



Statement of reasons for the resolution to:

approve the subscription for shares in the increased share capital of Polska Spółka Gazownictwa sp. z o.o. of Tarnów (Number in the National Court Register: KRS 0000374001) in exchange for a contribution in kind in the form of property, plant and equipment comprising transmission infrastructure, i.e. gas pipelines and related gas network assets, land and perpetual usufruct of land

To the Extraordinary General Meeting of ORLEN S.A.

Dear Shareholders,

Please be informed that the agenda of the Extraordinary General Meeting of ORLEN Spółka Akcyjna (the "Company") includes the consideration of and voting on a resolution to approve the subscription for shares in the increased share capital of Polska Spółka Gazownictwa sp. z o.o. of Tarnów (Number in the National Court Register: KRS 0000374001) in exchange for a contribution in kind in the form of property, plant and equipment comprising transmission infrastructure, i.e. gas pipelines and related gas network assets, land and perpetual usufruct of land.

Implementation of the intended disposal of the property, plant and equipment comprising transmission infrastructure, i.e. gas pipelines and related gas network assets, land and perpetual usufruct of land, by way of their contribution to Polska Spółka Gazownictwa sp. z o.o. of Tarnów (Number in the National Court Register: KRS 0000374001), will make it possible to comply with the requirement under the amended regulations of the Energy Law (the "Amended Energy Law")¹ relating to the conduct by energy companies of operations using gas pipelines which do not qualify as direct lines or production site gas pipeline networks under the Energy Law.

The Amended Energy Law requires energy companies that operate direct lines or production site gas pipeline networks to carry out an overview, with the participation of a gas distribution system operator, of the infrastructure assets they operate to assess whether they qualify as a direct line or a production site gas pipeline network, as the case may be, within 6 months from the effective date of the Amended Energy Law, and obligates owners of infrastructure assets that do not qualify as a direct line or a production site gas pipeline network to make such assets available to a gas distribution system operator within 36 months from the effective date of the Amended Energy Law (i.e. by July 3rd 2024).

In the performance of the requirement referred to in Art. 28.1 of the Amended Energy Law, a report on the review of the gas infrastructure assets operated by PGNiG S.A., carried out to assess whether they qualify as a direct line or a production site gas pipeline network, as the case may be (the „Report”), was submitted to the Minister competent for energy and to the President of the Energy Regulatory Office on December 23rd 2021. The Report has identified a group of gas pipeline assets of production branches (belonging to PGNiG S.A. on the Report date) which did not qualify as direct lines or a production site gas pipeline network. Currently, those assets (pipelines) belong to the Company following its merger with PGNiG S.A., effected by transferring all assets of PGNiG S.A., as the acquiree, to the Company, as the acquirer.

Pipelines which do not qualify as direct pipelines or production site gas pipeline networks under the Amended Energy Law should be transferred to an entity being a Distribution System Operator

¹ Act Amending the Energy Law and Other Acts of May 20th 2021 (Dz. U. of 2021, item 1505, as amended)

(DSO), and this role is fulfilled within the ORLEN Group by Polska Spółka Gazownictwa sp. z o.o. of Tarnów.

Pursuant to Art. 10.2.5 of the Company's Articles of Association, the Company may dispose of non-current assets without holding a tender or auction if the assets are transferred to a subsidiary.

Contribution in kind has been identified as the most optimal form of transfer from the point of view of the ORLEN Group's operations.

The analysis of the pipelines for the purposes of the Report was carried out with the participation of representatives of Polska Spółka Gazownictwa sp. z o.o. The non-system pipelines identified as a result of the analysis were approved by Polska Spółka Gazownictwa sp. z o.o. as the Distribution System Operator for inclusion in the distribution system.

I. Approval of the subscription for shares

Pursuant to Art. 7.7.15 of the ORLEN S.A. Articles of Association, the subscription, acquisition or disposal of shares in Group companies which operate, under generally applicable laws, a natural gas distribution or storage system, requires approval by way of resolution of the General Meeting, which must also define the terms and conditions of such disposal.

II. Terms and conditions of disposal

The total value of the property, plant and equipment comprising transmission infrastructure assets in the form of gas pipelines and related gas network assets, and land which is used exclusively for the operation of those assets, has been determined, based on valuations prepared by property appraisers to be PLN 196,712,959.00.

Therefore, the share capital of Polska Spółka Gazownictwa sp. z o.o. of Tarnów is to be increased by **PLN 196,712,959.00** through the issue of **3,934,259** shares with a par value of PLN 50.00 per share and total value of **PLN 196,712,950.00**, with the newly issued shares to be paid for with a contribution in kind in the form of non-current assets with a total value of **PLN 196,712,959.00 (VAT exclusive)**, and the amount exceeding the par value of the shares, of **PLN 9.00**, to be transferred to the statutory reserve funds.

The increase in the share capital of Polska Spółka Gazownictwa sp. z o.o. and the payment for the newly issued shares with a contribution in kind will be effected after the General Meeting passes a relevant resolution and, in order to meet the deadline set out in the Amended Energy Law, before July 3rd 2024.

In view of the foregoing, we hereby submit to you a draft resolution of the Extraordinary General Meeting on the matter discussed above, respectfully requesting that it be passed.