

Gdańsk, April 6th, 2021

Ladies and Gentlemen, Dear Shareholders!

Unexpectedly, 2020 turned out to be a year of enormous challenge for all of us. The coronavirus pandemic, restrictions on social contact and business activity and the resulting global economic downturn combined with turbulence on the oil market had an impact on the fuel sector, including the LOTOS Group's business. Over this difficult period, thanks to the effective work of our crisis management team, implementation of appropriate procedures and experience of our management staff, we were able to ensure the safety of our employees, maintain the continuity of refinery and service station operations, as well as the supply of our products. There were no disruptions in our hydrocarbon production, logistics and product distribution, either.

For the oil sector, 2020 was one of the toughest years ever, with an unprecedented slump in demand for crude oil and key petroleum products, leading to a significant decline in sales volumes and margins delivered by oil companies. Amid such headwinds, many refining companies had no choice but to significantly curtail their output and some plants were even permanently shut down. The perfect set-up of our flexible, high-complexity refinery allowed Grupa LOTOS to operate at almost full capacity throughout 2020 and quickly reduce jet fuel output, redirecting middle distillate streams to the production of diesel oil. Given their relatively attractive prices, delivering higher profits compared with other petroleum products in the period, Grupa LOTOS also increased its naphtha yields and ramped up the output of bitumens. At the same time, leveraging the advantageous seaboard location of our refinery, some of the output was sold as seaborne exports during the lockdown.

In the face of such challenging business conditions, the performance figures turned in by the LOTOS Group were lower than in recent years, with the net loss of PLN 1.15 billion. This, however, was largely attributable to non-cash items resulting from the exceptionally subdued prices of oil and gas with a consequent drop in inventory valuation and impairment losses recognised in the Exploration & Production segment. LIFO-based EBITDA adjusted for one-off items, one of the key metrics for the oil industry, was positive in 2020, at PLN 1.36 billion. At the same time, Grupa LOTOS generated operating cash flows of PLN 2.87 billion, one of the highest levels on record. What is more, our Company was one of few issuers included in the WIG20 index to have paid out a dividend in 2020, of PLN 1 per share. Debt ratios were maintained at safe levels, too. All this attests to our financial strength and high resilience to external turbulence.

The global trend of energy transition is prompting us to implement further alternative fuel projects. For instance, we are investing in hydrogen, hailed as a fuel of the future. We are a signatory to the partnership agreement for building a hydrogen economy. Last year, we also signed letters of intent to cooperate on hydrogen-based public transport with the municipal authorities of Rzeszów and Tczew. We also launched the Green H2 programme, under which we

plan to build a large-scale green hydrogen production facility. In addition, we are analysing a number of opportunities related to green LNG projects. Grupa LOTOS and Remontowa LNG Systems signed a contract to construct a pilot LNG docking station at a LOTOS service station in Gdańsk. We also completed the feasibility study for a small-scale LNG terminal in Gdańsk. In November, our Company and PGNiG carried out the first LNG bunkering operation in Szczecin. In late 2020 for the first time ever, the LOTOS refinery manufactured LPG and diesel oil biocomponents, marking the first step towards a green refinery making fuels from feedstock of plant origin. The purpose of all these efforts is to consolidate Grupa LOTOS's leading position in next generation fuels.

The pandemic did not halt our projects. In 2020, we launched the Hydrogen Recovery Unit to reduce CO₂ emissions and increase the output of high-margin products such as LPG, gasoline, naphtha and hydrogen. We also completed the implementation of a continuous emissions monitoring system (CEMS). Rail loading facility No. 4 has already been put in operation, with a new vapour recovery unit built as part of the same project. With PKN Orlen and Energa, we began to analyse the feasibility of a joint CCGT project in Gdańsk. We also continue working on the oil hydrocracker project, which will enable us to make quality lubricating base oils.

2020 was also a year of consistent growth of our subsidiaries. LOTOS Paliwa expanded its service station chain to 513 locations, and continued to scale up its MSA (Motorway Service Area) segment, which currently comprises 23 facilities. Year on year, LOTOS Oil improved its sales performance by an impressive 17%. LOTOS Kolej, Poland's second largest rail freight carrier in terms of tonne-kilometres and the leader in dangerous goods carriage, continued to expand its fleet by purchasing state-of-the-art multi-system locomotives in Europe. LOTOS Petrobaltic is developing its capabilities in the maintenance of offshore wind farms. Together with Enspirion, it launched a base station of the TETRA critical communication system on the Baltic Beta production platform. Additionally, its Central Production Facility on the B8 field came on stream. LOTOS Exploration & Production Norge secured three new exploration and production licences on the Norwegian Continental Shelf.

Last year brought a real opportunity to turn over a new leaf for Grupa LOTOS, when in July the European Commission conditionally cleared its acquisition by PKN Orlen, marking another step towards building a robust, multi-utility group that would strengthen Poland's energy security. Currently, work is under way to implement the remedies which, once green-lighted by the anti-trust authority, will confirm the ability to close the transaction.

We are living in extraordinary times which require us, as a socially responsible corporate citizen, to support Poland's medical and uniformed services fighting the coronavirus. The government appointed our Company to set up a temporary hospital on the premises of the AMBEREXPO exhibition halls in Gdańsk. We also joined the battle against the pandemic by allocating more than PLN 12 million to purchase medical equipment for many healthcare facilities across Poland. We lent our support also to uniformed services.

Grupa LOTOS has always been a recognised sponsor of Polish sports. We continue our sponsorship deals with the Polish Skiing Association, Polish Football Association and Polish Tennis Association. We also extended our deal with Kajetan Kajetanowicz, the star of our LOTOS Rally Team. We are involved in sponsoring Polish basketball, the University Sports Association of Poland, the Tour de Pologne bicycle race and individual athletes – covered by the 'Olympic Rising Stars' programme. In addition, we provided financial support to advance programmes for children and teenagers, including the 'Football Future with LOTOS', 'LOTOS – In Search for the Champion's Successors', and 'LOTOS Racquets'.

Culture is close to our heart, too. As in 2020, this year we also plan to provide assistance for a wide range of projects. For a second consecutive year, we are the Main Patron of the Danuta Baduszkowa Musical Theatre in Gdynia. For another year, we are the Strategic Partner of the Baltic Opera in Gdańsk. We have also supported and will continue to support jazz festivals, including the LOTOS Jazz Festival and Bielska Zadymka Jazzowa.

During the pandemic, the 'The BEST doesn't come from nowhere' slogan took on a new meaning. All employees of the LOTOS Group who managed to adapt to those challenging conditions, performing their everyday duties with commitment and creativity, deserve to be warmly congratulated. I would also like to express my gratitude to Members of the Supervisory Board for their constructive cooperation, and to our Shareholders and Business Partners for their support in pursuing our goals. Special thanks should go to our Customers, who value the quality of our products and services and remain loyal to the LOTOS brand. We are firmly on track towards our goal of being the BEST.

Yours faithfully,

Zofia Paryła

President of the Grupa LOTOS S.A. Management Board