
**PLAN OF MERGER BETWEEN
BETWEEN POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA
AND
GRUPA LOTOS SPÓŁKA AKCYJNA**

2 JUNE 2022

1. DEFINITIONS AND INTRODUCTION

1.1. Definitions

The terms used in this Merger Plan have the following meaning or refer to the following provisions of the Merger Plan:

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| Merger Shares | - | have the meaning defined in 3.3 of this Merger Plan; |
| LOTOS Group Shareholder | - | means any entity which, as of the Reference Day, holds any shares in Grupa Lotos as recorded on their security account and, with respect to omnibus accounts, any entity reported to the entity keeping the omnibus account by the account holder as the beneficial owner of such shares in Grupa LOTOS recorded on the relevant omnibus account on the Reference Day; |
| Information Document | - | a document drafted by PKN ORLEN, exempted from the formal prospectus requirements and not subject to the approval by the Polish Financial Supervision Authority or any other authority regulating or supervising the financial market which will be published in connection with the Merger in compliance with the Prospectus Regulation, Regulation 2021/528 or the Act on Public Offering; |
| Payout | - | has the meaning defined in item 5.4 of this Merger Plan; |
| Merger Date | - | the day of registration of the Merger in the business register of the National Court Register by the registry court of proper venue for the |

registered office of PKN ORLEN, pursuant to Article 493(2) CCC;

- Reference Day** – has the meaning defined in item 5.1 of the Merger Plan;
- CCC** – the Act of 15 September 2000 – the Code of Commercial Companies (OJ 2020.1526 as amended);
- WSE** – Giełda Papierów Wartościowych w Warszawie Spółka Akcyjna [Warsaw Stock Exchange], with its registered office in Warsaw;
- Grupa LOTOS** – Grupa LOTOS Spółka Akcyjna, registered office in Gdańsk, ul. Elbląska 135, 80-718 Gdańsk, entered into the business register of the National Court Register under entry No. KRS 0000106150, registry court: District Court Gdańsk – Północ in Gdańsk, 7th Commercial Division of the National Court Register, Tax Id. No. 'NIP': 5830000960, Statistical Id. 'REGON': 190541636, share capital of PLN 184,873,362.00, paid-up in full;
- KDPW** – Krajowy Depozyt Papierów Wartościowych Spółka Akcyjna [Polish Central Securities Depository], with its registered office in Warsaw;
- KNF** – Polish Financial Supervision Authority;
- Merging Companies** – PKN ORLEN and Grupa LOTOS jointly;

- Share Swap Ratio** – the ratio applicable to the exchange of shares in Grupa LOTOS for PKN ORLEN shares (Merger Shares) as a result of the Merger, laid down in item 4 of the Merger Plan;
- PKN ORLEN** – Polski Koncern Naftowy ORLEN Spółka Akcyjna, registered office in Płock, ul. Chemików 7, 09-411 Płock, entered into the business register of the National Court Register under entry No. KRS 0000028860, registry court: District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, Tax Id. No. 'NIP': 7740001454, Statistical Id. 'REGON': 610188201, share capital of PLN 534,636,326.25, paid-up in full;
- Merger Plan** – this document;
- Merged Company** – PKN ORLEN following its Merger with Grupa LOTOS;
- Merger** – the merger between PKN ORLEN and Grupa LOTOS carried out pursuant to Article 492(1)(1) CCC by transferring all assets and liabilities of Grupa LOTOS (Target Company) to PKN ORLEN (Acquiring Company) with the relevant increase of PKN ORLEN's share capital by issuing Merger Shares to be allocated by PKN ORLEN to Grupa LOTOS' Shareholders;
- WSE Rules** – the WSE Rules adopted by resolution 1/1110/2006 of the WSE Supervisory Board of 4 January 2006, as amended;

- Regulation 2021/528** – Commission Delegated Regulation (EU) 2021/528 of 16 December 2020 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the minimum information content of the document to be published for a prospectus exemption in connection with a takeover by means of an exchange offer, a merger or a division (OJ EU L 2021.106, p. 32);
- Prospectus Regulation** – Regulation of 14 June 2017 of the European Parliament and of the Council (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ EU L 2017.168, p.12 as amended);
- Acquiring Company** – PKN ORLEN;
- Target Company** – Grupa LOTOS;
- Detailed Rules of KDPW** – Detailed Rules of KDPW [Szczegółowe Zasady Działania Krajowego Depozytu Papierów Wartościowych], consolidated text adopted by resolution 665/17 of the KDPW Board, as amended;
- Act on Public Offering** – the Act of 29 July 2005 on public offering, terms for the introduction of financial instruments to organised trading, and on public companies (OJ 2021.1983 as amended);

- GM** – depending on context, the General Meeting of PKN ORLEN or the General Meeting of Grupa LOTOS;
- Management Board** – depending on context, the Management Board of PKN ORLEN or the Management Board of Grupa LOTOS.

1.2. Legal basis for the Merger Plan

This Merger Plan has been drafted on the basis of Articles 498 and 499 CCC in connection with the planned merger between PKN ORLEN and Grupa LOTOS.

1.3. Merger Plan approval

This Merger Plan has been agreed and signed in writing on 2 June 2022 by the Management Board of the Merging Companies.

2. LEGAL STRUCTURES, BUSINESS NAMES AND REGISTERED OFFICES OF MERGING COMPANIES

2.1. Acquiring Company

Polski Koncern Naftowy ORLEN Spółka Akcyjna, registered office in Płock, ul. Chemików 7, 09-411 Płock, entered into the business register of the National Court Register under entry No. KRS 0000028860, registry court: District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register, Tax Id. No. 'NIP': 7740001454, Statistical Id. 'REGON': 610188201, share capital of PLN 534,636,326.25, paid-up in full.

The Acquiring Company is a public company within the meaning of the Act on Public Offering.

2.2. Target Company

Grupa LOTOS Spółka Akcyjna, registered office in Gdańsk, ul. Elbląska 135, 80-718 Gdańsk, entered into the business register of the National Court Register under entry No. KRS 0000106150, registry court: District Court Gdańsk – Północ in Gdańsk, 7th Commercial Division of the National Court Register, Tax Id. No. 'NIP': 5830000960, Statistical Id. 'REGON': 190541636, share capital of PLN 184,873,362.00, paid-up in full.

The Target Company is a public company within the meaning of the Act on Public Offering.

3. MERGER PROCEDURE

3.1. Legal basis for the Merger and the Merger procedure

The merger will take place pursuant to Article 492(1)(1) CCC by transferring all the rights and obligations (assets and liabilities) of Grupa LOTOS (Target Company) to PKN ORLEN (Acquiring Company) with the relevant increase of PKN ORLEN's share capital by issuing Merger Shares to be allocated by PKN ORLEN to Grupa LOTOS' Shareholders.

The transfer of all assets and liabilities of Grupa LOTOS to PKN ORLEN will take place on the Merger Date, i.e. when the Merger is recorded in the business register of the National Court Register by the registry court of proper venue for the registered office of PKN ORLEN.

As from the Merger Day, PKN ORLEN will assume any and all rights and obligations of Grupa LOTOS in compliance with Article 494(1) CCC (universal succession). In particular, in line with Article 494(2) and 494(5) CCC, as from the Merger Day, any and all permits, concessions, licenses and exemptions awarded to the Target Company will be transferred to PKN ORLEN, unless a relevant act of law or decision awarding a specific permit, concession, license or exemption provide otherwise.

Pursuant to Article 494(4) CCC, as from the Merger Day, the Shareholders of Grupa LOTOS will become PKN ORLEN Shareholders.

In accordance with Article 493(1) CCC, Grupa LOTOS will be wound up without liquidation on the date of its deletion from the business register of the National Court Register, but in any case not earlier than on the day when the increase of PKN ORLEN's share capital is registered and the Merger entered into the business register of the National Court Register.

The Merged Company will continue its operations under its existing business name: Polski Koncern Naftowy ORLEN Spółka Akcyjna.

3.2. Resolutions of Merging Companies' GMs

Pursuant to Articles 506(2) and 4 CCC, and in compliance with the corporate statutes of the Merging Companies, the GMs of the Merging Companies will be presented draft resolutions on the Merger, which will include, in particular: (i) approval of the Merger Plan and (ii) approval of the proposed amendments to PKN ORLEN's statutes in connection with the Merger, as laid down in Schedule 3 to the Merger Plan. At the same time, PKN ORLEN'S GM will be presented a resolution on the consolidated text of PKN ORLEN's statutes inclusive of the amendments made in connection with the Merger.

3.3. Increase of PKN ORLEN's share capital

By way of the resolution of PKN ORLEN's GM referred to in item 3.2 above, PKN ORLEN's share capital will be increased from PLN 534,636,326.25 (five hundred and thirty four million six hundred and thirty six thousand three hundred and twenty six point twenty five zloty) to the amount of PLN 783,059,906.25 (seven hundred and eighty three million fifty nine thousand nine hundred and six point twenty five zlotys) by issuing 198,738,864 (one hundred and ninety eight million seven hundred and thirty eight thousand eight hundred and sixty four) E series ordinary bearer shares with the nominal value of PLN 1.25 (one point twenty five zloty) each, with the aggregate nominal value of PLN 248,423,580 (two hundred and forty eight million four hundred and twenty three thousand five hundred and eighty zlotys) ("**Merger Shares**"), to be then allocated to the Shareholders of Grupa LOTOS in accordance with the rules laid down in item 5 below.

PKN ORLEN will carry out relevant activities to cause the Merger Shares to be traded in the regulated market operated by WSE.

3.4. Merger Terms and Conditions

The Merger is contingent upon several legal conditions being met, including approvals and other required activities required to close the Merger, in particular:

- (i) the Acquiring Company drafting the Information Document, in compliance with the requirements laid down in Regulation 2021/528, and making such Information Document available to persons at whom the public offering related to the Merger is targeted;
- (ii) obtaining European Commission's decision on the approval of buyers for the assets divested from in performance of remedies and of terms and conditions of any agreements made with such buyers, laid down in the positive conditional decision of the European Commission of 14 July 2020 approving the concentration involving the takeover of control of Grupa LOTOS by PKN ORLEN (case M.9014 – PKN ORLEN/ Grupa LOTOS);
- (iii) obtaining the approval of the Council of Ministers for the Merger as required by Article 13(5) in conjunction with Article 13(1)(9) and 13(1)(23) of the Act of 16 December 2016 on the Management of State Assets (OJ 2021.1933 as amended);
- (iv) no objection being raised by the supervising authority with regard to the secondary acquisition by the State Treasury of a major stake in the Acquiring Company (the threshold of 33% of the aggregate number of votes at the GM and the share in the share capital expected to be exceeded) referred to in Article

3(7)(2) of the Act of 24 July 2015 on the control of certain investments (OJ 2020.2145 as amended).

4. SHARE SWAP RATIO APPLICABLE TO THE EXCHANGE OF GRUPA LOTOS SHARES FOR PKN ORLEN SHARES

In connection with the Merger, in exchange for their shares in Grupa LOTOS, Shareholders of Grupa LOTOS will be allotted Merger Shares: 1.075 (PKN ORLEN shares) : 1 (Grupa LOTOS shares) ("**Share Swap Ratio**").

The foregoing means that, in exchange for 1 (one) share in Grupa LOTOS, the Shareholders of Grupa LOTOS will receive 1.075 PKN ORLEN shares (Merger Shares), with reservation that the number of allotted shares will be a natural number, while the non-allotted fractions of the Merger Shares resulting from the application of the Share Swap Ratio will be compensated to the Shareholders of Grupa LOTOS by way of Payouts.

5. RULES GOVERNING THE ALLOCATION OF SHARES IN PKN ORLEN TO THE SHAREHOLDERS OF GRUPA LOTOS

5.1. Share Swap Ratio and Reference Day

Merger Shares will be handed over to the Shareholders of Grupa LOTOS by the agency of KDPW applying the Share Swap Ratio.

The number of Merger Shares to be handed over to each of the Grupa LOTOS Shareholders will be determined by multiplying the number of the shares in Grupa LOTOS held by a given Shareholder of Grupa LOTOS on the day determined in compliance with the relevant provisions of the Detailed Rules of KDPW ("**Reference Day**") by the Share Swap Ratio rounded down to the closest natural number (unless the product is itself a natural number).

Merger Shares not handed over to the shareholders of Grupa LOTOS owing to the adopted Share Swap Ratio and the rounding-down referred to above, will be kept at the Acquiring Company as its own shares to be alienated, redeemed or allocated to another objective allowable by law.

5.2. Reference Day Determination

The Reference Day will be determined by the Management Board of the Acquiring Company in compliance with the Detailed Rules of KDPW. In particular, when selecting the Reference Day, the Management Board of PKN ORLEN will allow for the fact the Reference Day cannot fall earlier than on the second day following KDPW's receipt of the documents referred to in § 227 of the Detailed Rules of KDPW and not earlier than on the day of settlement of

the transactions involving the shares of the Company traded in an organised market executed before the trade in such shares was suspended. The Management Board of PKN ORLEN will notify KDPW of the selected Reference Day. If the Management Board of PKN ORLEN fails to designate the Reference Day or designates such day in breach of the Detailed Rules of KDPW, the Reference Day is the earliest business day that meets the conditions laid down in the Detailed Rules of KDPW.

5.3. Suspension of trade in Grupa LOTOS' shares

The Management Board of Grupa LOTOS, acting pursuant to § 30(1)(1) of the WSE Rules, will request WSE to suspend trade in Grupa LOTOS shares for the period starting not earlier than on the day following the day of submission of the application to register the Merger to the business register of the National Court Register and ending on the day when the shares of Grupa LOTOS are delisted.

5.4. Payouts

If, as a result of applying the Share Swap Ratio, a Shareholder of Grupa LOTOS is entitled to a fraction of a Merger Share, that Shareholder of Grupa LOTOS will be entitled to a cash payout referred to in Article 492(2) CCC ("**Payout**").

The amount of the Payout allotted to each of the Grupa LOTOS Shareholders will be calculated by multiplying:

- (i) the fraction of the Merger Share allotted to a specific Shareholder of Grupa LOTOS according to the Share Swap Ratio that has not been awarded to that Shareholder as a result of the rounding-down referred to in 5.1 of the Merger Plan, and,
- (ii) the arithmetic mean closing price of PKN ORLEN shares at WSE in the period of 30 calendar days preceding the Reference Day, with reservation that if the closing price of PKN ORLEN shares is not determined on a specific day, the arithmetic mean of the closing prices of the Acquiring Company will be inclusive of the price quoted on WSE on that trading day.

The amount of the Payout payable to a Grupa LOTOS Shareholder will be rounded to 1 grosz (0.01 zloty), with reservation that 0.005 zloty will be rounded up.

Total amount of the Payouts is subject to the cap under Article 492(2) CCC.

Furthermore, in each case the Payout will be decreased by any income tax withholding required under the law applicable on the Payout disbursement date.

The Payouts will be disbursed from PKN ORLEN's reserve fund within 14 business days from the Reference Day.

6. THE DATE FROM WHICH MERGER SHARES ENTITLE THEIR HOLDERS TO PARTICIPATE IN PROFIT DISTRIBUTION OF THE ACQUIRING COMPANY

Merger Shares will entitle their holders to participate in the distribution of PKN ORLEN's profit starting from the first day of the financial year in which the Merger Shares were registered in the security accounts of the Shareholders of Grupa LOTOS, i.e. from 01 January 2022.

The foregoing means that Merger Shares entitle their holders to the distribution of dividend determined pursuant to Article 348 CCC on the basis of PKN ORLEN's financial statements for the financial year started on 01 January 2022 and ending on 31 December 2022.

7. RIGHTS VESTED BY THE ACQUIRING COMPANY IN THE SHAREHOLDERS OF THE TARGET AND OTHER PERSONS VESTED WITH SPECIAL RIGHTS IN THE TARGET

There are no plans to award any additional rights to the Shareholders of Grupa LOTOS or any persons vested with special rights in Grupa LOTOS.

8. SPECIAL BENEFITS FOR THE MEMBERS OF CORPORATE AUTHORITIES OF THE MERGING COMPANIES AND OTHER PERSONS PARTICIPATING IN MERGER

In connection with the Merger, no special benefits are planned to be awarded to any members of the corporate authorities of the Merging Companies or any other persons participating in the Merger.

9. SCHEDULES TO MERGER PLAN

The following Schedules have been appended to this Merger Plan:

- Schedule 1** – draft resolution of PKN ORLEN GM on the Merger, the increase of PKN ORLEN's share capital and the approval of proposed amendments to PKN ORLEN Statutes;

- Schedule 2** – draft resolution of Grupa LOTOS GM on the Merger, the increase of PKN ORLEN’s share capital and the approval of proposed amendments to PKN ORLEN Statutes;
- Schedule 3** – proposed amendments to PKN ORLEN Statutes;
- Schedule 4** – the determination of the value of Target Company’s total assets and liabilities as of 01 May 2022;
- Schedule 5** – the determination of the value of Acquiring Company’s total assets and liabilities as of 01 May 2022.

Given the exemption under Article 499(4) CCC, the documents referred to in Article 499(2)(4) have not been drafted and appended to this Merger Plan.

10. MERGER PLAN EXECUTION

This Merger Plan has been drawn up in compliance with Article 499(1) CCC and agreed in writing in compliance with Article 498 CCC by the Management Boards of the Merging Companies on 02 June 2022, which the Management Boards of the Companies hereby confirm by affixing their signatures below.

/signatures on the signature page/

POLSKI KONCERN NAFTOWY ORLEN SPÓŁKA AKCYJNA

.....

Daniel Obajtek

President of the Management Board (CEO)

.....

Michał Róg

Board Member

GRUPA LOTOS SPÓŁKA AKCYJNA

.....

Zofia Paryła

President of the Management Board (CEO)

.....

Krzysztof Nowicki

Vice-President of the Board for M&A