**Rationale for the resolution to:**

**consent to the merger of PKN ORLEN S.A. of Płock with LOTOS SPV 5 sp. z o.o. of Gdańsk and to the Merger Plan**

**To the Extraordinary General Meeting of Polski Koncern Naftowy ORLEN S.A.**

*Dear Shareholders,*

In order to effect the merger of PKN ORLEN S.A. ("**PKN ORLEN**" or the "**Company**") with LOTOS SPV 5 sp. z o.o., of Gdańsk (entry number in the National Court Register: KRS 0000896706) ("**SPV5**") through the acquisition of SPV5 by PKN ORLEN (the "**Merger**"), as provided for in the Plan for the Merger of PKN ORLEN with SPV5 dated February 7th 2022 (the "**Merger Plan**"), it is necessary, pursuant to Art. 506 (and also, on an *a contrario* basis, Art. 516.1) of the Commercial Companies Code (the "**Code**"), to adopt a resolution to grant consent to the Merger, including to the Merger Plan.

The Management Board of PKN ORLEN wishes to explain that, as part of implementing the merger remedies defined by the European Commission in its decision of July 14th 2020 to grant conditional clearance to the concentration consisting in the acquisition of control of the Grupa LOTOS S.A. by PKN ORLEN, LOTOS Paliwa Sp. z o.o. of Gdańsk (entry number in the National Court Register: KRS 0000006312) ("**LOTOS Paliwa**") was demerged through a spin-off , with SPV5 acting as the acquirer. Accordingly, SPV5 took over, as assets spun off from LOTOS Paliwa, an organised part of the latter's business (the "**Spun-off Non-Remedies Business**"), comprising part of the demerged company's retail business (the remainder of that retail business was retained by LOTOS Paliwa as part of the assets subject to the said remedies).

It should noted that SPV5 is not a company dedicated, within the ORLEN Group's current organisational structure, to carrying out any liquid fuel trading activities, nor does it hold any fuel trading licenses. It was merely designated to take over the Spun-off Non-Remedies Business. At the same time, however, certain assets forming part of the Spun-off Non-Remedies Business and dedicated to liquid fuel trading activities have been leased to PKN ORLEN since November 2nd 2022, as PKN ORLEN carries out such activities directly and is duly licenced to manufacture and trade in liquid fuels, including to conduct liquid fuel trading with foreign countries.

As a consequence, given that the existence of SPV5 and its ownership of fuel trading assets are a provisional arrangement, it is reasonable and advisable to relatively quickly integrate SPV5's assets into PKN ORLEN in order to achieve full business integration of all of the retail assets of PKN ORLEN's retail segment assets as soon as possible. Such integration is expected to bring substantial cost savings and other operational and management benefits.

Therefore, the Management Board presents a draft Merger resolution containing the following elements, which are justified at length below:

**I. Consent to the merger**

Pursuant to Art. 506.4 of the Code, the merger resolution should contain consent to the merger plan and any proposed amendments to the articles of association of the acquirer. However, as the Merger is to be effected under a simplified procedure, i.e. pursuant to Art. 516.6, in conjunction with Art 514.1, of the Code (acquisition of a wholly-owned subsidiary), there is no need to amend the Articles of Association or increase the share capital of PKN ORLEN. Despite their coincidence with the Merger, none of the proposed amendments to the Articles of Association, as included in the EGM Notice, applies to the Merger in any way.

Therefore, the essence of the proposed Merger resolution is to grant consent to the Merger and to the Merger Plan.

**II. Requirement to fulfil the conditions precedent under Section 5 of the Merger Plan, that is to secure certain final administrative decisions from competent authorities as referred to in Section 5.3 of the Merger Plan, or to obtain from those authorities official confirmations that issuance of such decisions is not required**

The proposed resolution will enter into force subject to first securing administrative decisions (or obtaining official confirmations that their issuance is not necessary) which are required as a result of the fact that SPV5, as part of the demerger of LOTOS Paliwa, acquired:

- ownership or co-ownership titles to farmland, as defined in the Act on the Agricultural System of April 11th 2003 (consolidated text: Dz.U. of 2022, item 461), which triggers the requirement to secure prior consent of Director General of the National Centre for the Support of Agriculture to the acquisition of the same title as part of the Merger; and
- a perpetual usufruct title to a real property owned by the State Treasury and located within the boundaries of the Gdynia Sea Port, which triggers the requirement under Art. 3 of the Act on Sea Ports and Harbours of December 20th 1996 (consolidated text: Dz.U. of 2022, item 1624) to secure prior consent of the minister responsible for maritime economy (currently the Minister of Infrastructure) to the disposal of that title.

None of these requirements constitutes a *de jure* condition precedent to the Merger. However, given that non-compliance therewith, i.e. failure to secure the required consents (in the form of administrative decisions) may, pursuant to Art. 9.1.2 of the Act on the Agricultural System of April 11th 2003 and Art. 3.7 of the Act on Sea Ports and Harbours of December 20th 1996, as appropriate, provide grounds for annulment in the future of certain legal transactions entered into as part of the Merger, the Management Board of PKN ORLEN considered it reasonable – in order to avoid any uncertainty – to include in the Merger Plan a condition precedent to secure such prior consents (or official confirmations that the issuance of those consents, or some them, was not required) so as to ensure that all possible administrative requirements are satisfied prior to applying for the entry of the Merger in the Register of Businesses and none can give grounds for refusing such application.

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.