Gdańsk, May 20th 2022

ANNUAL GENERAL MEETING
OF GRUPA LOTOS S.A.

In connection with the Annual General Meeting of Grupa LOTOS S.A. convened for June 17th 2022, the Management Board of the Company presents its proposal and grounds for the draft resolution of the Annual General Meeting on the allocation of the Company's net profit for 2021.

Jarosław Wróbel Vice President of the Management Board	Krzysztof Nowicki Vice President of the Management Board	Jarosław Wittstock Vice President of the Management Board	Piotr Walczak Vice President of the Management Board

Zofia Paryła
President of
the Management Board

Re: Grounds for the proposal concerning allocation of profit for 2021

On the basis of the 2021 separate financial statements, approved by the Grupa LOTOS S.A. Management Board, with the statement of comprehensive income showing a net profit of PLN 2,519,835,199.42, and in connection with the upcoming Annual General Meeting of Grupa LOTOS S.A., the Grupa LOTOS S.A. Management Board has passed a resolution on the allocation of the net profit for 2021, requesting that the General Meeting resolve to transfer PLN 2,519,835,199.42 to the statutory reserve funds.

Pursuant to Art. 382.3 of the Commercial Companies Code and Art. 13.2.5 of the Articles of Association of the Company, the Management Board requests the Supervisory Board to provide an assessment of the proposed allocation of the Company's net profit for 2021.

Pursuant to Art. 395.2 of the Commercial Companies Code and Art. 9.3 of the Articles of Association of the Company, the Management Board requests the General Meeting of Grupa LOTOS S.A. to resolve on the allocation of the net profit for 2021.

The proposal to transfer the net profit for 2021 to the statutory reserve funds is supported by the following arguments:

• Grupa LOTOS S.A.'s liquidity position and projections (until the end of this year) are subject to a critical risk of change of oil supply sources, resulting from a high probability of an embargo on purchases of Russian oil, which has the largest share in the Company's feedstock structure, and, as a consequence, the need to purchase oil from other sources under spot contracts;

• A change in the sources of supply of the key feedstock would entail a significant increase in its cost to Grupa LOTOS S.A., thus reducing the profitability of oil processing. A critical liquidity-related aspect in the process of negotiating new oil purchase contracts is the necessity to agree on the terms of purchase with the new trading partners, which may include the requirement:

(i) to provide additional security (e.g. stand-by letters of credit); or

(ii) to make advance payments (after prior credit analysis and grant of appropriate credit limits).

With respect to the first requirement (i), Grupa LOTOS has taken steps to obtain credit facilities whereby stand-by letters of credit could be issued. Currently, an agreement with CaixaBank is being finalised, and work is also under way to open a credit facility with another bank enjoying recognition on the oil market.

In the case of the second requirement (ii), liquidity reserves at the level of Grupa LOTOS S.A. will be needed to make advance payments in amounts corresponding to two large deliveries by sea (approximately 75,000-100,000 bbl, or approximately USD 75m-100m per vessel). The current sources of short-term financing (mainly an inventory credit facility) will have a limited potential if the Company is required to make advance payments for a significant part of its oil purchases. Furthermore, it will be necessary to ensure a sufficient level of liquidity to secure current operations and processes in the deteriorating macroeconomic environment in Poland and globally.

• Apart from the risk of change in oil supply sources, what should also be taken into account is the investment projects carried out by Grupa LOTOS S.A. (including the HBO project with the Martwa Wisła terminal) and the potential need to contribute own funds to other large ventures (including development of the B4/B6 field), with the ability to raise additional external financing for those projects significantly limited by the ongoing merger process and restrictions under investor agreements.

• In addition, as the process of preparations for the merger with PKN Orlen is being finalised, Grupa LOTOS S.A. will need to be complete certain financial transactions that may have a direct adverse effect on its liquidity (for example, the necessity to provide liquidity to the companies that are to be spun off before being transferred to the investors; securing excise liabilities of LOTOS Terminale; potential mandatory repayment of certain financial liabilities on or before the merger date – e.g. the inventory credit facility).

Considering the above, the Company's capacity to pay dividends for 2021 was estimated reasonably, in particular in view of the investors' expectations with respect to maintaining a safe liquidity policy in the context of the armed conflict beyond Poland's eastern border, as well as preserving the Company's ability to implement strategic growth projects in 2022.

Jarosław Wróbel	Krzysztof Nowicki	Jarosław Wittstock	Piotr Walczak
Vice President of the Management Board	Vice President of the Management Board	Vice President of the Management Board	Vice President of the Management Board

Zofia Paryła

President of
the Management Board