

Letter from the Chairwoman of the Supervisory Board

Ladies and Gentlemen,

2019 brought a series of investments and positive stimuli for Grupa LOTOS. As shown by its performance, the Company enjoys a stable position and all its processes are running smoothly and efficiently. Adjusted LIFO-based EBITDA came in at PLN 2.9bn on total revenue of PLN 29.5bn. Customers appreciate the quality of LOTOS products, as demonstrated by a record volume of domestic fuel sales, which came to 8 million tonnes. Grupa LOTOS aptly responded to oil prices falling across global markets.

In a landmark event, it began to produce oil from the Utgard field three months ahead of the schedule, delivering cost savings of 25%. Another milestone in 2019 was the completion of the EFRA Project, which will bring to the market an additional million tonnes or so of quality fuels a year. Grupa LOTOS is raising the bar again, further solidifying its position among Europe's most advanced refiners.

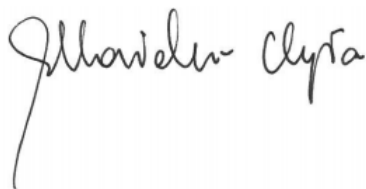
Understanding the challenges of energy transition, it consistently builds a leading position in next generation fuels. The Company is poised to blaze the trail in Poland for high-purity hydrogen production, implementing the EU co-funded project called PURE H2. It pursues LNG projects too: we are only months away from the launch of its first pilot LNG docking station, which is being built at a LOTOS service station on the ring road bypassing the Gdańsk-Gdynia-Sopot metropolitan area. With the completion of a feasibility study, another milestone was also reached under the project to build a small-scale LNG terminal in Gdańsk. By investing in our priority region of Pomerania, Grupa LOTOS drives growth of Poland's economy as a whole.

As a strategic company, it contributes to strengthening Poland's energy security, while maintaining commitments towards external stakeholders. LOTOS is a recognised sponsor of sports and culture, supporting talent development and helping children on their way to becoming professional athletes. The LOTOS Foundation plays a vital role in our outreach activities, providing assistance to various entities throughout Poland.

Summarising the key developments of 2019, it would be hard not to mention the ongoing COVID-19 pandemic. However, its stable position last year allowed the LOTOS Group to smoothly adapt to challenging conditions in the first half of 2020 and taught a valuable lesson for dealing with unexpected crises. We joined the effort to help hospitals and uniformed services in Poland. The Crisis Management Unit set up at the Company showed we can work together as a strong and solid team. We are keeping the momentum going. In April 2020, the LOTOS refinery ran at 98% of its nameplate capacity. We are pleased that, despite the changing environment, it was again possible to pay out a dividend, which we hope will be read as a sign of the Company's position getting stronger.

We are facing new challenges and growth opportunities that would come with the acquisition of Grupa LOTOS by PKN ORLEN. We must remember that the overriding goal is to safeguard Poland's economic interests and energy security on all levels. I believe the process would be of great benefit to all LOTOS Employees, Shareholders, Contractors, Partners, and Customers. All these developments make me optimistic about the future.

Yours faithfully,



Beata Kozłowska-Chyła
Chairwoman
of the Grupa LOTOS Supervisory Board

