

Update of ORLEN Capital Group strategy till 2030 along with a new dividend policy and a preliminary recommendation for a dividend payment for 2022
Regulatory announcement no 10/2023 dated 28 February 2023

PKN ORLEN S.A. ("PKN ORLEN", "Company") hereby announces ORLEN Capital Group strategy update till 2030 ("Strategy"). The Strategy assumes continuation of growth directions of ORLEN Capital Group published in 2020, setting new targets to achieve until 2030:

- Value maximization in existing business areas:
 - ca. 42 mt of annual crude throughput in refineries operating in ORLEN Capital Group;
 - ca. 3,8 GW installed capacity of gas-fired units (CCGT);
 - retail network with 3 500 fuel stations, offering full scope of energy products (transport fuels, gas, electric energy).
- Strategic growth:
 - over 9 GW of power capacity installed in renewable energy sources;
 - 25% share of advanced petrochemicals in the portfolio;
 - over 3 mt per year of biofuels production;
 - over 1 bcm per year of biogas production;
 - over 10 000 points of EV chargers in Central Europe;
 - over 12 bcm per year of total gas production in Poland and abroad.
- Investing in new perspective areas:
 - over 130 th. t of annual renewable hydrogen production;
 - over 70 th. t of annual synthetic fuel production;
 - ca. 300 MW of installed capacity in SMR (Small Modular Nuclear Reactor);
 - expansion of CCUS infrastructure – ca. 3 mt of CO2 emissions captured annually.

Planned CAPEX in years 2023-2030 will amount to ca. PLN 320 bn, of which ca. 40% i.e. ca. PLN 120 bn will be dedicated to green projects.

Directional information on CAPEX in years 2023-2030:

Segment of operations	CAPEX in years 2023-2030
Upstream and gas trading	PLN 70 bn, of which PLN 0 bn for green projects
Refining	PLN 60 bn, of which PLN 25 bn for green projects
Petrochemicals	PLN 40 bn, of which PLN 5 bn for green projects
Conventional power and networks	PLN 65 bn, of which PLN 15 bn for green projects
New energy, renewable energy sources	PLN 70 bn, of which PLN 70 bn for green projects
Retail	PLN 15 bn, of which PLN 5 bn for green projects
Total:	PLN 320 bn, of which PLN ca. 120 bn for green projects

Implementation of initiatives under the Strategy will enable to double EBITDA of ORLEN Capital Group in 2030, to the level of ca. PLN 60 bn from ca. PLN 30 bn in 2021. Cumulated EBITDA in years 2023-2030 will amount to ca. PLN 400 bn. In addition, the Strategy assumes the realization of over PLN 10 bn of synergies resulting mainly from mergers and acquisitions completed by PKN ORLEN, including the merger with Grupa LOTOS S.A., PGNiG S.A. and taking of capital control over ENERGA S.A.

Main operating and financial targets for operating segments of ORLEN Capital Group:

Strategic targets 2030 for operating segments	EBITDA 2030	CAPEX (average 2023-2030)
Upstream and gas trading: <ul style="list-style-type: none"> • maintaining gas exploration and stable production in Poland • investments to ramp up production in Norway • security of new LNG supply contracts for Poland • building a fleet of own and chartered gas tankers 	PLN 16 bn	PLN 8,3 bn
Refining: <ul style="list-style-type: none"> • reduction of emissions through CCUS and energy efficiency projects 	PLN 8 bn	PLN 7,6 bn

<ul style="list-style-type: none"> • implementation of the operational excellence programme • growth in biofuel production volumes • building a broad product portfolio 		
Petrochemicals: <ul style="list-style-type: none"> • increasing the share of advance and speciality products in the product portfolio • increasing the share of olefin derivatives • building a procurement organisation opting for bio and alternative raw materials • developing chemical recycling 	PLN 6 bn	PLN 5,1 bn
Conventional power and networks: <ul style="list-style-type: none"> • expansion of low-emission gas-fired power plants • development of solutions for optimum connection of renewable energy sources to the power distribution grid • modernisation of the gas network • development and operation of SMR reactors, monitoring of the SMR technology market 	PLN 15 bn	PLN 8,5 bn
New energy, renewable energy sources: <ul style="list-style-type: none"> • development of offshore and onshore wind power assets, solar PV and hydropower projects • expansion of the biogas and biomethane plants portfolio and support for the development of a local biogas value chain • development of renewable hydrogen production and distribution assets 	PLN 15 bn	PLN 9,1 bn
Retail: <ul style="list-style-type: none"> • leading supplier of energy products on the Central European market • electric mobility strategy with a focus on the Polish, Czech and German markets • operational excellence and integration • meeting customers' fuel, energy and purchasing needs in an integrated manner and using various means, including digital channels 	PLN 7 bn	PLN 1,8 bn

According to the Strategy the Company will allocate PLN 3 bn by 2030 on innovations as well as on research and development in ORLEN Capital Group with a special stress on green technology development.

The Company within the Strategy realization will use different sources of financing, including green and sustainable financing as well as alternative sources of financing. It is planned to maintain the net debt/EBITDA ratio at the maximum level of 2,0-2,5x and to focus on investment projects providing double-digit ROACE ratio. The Strategy assumes that the financial capability of ORLEN Capital Group will amount to PLN 575 bn by 2030, including cumulated EBITDA in years 2022-2030 at the level of over PLN 400 bn, additional debt capability at the level of ca. PLN 125 bn and available alternative financing sources in the amount of ca. PLN 50 bn.

PKN ORLEN has also prepared a new dividend policy. According to the new approach PKN ORLEN will pay annually the dividend equal to 40% of adjusted free cash flow (ie. cash flows from operating activities minus cash flows from investing activities) generated by ORLEN Capital Group in the previous year. However, the level of dividend will be not less than the base dividend (guaranteed), the level of which has been set for PLN 4,00 per share for 2022 and will grow annually by PLN 0,15 per share till the level of PLN 5,20 per share in 2030. It means that the base dividend (guaranteed) will increase by 49% within a decade.

The Management Board decided within the Strategy update to preliminarily recommend a payout of dividend from the profit of 2022, at the level of PLN 5,50 per share. The final recommendation on the distribution of PKN ORLEN profit for 2022 together with dates of dividend day and dividend payment day will be published by the Company on the day when the Management Board will make the final decision in that issue, what will be

connected with the Management Board's approval of the unconsolidated annual financial report of PKN ORLEN for 2022.

The Strategy also incorporates the updated targets for ORLEN Capital Group for decarbonisation and carbon neutrality:

- By 2030:
 - 25% reduction in absolute emissions of CO₂e from refining, petrochemicals and upstream with reference to the base year of 2019;
 - 40% decrease in CO₂e emissions intensity in energy (power and heat), in comparison to the base year of 2019;
 - 15% reduction in net carbon intensity (NCI) in comparison to the base year of 2019.
- After 2030:
 - coal phase-out by 2035;
 - net zero carbon neutrality in 2050 for Scope 1, 2 and 3 GHG emissions, in accordance with the Paris Agreement.

Detail information about the Strategy together with assumptions regarding macro indicators are included in the presentation attached to this regulatory announcement.