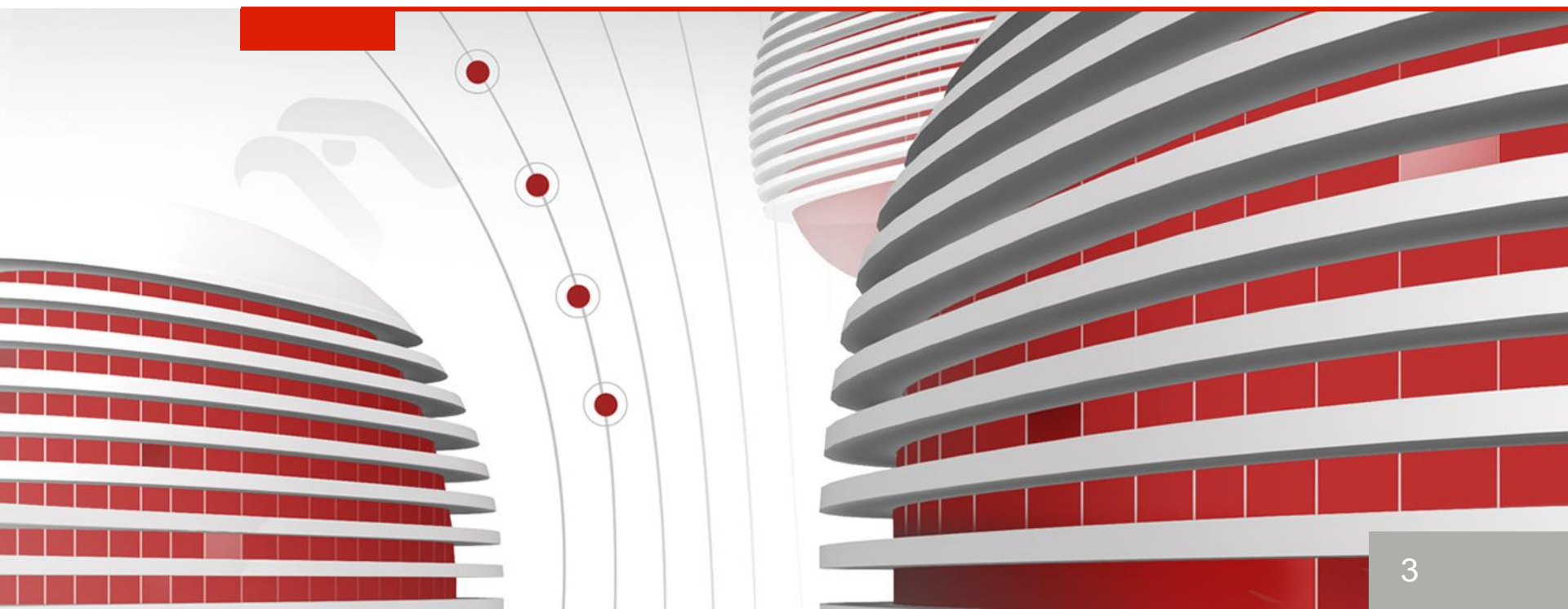
Warsaw, 2 June 2022

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01 Transaction overview



Transaction summary and rationale



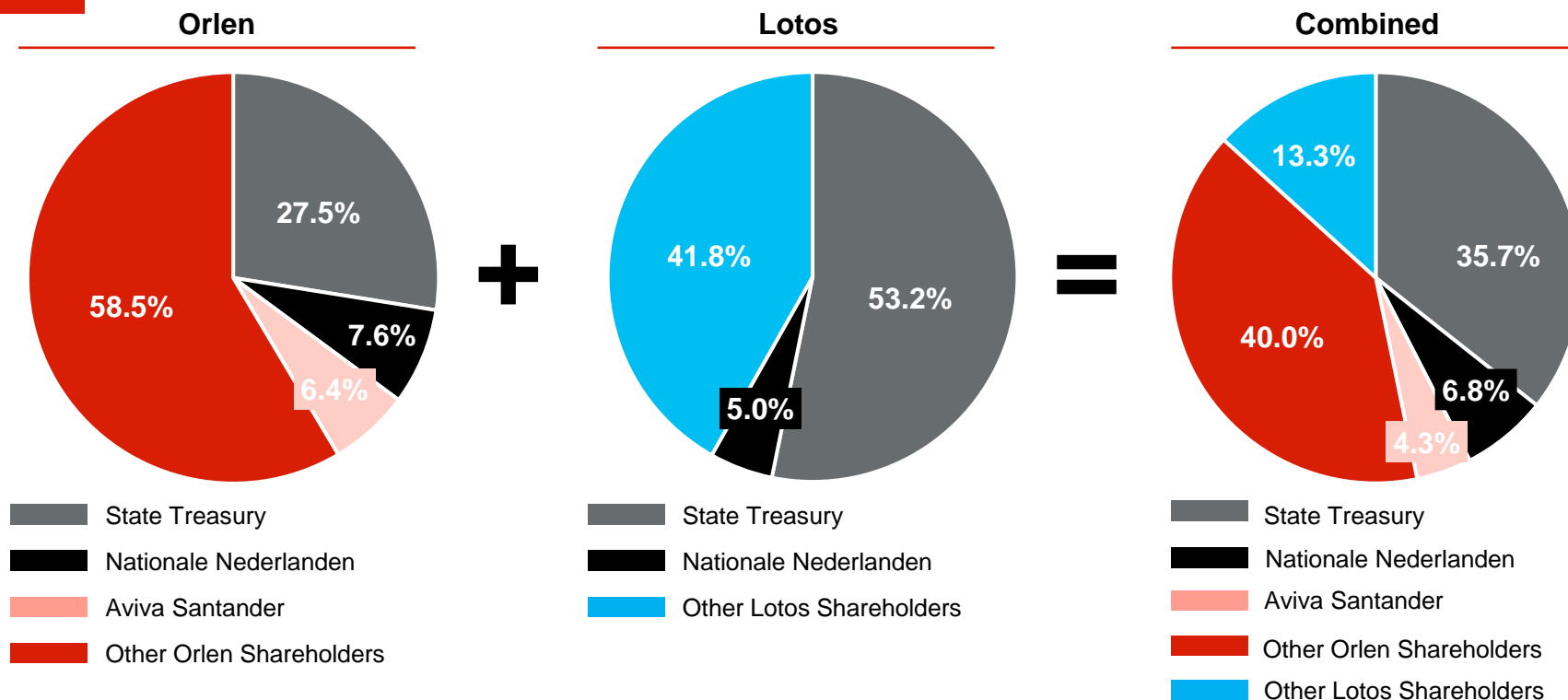
Transaction summary

- On **2 June 2022**, the Management Board of PKN Orlen S.A. ("Orlen") and Management Board of Grupa Lotos S.A. ("Lotos") agreed and **executed a Merger Plan ("Merger Plan")**
- **The share exchange ratio** agreed in the Merger Plan assumes that for every share of Lotos, the shareholders will receive **1.075 new shares of Orlen**
- As a result of the proposed transaction up to **199 mn of new Series E shares of Orlen** will be issued
- The proposed merger is subject to vote of General Meetings of Orlen and Lotos and other conditions described in the Merger Plan, including the approval of the purchasers with whom the agreements implementing the remedies have been concluded as the suitable purchasers and the terms and conditions of those agreements by the European Commission
- It is expected that the **General Meetings of Orlen and Lotos will be held over the course of July** with the **merger registered and effective in August**

Transaction rationale

- Creation of an integrated and diversified Polish multi-energy corporation of significant transformation potential and enhanced resilience versus macroeconomic conditions
- Combining scale and financial power will allow Lotos and Orlen to better compete with regional and global players
- Bigger platform will accelerate investments in renewable energy, i.e. offshore wind farms, petrochemistry, alternative fuels and focus on digitalisation and R&D
- The combined entity will have a stronger negotiating position with suppliers, as well as technological partners who are vital for further development
- Resilience of supply through diversification of feedstock suppliers, further increasing the energy security of Poland and Central Europe
- Transaction is expected to generate synergies in various areas, including working capital optimisation, fixed and variable cost reduction and sharing of best practices and human capital

Illustrative shareholding pre and post merger

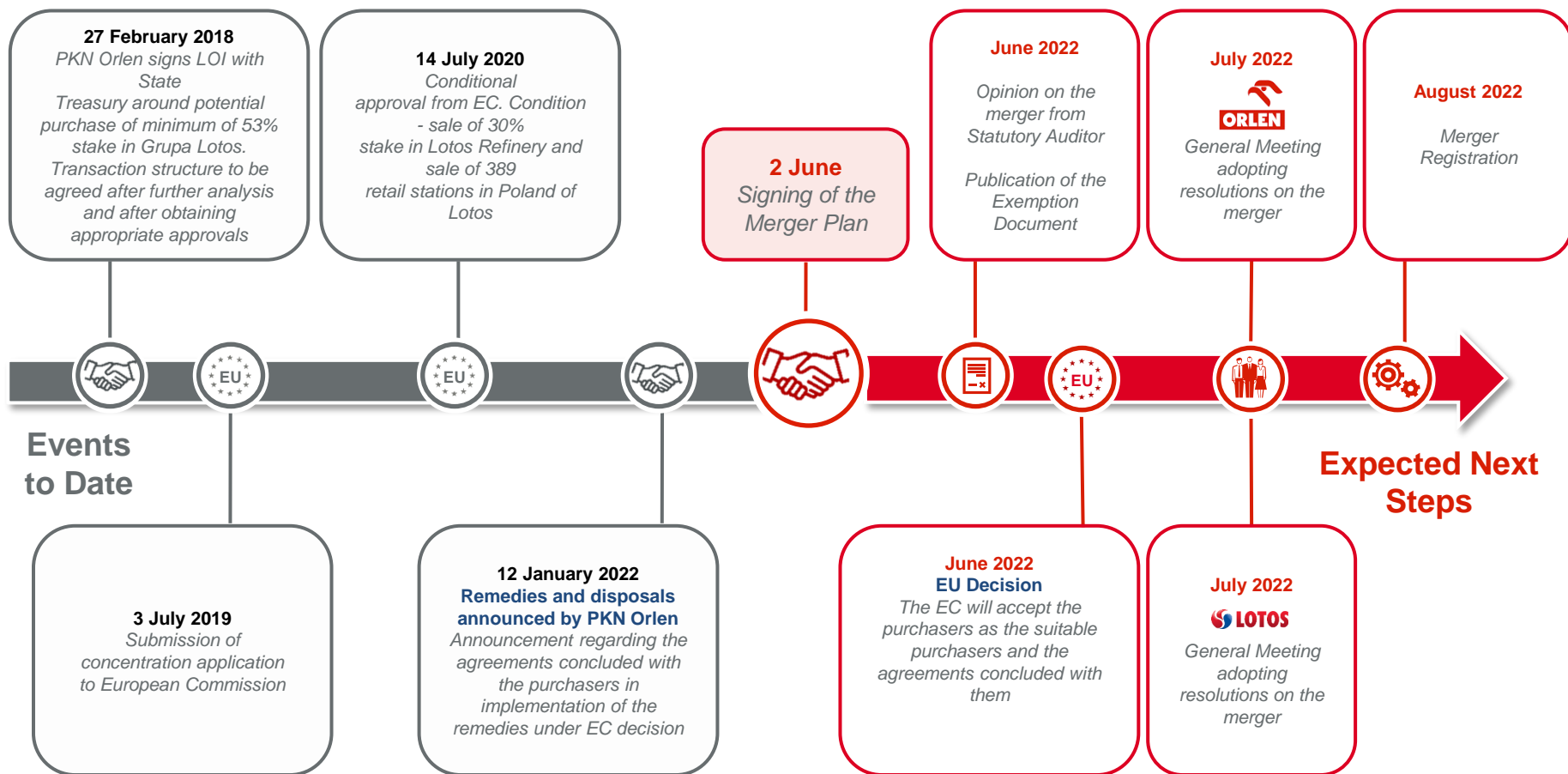


Cash Compensation for Fraction Shares

The amount of the fraction shares (pl. dopłaty) to be paid to shareholders will be calculated by multiplying the value of: (i) the fractional part of the Merger Share attributable to a given Shareholder of the Lotos Group in accordance with the Share Exchange Ratio, which has not been allocated to him/her, and (ii) the arithmetic average of the closing prices of Orlen shares as determined on the WSE during 30 calendar days preceding the Reference Date, with the proviso that if the closing price is not determined on a given trading day, the arithmetic average of the closing prices of Orlen shares shall take into account the price of Orlen shares on the WSE determined on such trading day.

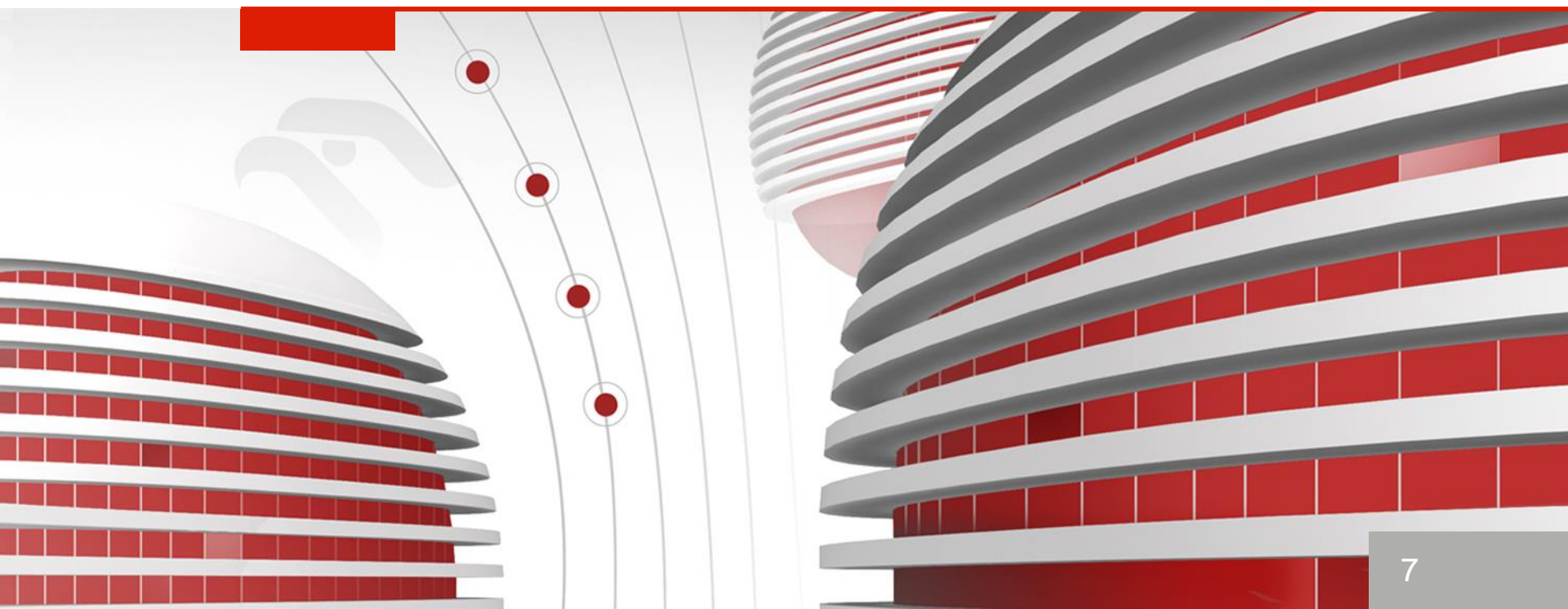
Source: Company information

Transaction timeline



Source: Public information

02 Strategic and economic rationale



Merger in the context of Polish energy sector transformation



1

Creates a **truly diversified and future proof multi-energy company** with sufficient scale and **financial strength to play a defining role in the energy transformation** of the Polish economy

2

Addresses the global trends directed at **creation of strong multi-energy corporations** able to compete in a progressively more demanding economic and regulatory environment

3

Post merger and after implementation of remedies, PKN ORLEN's **value chain will be diversified and strengthened through important new commercial relations**

4

Similarity between the two companies makes it **efficient to optimise resources and create shareholder value from the acquisition with potential synergies** significantly exceeding the value of remedies

5

Seamless and **well prepared integration** paving the **way for acquisition of PGNiG** in Q3'22 and further shareholder value creation

Technology advances



Growing cost-effectiveness of renewables



Electrification of transport and industry

Consumer preferences



Evolving consumer expectations from providers of goods and services



Proactive and increasingly conscious consumers

Environmental concerns



Ambitious reduction targets for greenhouse gas emissions



Societal ambitions to reduce environmental impacts

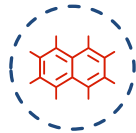
In response to the energy transition, ORLEN has devised a plan through 2030 to evolve into a more sustainable multi-energy business



The pillars of the ORLEN Group's growth and transformation until 2030



Efficient refining



Integrated and advanced petrochemical production



Low-carbon power generation



Integrated retail



Sustainable upstream

Excellence in existing business lines

Consolidation of assets, maximizing oil conversion, efficiency improvement

Expansion of basic chemicals and new advanced chemicals capacity

Development in gas-based power generation

Further expansion of the retail network and non-fuel business

Investment in integrated assets and bargain acquisitions

Entry into new segments

Development of biofuels and alternative fuels (e.g. hydrogen)

Development in recycling

Rapid development in RES, hydrogen and alternative energy fuels

New comprehensive services and formats, brand strengthening

Sustainable portfolio of assets, mainly gas

ORLEN Group's growth will rely on diversified portfolio with refining fostering strategic development projects



ORLEN intends to apply strategic portfolio management to its multi-business approach. Maximizing performance of existing business lines, especially refining, will foster ORLEN's ability to realize strategic development projects in petrochemicals and renewable power.

Strategic rationale



Maximising performance



Strategic development



Investing in the future

Key business areas and segments



Upstream



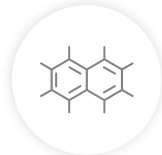
Refining



Fuel retail



Energy/gas distribution



Petrochemicals



Gas-fired power



Renewable power



Non-fuel retail



New mobility



Hydrogen technologies



Recycling



B&R+I and digital transformation

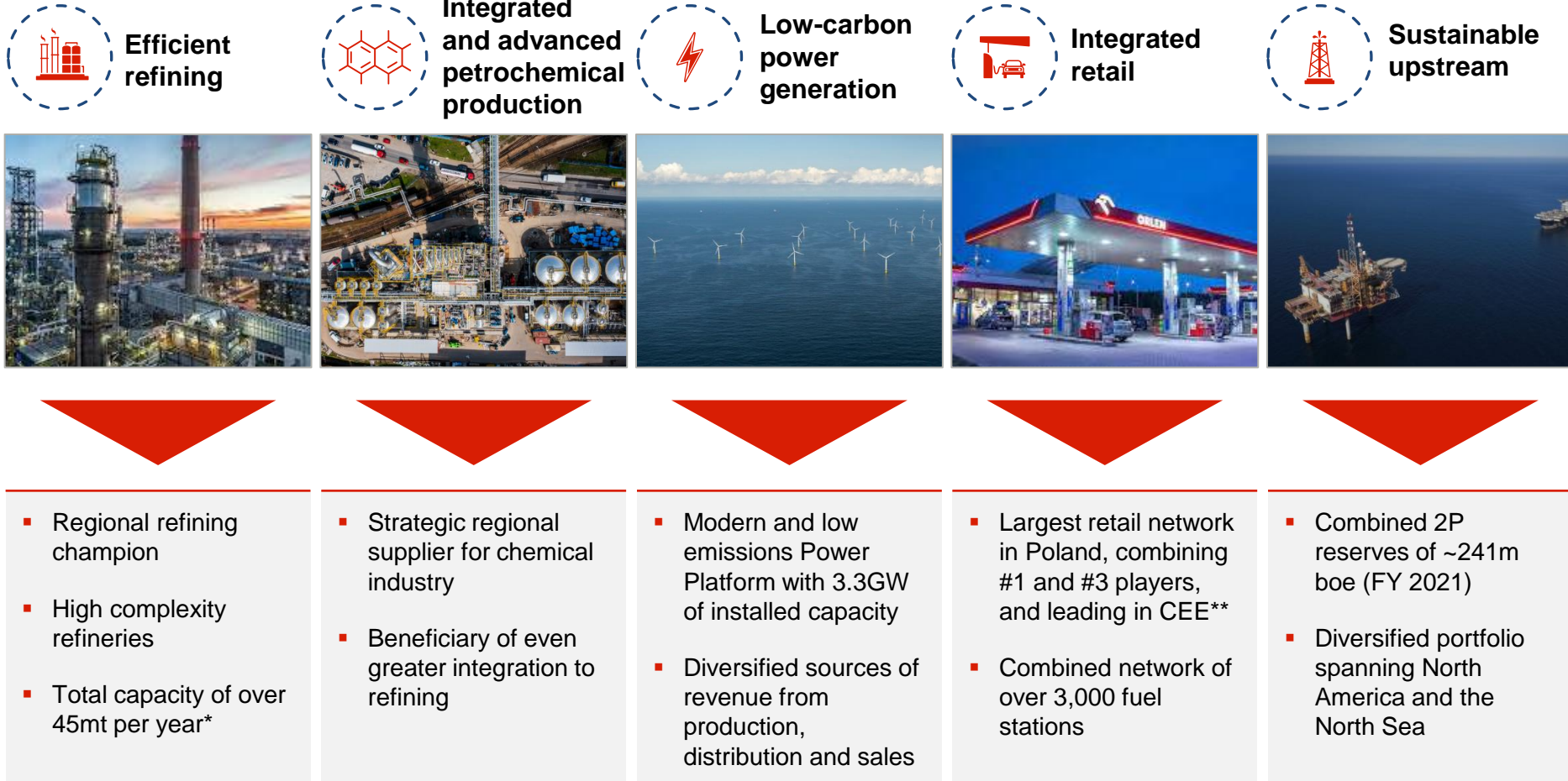
Share of total CAPEX spend

~35-45%

~45-55%

~5-10%

The merger will create a leading Polish multi-energy company well-positioned for the future growth



Source: PKN Orlen presentation, January 2022 and Grupa Lotos investor presentation, December 2021
All information as of December 2021

* Pre remedies

** In terms of retail stations; as of September 2021 per Grupa Lotos data

As combined multi-energy corporation will be able to better compete in a progressively more demanding macroeconomic and regulatory environment



Combined Operational Summary

		<i>Orlen</i>		<i>Lotos</i>	<i>Orlen + Lotos**</i>	
Refining	Refining Capacity* (mtpa)	35.2	<div><div>77%</div><div>23%</div></div>	10.5	46	<ul style="list-style-type: none"> The combined entity would be advantageously positioned in the European refining market, incorporating some of the most complex refineries in CEE <ul style="list-style-type: none"> Gdansk – NCI: 11.1 Plock – NCI: 9.5
	Number of Refineries* (#)	6	<div><div>86%</div><div>14%</div></div>	1	7	
Fuel Retail	Number of stations* (#)	2,881	<div><div>85%</div><div>15%</div></div>	520	3,401	<ul style="list-style-type: none"> Creation of a regional fuel retail champion Integration benefits with the refining segment Combined, the two organizations would have a > 36% domestic market share
	Domestic Retail Market Share (%)	31.1	<div><div>85%</div><div>15%</div></div>	5.4	36.5	
Upstream	2P Reserves* (mboe)	171	<div><div>71%</div><div>29%</div></div>	69	240.6	<ul style="list-style-type: none"> Benefits from geographic diversification Strengthened asset base and combined production profile
	Hydrocarbon Production 2021A* (kboe/d)	16.7	<div><div>49%</div><div>51%</div></div>	17.3	34.0	

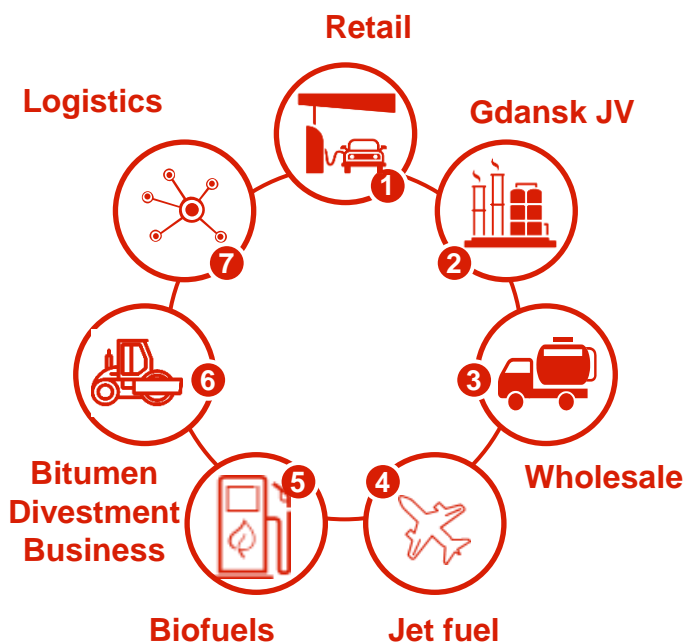
Source: Company Information. All stats as of December 2021. Information as of 9M 2021, unless otherwise stated

* Information as of December 2021

** All data prior to any disposals that need to be made due to the EU remedies

Remedies will create and elevate important strategic relations with key partners in the sector

Investors in business under remedies



1

Retail

► MOLGROUP

Cooperation with a regional leader / asset swap

- **MOL Group** will acquire **417 existing retail stations** from LOTOS for \$610mn*
- **PKN ORLEN** has the option to acquire **MOL's 185 retail stations** in Hungary and in Slovakia for \$259mn*

2

Gdansk JV, Wholesale and Jet fuel

3

4



Strategic cooperation with a global leader

- **Saudi Aramco** will acquire a **30% stake in Gdansk JV** for PLN1.15bn**, the wholesale business of LOTOS Paliwa and 50% for PLN1bn** of shares in LOTOS-Air BP Polska
- **Strategic cooperation** in areas of: crude oil supply, petrochemicals, new technologies, and R&D

5

Biofuels



Fulfilment of remedies

- **Envien Group** will acquire **LOTOS Biopaliwa**

6

Bitumen Divestment Business and Logistics

7



Fulfilment of remedies

- **Unimot** will acquire the LOTOS Bitumen Divestment Business (in Jaslo and Czechowice-Dziedzice) and **100% shares in the independent logistics operator (ILO)** which will be based on LOTOS terminals and four PKN terminals for PLN450mn***

Source: Company information. Public information

* MOL Group public disclosure

** PKN Orlen public disclosure

*** Unimot public disclosure

After transaction PKN ORLEN's value chain will be diversified and strengthened



Implementation of EU Remedies will considerably accelerate business transformation

Securing and optimisation of supply of crude oil

- Strategic **diversification of crude supply** through increased purchases from Saudi Aramco
- PKN ORLEN **refining installations optimisation** for a wide range of crude through individual assets' configuration

Optimisation of refining and fuel logistics

- Implementation of Saudi Aramco technology for optimal production
- Cooperation with Saudi Aramco in the area of **primary logistics and refinery non-fuel products** from JV Gdańsk

Further fuel station network development

- International expansion of retail operations through acquisition of **185 petrol stations** from MOL in Slovakia and Hungary
- **Logistics optimisation** in the functional area of Unipetrol, a Czech subsidiary of PKN ORLEN

Petrochemical technology

- Implementation of Saudi Aramco and SABIC technologies for **deeper conversion of crude** required for petrochemical business
- **Joint investments** with Saudi Aramco into petrochemical assets

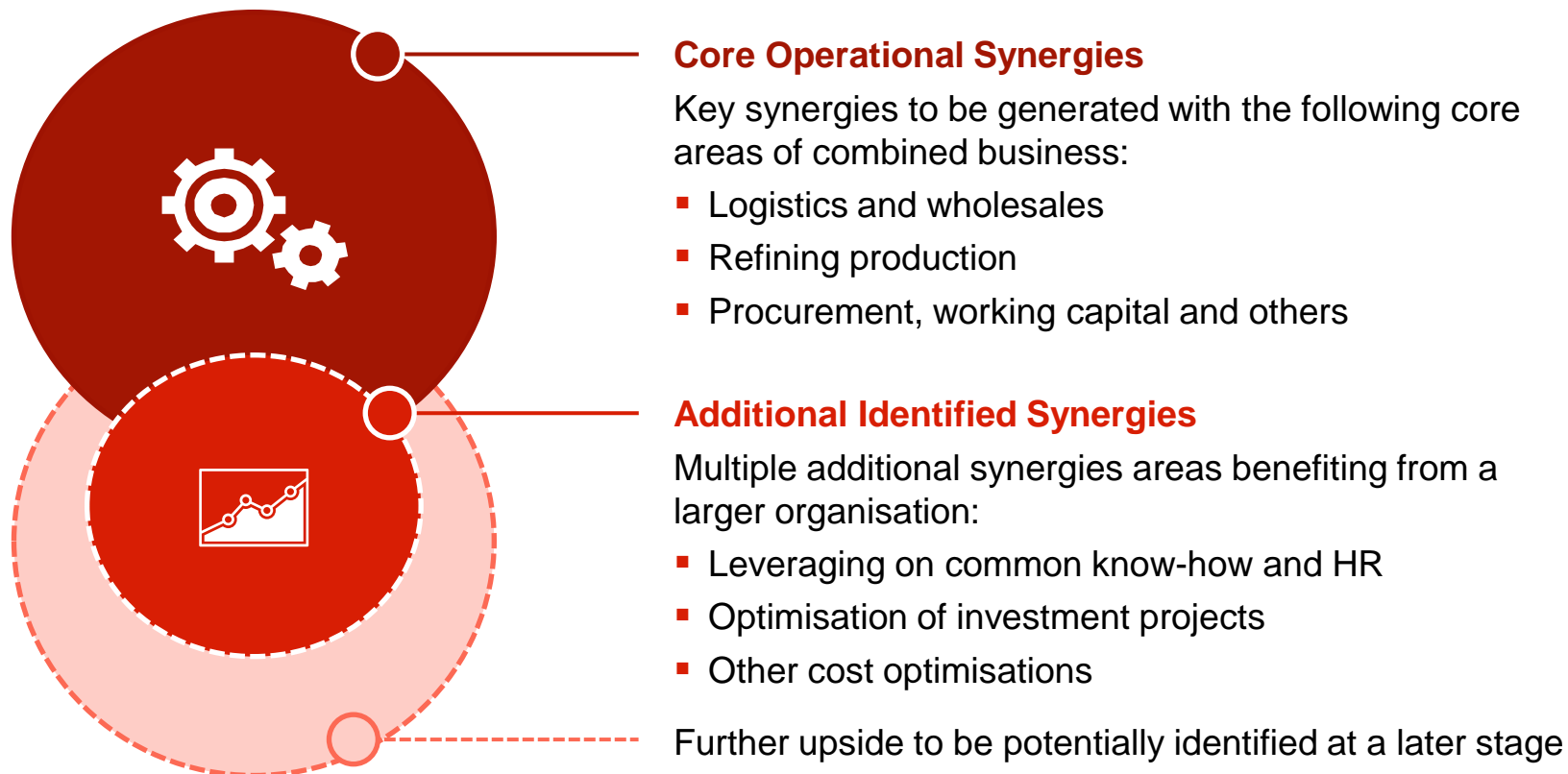
Renewables and sustainability potential

- Cooperation with Saudi Aramco in areas of **production and logistics of green hydrogen and ammonia**, and reduction of carbon footprint of refining and petrochemical activities



Source: Company information

Identified synergies



Seamless and well prepared integration paving the way for acquisition of PGNiG in Q3'22 and further shareholder value creation



Stage 1: DAY 1 PLAN

August 2022

Well prepared for a smooth integration from Day 1

- Four months of extensive preparations before Day 1 to ensure undisturbed activities of both companies
- Joint works carried across core integration areas lead by project teams consisting of representatives of Lotos and Orlen

Stage 2: VALUE CREATION

Q4 2022

With comprehensive value creation plan

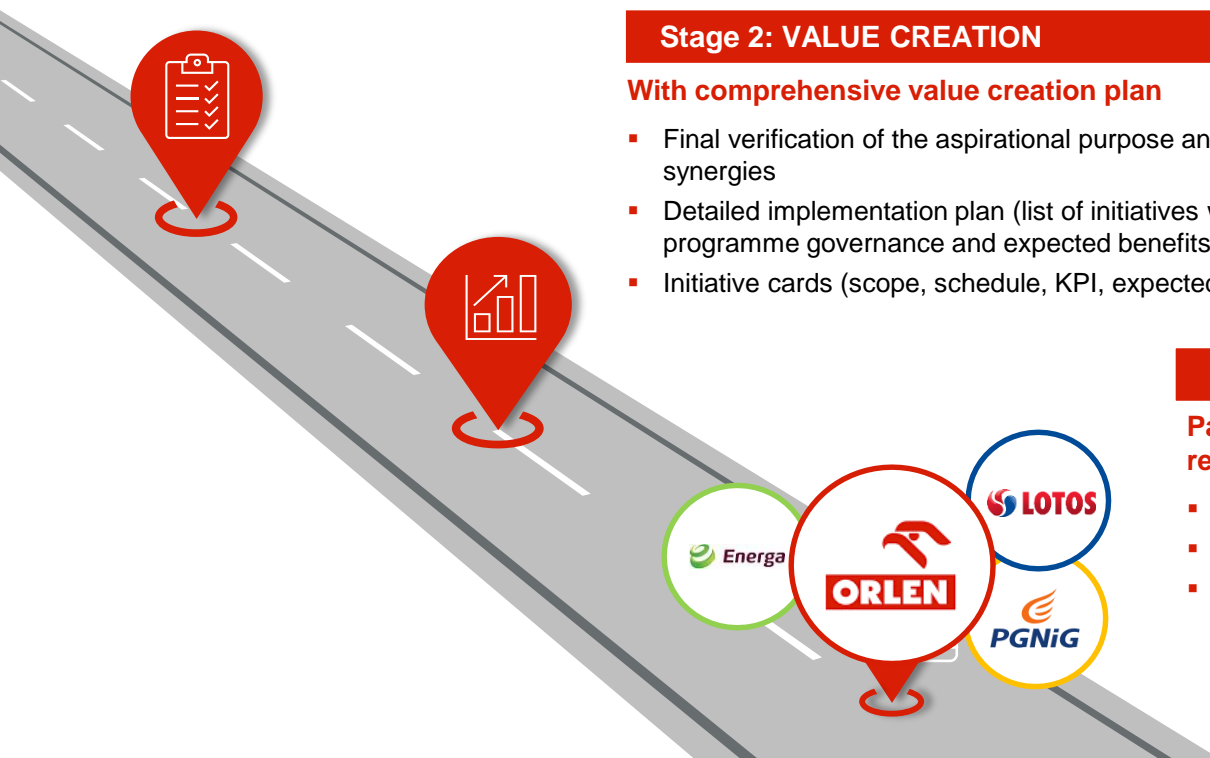
- Final verification of the aspirational purpose and the values of the expected synergies
- Detailed implementation plan (list of initiatives with their leaders, programme governance and expected benefits)
- Initiative cards (scope, schedule, KPI, expected synergies)

Stage 3: TRANSFORMATION

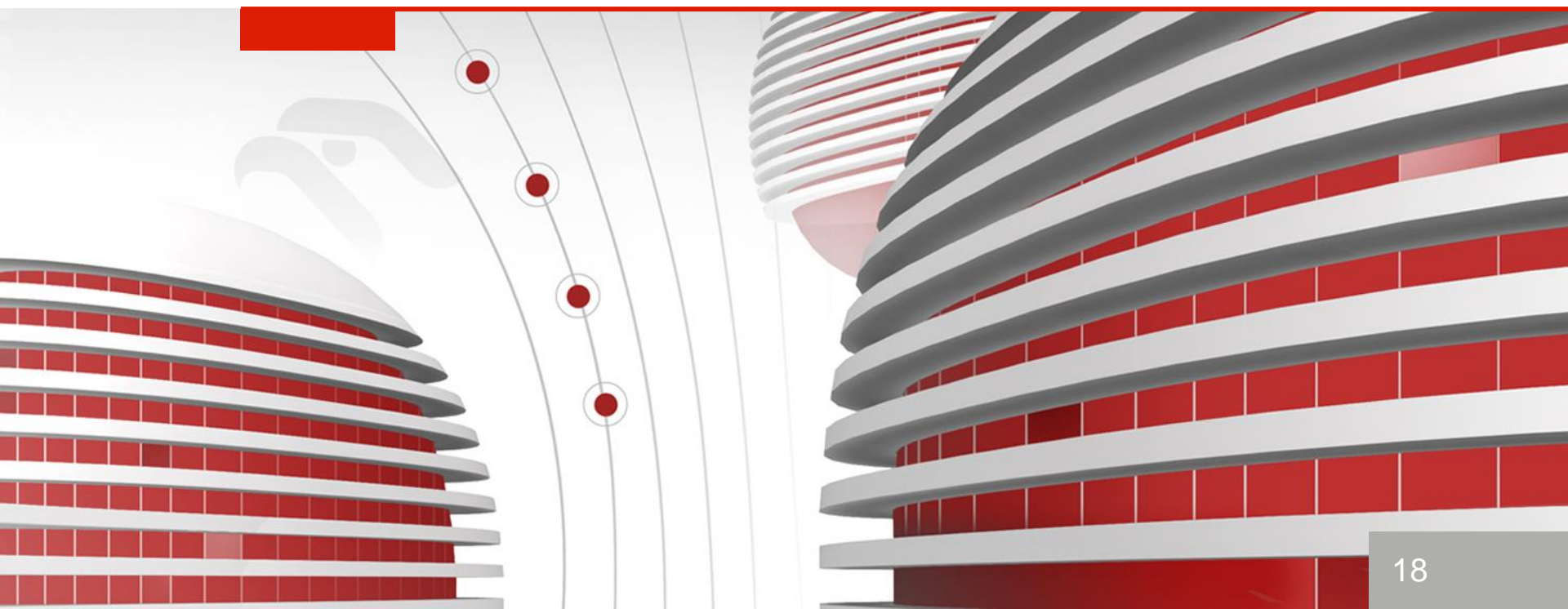
Next 3 years

Paving the way for PGNiG acquisition and realisation of further synergies

- Strategic business transformation plan
- Implementation of long - term projects
- Construction of tools and systems (IT/OT)



03 Appendix



PKN ORLEN overview

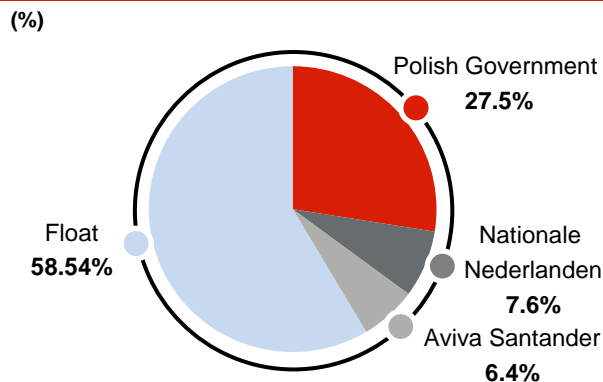


Business Overview and Key Metrics

- Founded in 1999, PKN ORLEN engages in the processing and trading of crude oil.
- Operates through the following segments:
 - Refining:** 6 refineries in Poland, Lithuania and Czech Republic
 - Petrochemicals:** Petrochemical assets integrated with refining
 - Retail:** 2,881 fuel stations, the largest in CEE
 - Exploration & Production:** Upstream operations in Canada and Poland
 - Energy:** Production, wholesale distribution and sales of power
- Products are marketed to over 90 countries across 6 continents

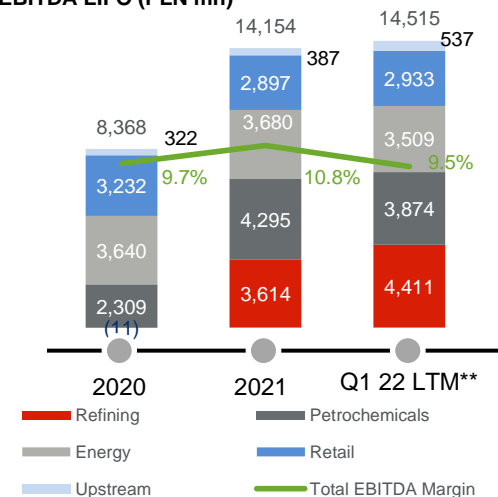


Shareholding Structure

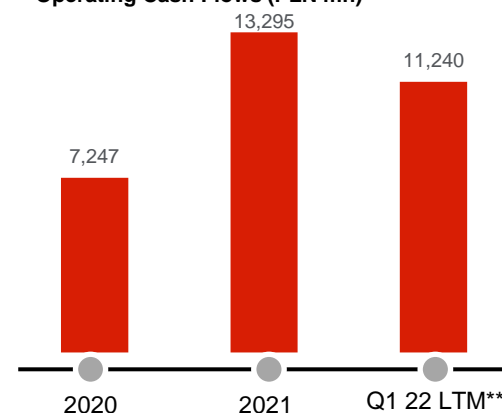


Summary Financials

EBITDA LIFO (PLN mn)



Operating Cash Flows (PLN mn)



Source: Company information as of December 2021, Factset as of 23 May 2022

* Share price as of 23 May 2022 and other Balance Sheet items as of Q1 2022

** Q1 LTM 2022 calculated as Full Year 2021 plus Q1 2022 less Q1 2021 (company reported figures)

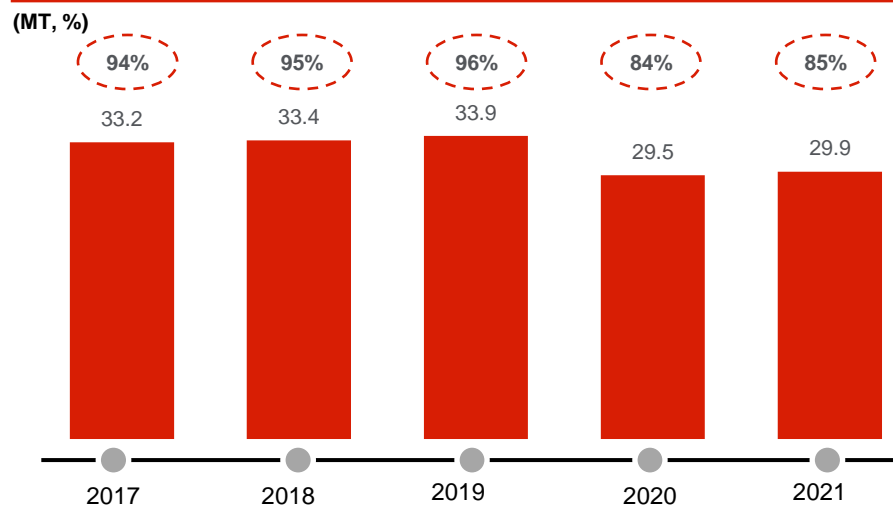
PKN ORLEN segment overview - refining



Business Overview

- Leader in the fuel market in Central and Eastern Europe (CEE) with 35.2 mt of annual capacity
- Diversification of crude oil and security of natural gas supplies
- Several of investment projects are considered to prepare the business for future regulatory changes and market trends
- Refinery in Plock is classified as a super-site due to its depth and throughput capacity as well as integration with petchem

Throughput and Utilization Ratio



Source: Company information. All stats of December 2021

Asset Overview

24.4MT
2021 Sales

c. 50%
LT Secured
Contracts

29.9MT
2021 Crude Oil
Throughput



Mazeikiu Nafta Refinery
Annual Capacity: 10.2MT



Plock Refinery
Annual Capacity: 16.3MT



Trzebinia Refinery



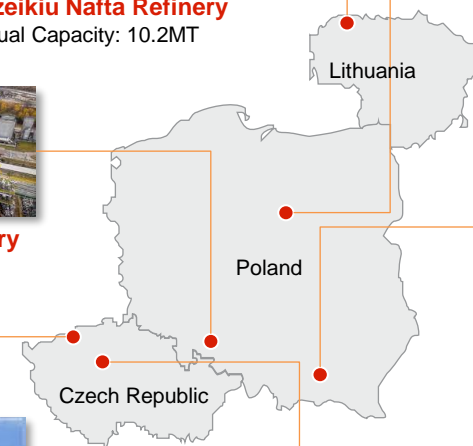
Jedlicze Refinery



Litvinov Refinery
Annual Capacity: 5.4MT



Kralupy Refinery
Annual Capacity: 3.3MT

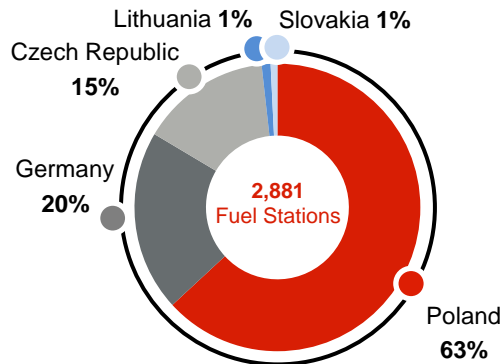


PKN ORLEN segment overview – retail and petrochemicals

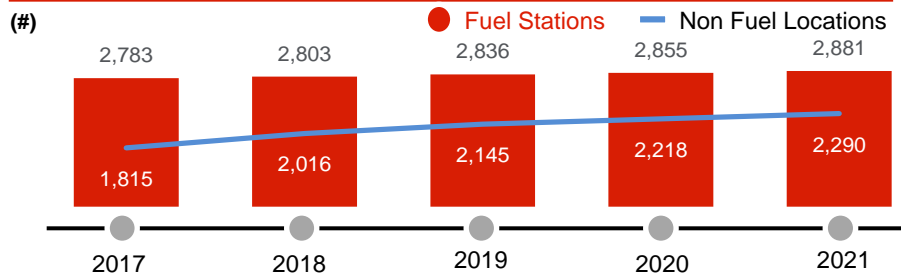


Retail Business Overview

- Largest network of fuel stations in CEE
- Attractive loyalty programs
- Growth of non-fuel sales network by launching new locations of Stop Cafe/ Star Connect
- Dynamic growth of alternative fuel points, especially EV chargers



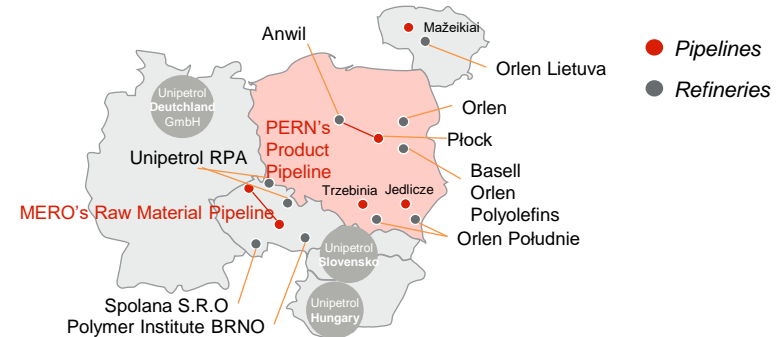
Stable Growth Underpinned by Non-Fuel Locations



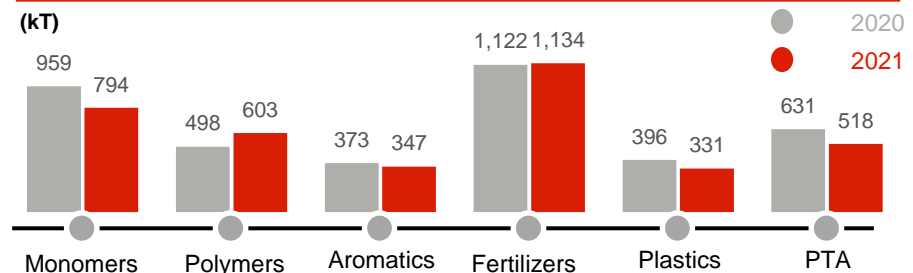
Source: Company information. All stats of December 2021

Petrochemicals Business Overview

- The largest petrochemical company in CEE
- Strategic regional supplier for chemical industry
- Petchem assets are integrated with refining
- Wide portfolio of petchem products including: monomers, polymers, aromatics and PTA as well as fertilizers and PVC produced in Anwil
- Ethylene pipeline connection with Plock refinery secures feedstock for PVC production



Sales Volumes



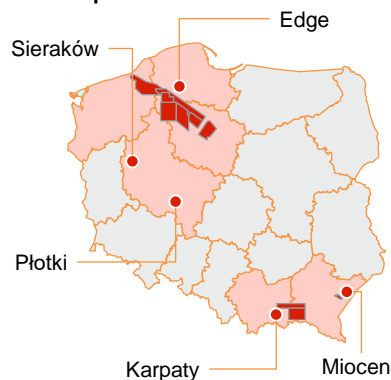
PKN ORLEN segment overview – upstream and energy



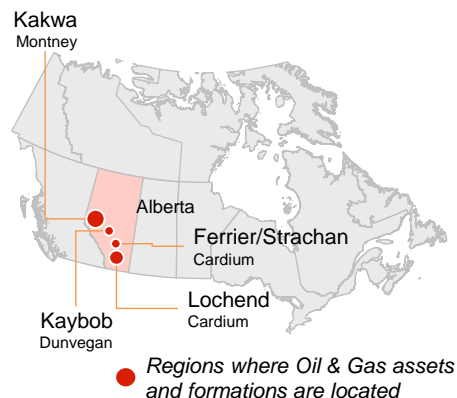
Upstream – A Well Balanced Portfolio

- Onshore assets in Poland and Canada
- Capex focused on the most profitable and promising projects
- 2P Reserves of 171.4 mboe, with split of 56% liquids and 44% gas

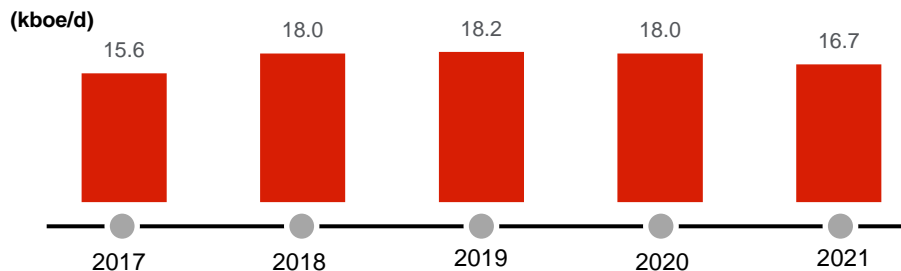
Poland Operations



Canada Operations



Stable Average Production Throughout the Years



Source: Company information. All stats of December 2021

Energy – An Efficient and Low Emissions Platform

- Modern, low and zero-emission power generation assets
- Broad usage of high-efficiency cogeneration to secure stable high heat and electricity needs of production plants
- Staff and financial potential for realization of large investments projects as a leader of energy transition
- Diversified sources of revenues from production, distribution and sales

11.4TWh
Net Electricity
Production (2021)

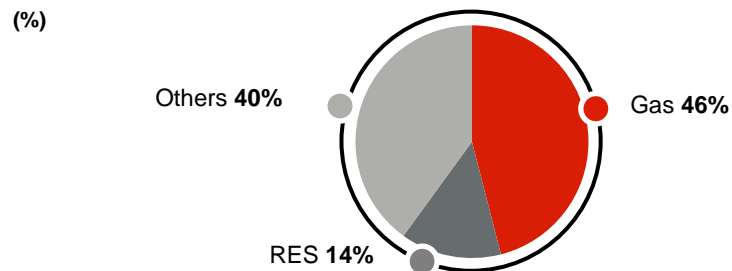
26.8TWh
Net Sales (2021)

23.0TWh
Distribution (2021)

2.6bcm
Gas Consumption
(2021)

3.3GW
Installed Capacity
(2021)

60% of electricity production originates from zero and low emissions sources



Grupa Lotos overview

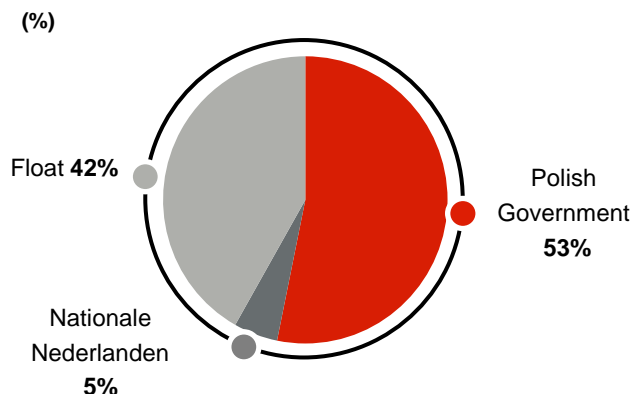


Business Overview and Key Metrics

- Founded in 1991, Lotos engages in oil and gas production and the processing of refined petroleum products
- Operates through the following segments:
- Refining & Marketing: Includes production and processing of refined petroleum products and their wholesale and retail sale, as well as auxiliary, transport and service activities
- Exploration & Production: Activities related to crude oil and natural gas production

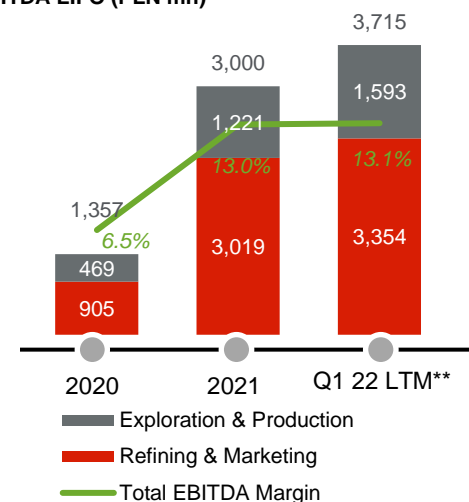


Shareholding Structure

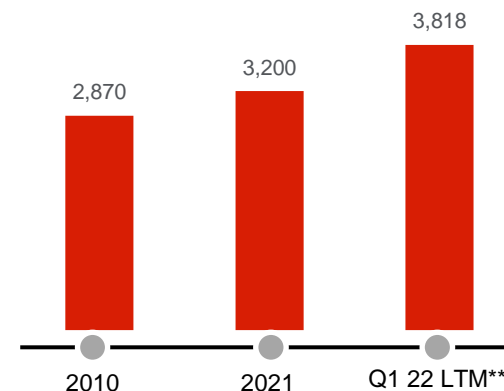


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Source: Factset as of 23 May 2022. All stats as of Q3 2021 unless otherwise specified

* Share price as of 23 May 2022 and other Balance Sheet items as of Q1 2022

** Q1 LTM 2022 calculated as Full Year 2021 plus Q1 2022 less Q1 2021 (company reported figures)

Grupa Lotos segment overview – refining and marketing



Business Overview

- One of Europe's most advanced refineries
- Strategic coastal location helping to reduce logistics costs and increases in feedstock supplies resilience
- Strong focus on middle distillates, ability to achieve geographical premiums given the diesel deficit on the market in Poland
- Possibility of using natural gas used for power supply, contributing to lower emissions

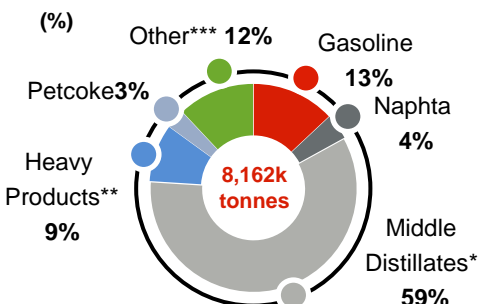


>30%
Share in Domestic
Fuel Market

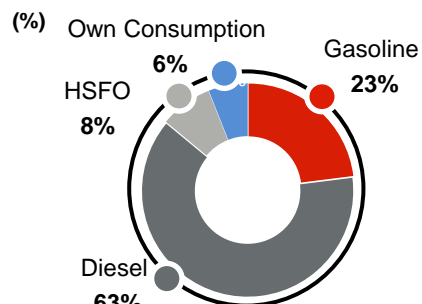
11.1
NCI

c. 210 kb/d
Annual
Throughput
Capacity

Product Share



Refining Margin by Product



Poland's Leading Service Station Network

- Third largest service station network in Poland
- 516 LOTOS stations at the end of 2021, including 322 CODO stations
- 26 motorway service areas (MOPs) generating high margins and attractively located on the A1, A2, A4 and A6 motorways and S3 and S7 expressways

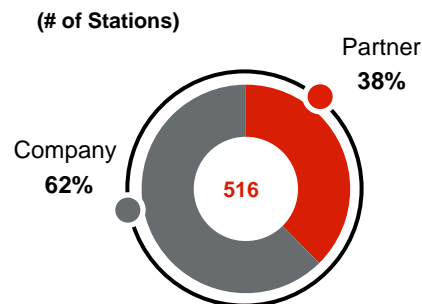


516
Service Stations

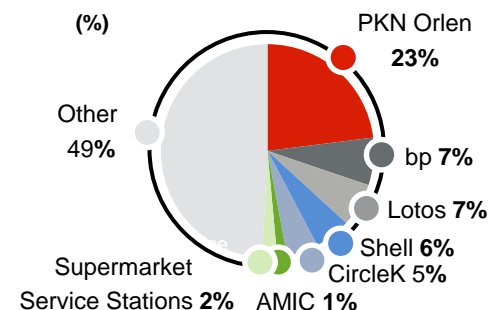
#3
Retail Player in
Poland

26
Motorway Service
Areas (MSAs)

Network Split



Market Share****



Source: Company information. All stats as of Q3 2021 unless otherwise specified

* Diesel oils, light fuel oils, jet fuel

** Heavy fuel oil and bitumen components

*** Include Other fuel and industrial gases, sulphur, base oils, xylene fraction, LPG, bunker fuel, extracts, refinates, and slack

**** POPIHN Polish Organisation of Oil Industry and Trade and Grupa Lotos data



Fuelling the future. Sustainably.