ORLEN Group Strategy to 2035 with new dividend policy
Regulatory announcement no 1/2025 dated 9 January 2025

ORLEN S.A. (the "Company") announces the ORLEN Group strategy till 2035 (the "Strategy") 'The Energy of Tomorrow Starts Today'. Successful implementation of the strategic initiatives will allow the ORLEN Group to transform itself towards an integrated, diversified and cycle-resilient organization. ORLEN Group's ambition is to ensure a stable growth rate of operating profit and regular payment of increasing dividends.

'The Energy of Tomorrow Starts Today' Strategy is built on two foundations:

- Asset decarbonization and energy transition understood as running a sustainable business and building a sustainable portfolio of assets;
- Corporate governance supporting integrated, coherent, and digital organization, leading to a unified organizational structure of the ORLEN Group.

Implementation of the 'The Energy of Tomorrow Starts Today' Strategy is based on four pillars:

- Value maximization - investments in assets with the highest return potential, financing the energy transition;
- Innovative and sustainable product portfolio – development of new products and business lines driving the energy transition in the region, along with investments in low-carbon innovations.
- Asset optimization – optimization of the asset portfolio to ensure its strategic alignment and positive financial performance.
- Capital stewardship – disciplined approach to managing capital expenditures and fostering business partnerships to mitigate investment risks.

ORLEN's strategic ambition is to:

- Ensure stable growth rate of EBITDA LIFO operating profit of PLN 53 billion to PLN 58 billion in 2035. The cumulative EBITDA LIFO operating profit for the years 2025-2035 will range from PLN 500 billion to PLN 550 billion;
- Regularly share profits with shareholders through dividends. Progressive dividend policy is aimed at annual increase in the guaranteed dividend of PLN 0.15 per share. The level of the guaranteed dividend in 2025 will be increased from PLN 4.30 to PLN 4.50 per share. The Management Board may recommend the payment of a higher dividend of up to 25% of the operating cash flow for the year, less financing costs.

The ORLEN Group adopted capital allocation criteria including hurdle rates for investment projects differentiated by business line and their impact on carbon emissions. Over the 2025-2035 Strategy horizon, the ORLEN Group plans capital expenditures related to:

- activities in regulated businesses (electricity and gas distribution networks) - over PLN 60 billion
- maintenance of operational assets – from PLN 77 billion to PLN 88 billion
- development – from PLN 132 billion to PLN 143 billion
- potential equity investments (M&A and partnerships) – up to PLN 85 billion.

Cumulative capital expenditures, including equity investments, in the years 2025-2035 may range from PLN 350 billion PLN to PLN 380 billion, of which between PLN 270 billion and PLN 290 billion is of a flexible nature allowing Company to actively manage investment budget.

By 2030, the Company plans to maintain a net debt/EBITDA ratio at a level not exceeding 2.0, assuming the fulfillment of macroeconomic assumptions, budget projections, and total planned capital expenditures. After 2030, following the execution of planned investments, the Company expects positive cash flows and a gradual reduction of the net debt/EBITDA ratio to a level not exceeding 0.5 by 2035.

Based on key market trends, the Company has set out the main transformation directions that will be implemented under the new organizational and operational structure.

Segment	Key trend and direction of development	Key operational objectives by 2035
Upstream & Supply Exploration for and production of hydrocarbons, wholesale trade of crude oil and natural gas	The key role of natural gas as a transition fuel. Ensuring the supply of energy carriers that enable the long-term development of the economy and energy security.	– an increase in natural gas production from 9.1 to 12 bcm per year, – maintaining a flexible LNG contract portfolio and increasing contracting from 4.8 to 15 bcm of LNG per year, – building capacity for capture, transport and storage services up to 4 million tonnes of CO_2 per year.
Downstream Refinery and petrochemical production, wholesale of refining and petrochemical products	Decarbonization of transport combined with continued demand for liquid fuels. Transforming the ORLEN Group's fuel mix towards a greater share of renewable energy in transport.	– an increase in the share of renewable energy in ORLEN's fuel mix from 8.5%, to over 25%, – the use of renewable and low-carbon hydrogen in refinery production of approximately 210,000 tonnes per year, – a 9 p.p. increase in the share of sales of petrochemicals based on circular and renewable feedstocks to 10%, and polymers and other derivatives by 7 p.p. to 70%, – increasing recycling capacity from 35,000 to 250,000 tonnes per year.
Energy Generation of electricity and heat, distribution of electricity and natural gas, electricity trading	Demand for zero-carbon energy sources. Support the decarbonization of the energy sector through investment in RES, energy storage, SMR and CCGT.	– an increase in installed RES capacity from 1.3 to 12.8 GW through the development of wind power and photovoltaics, including partnerships – development of up to 1.4 GW of installed energy storage capacity (BESS), – expansion of the installed capacity of gas-fired power plants and combined heat and power plants (CCGTs) from 1.8 to 4.3 GW, – the commercialization and deployment of Small Modular Reactor (SMR) technology with an installed capacity of 0.6 GW, – allocating more than PLN 20 billion for gas distribution networks and PLN 40 billion for electricity distribution networks.
Consumers & Products Retail sales of fuel, electricity and natural gas, other retail customer services	Orientation towards the customer who needs accessible and affordable energy. Integration and digitization of consumer services.	– an increase in the share of the domestic market for electricity supplied to electric cars by 22 p.p., to 33%, – expansion of the national network of ultrafast DC charging points by 5,800 points, – doubling the number of active users of the VITAY system to 10 million users.

In pursuing the objectives of 'The Energy of Tomorrow Starts Today', the Company will take a pragmatic approach to asset decarbonization and energy transformation of the ORLEN Group.

By 2035, relative to the 2019 base year, ORLEN aims to:

- reduce carbon emissions in absolute terms by 25% in the Upstream & Supply and Downstream segments in Scopes 1 and 2, to the level of 12.5 million tonnes of CO_2e,
- reduce the carbon intensity of the Energy segment by 55%, to the level of 170 kg of CO_2e/MWh,
- reduce the carbon intensity (NCI) by 15%, to the level of 67 g of CO_2e/MJ.

In addition, coal-fired electricity generation is planned to be phased out by the end of 2030, with a full transition away from coal-fired assets by 2035. As a result, the Company maintains the target of achieving carbon neutrality in 2050 for scopes 1, 2, 3 in accordance with the Paris Agreement.

The Strategy has been approved by the Company's Management Board on 8 January 2025. The decision has been identified as an inside information, publication of which has been delayed by the moment the decision of the Company's Supervisory Board is made, in accordance to Art. 17 item 4 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

The report was prepared pursuant to Article 17(1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

MANAGEMENT BOARD OF ORLEN SA