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Project "Polimery Police" with new shareholders

Extraordinary General Meeting of Grupa Azoty Polyolefins S.A. increased the company's share capital to PLN 922,968,300. Grupa LOTOS and Korean partners - Hyundai Engineering Co., Ltd and Korea Overseas Infrastructure & Urban Development Corporation contributed funds to cover new shares in Grupa Azoty Polyolefins S.A. After the registration of the share capital, together with Grupa Azoty S.A. and Grupa Azoty Zakłady Chemiczne "Police" S.A. will become shareholders of the company implementing the "Polimery Police" project.

The Extraordinary General Meeting of Grupa Azoty Polyolefins S.A., which was on November 16, 2020, resolved to increase the Company's share capital by PLN 323,684,990 and issue new shares in the Company. In accordance with the provisions of the investment agreements concluded on May 31, 2020, the new shares were acquired by three companies: Hyundai Engineering Co., Ltd (Hyundai), Korea Overseas Infrastructure & Urban Development Corporation (KIND) and Grupa LOTOS S.A. This mean that the process of obtaining the capital part of financing has been completed.

- We have closed another stage on the way to the implementation of the "Polimery Police" project. The conditions specified in the investment agreements were completed, which in turn made it possible to increase the share capital and the payment of funds by our partners. It is a huge success of the entire team involved in this process and the result of the cooperation with all shareholders. I am satisfied that, together with new shareholders, we can implement this ambitious project - said Mariusz Grab, President of the Management Board of Grupa Azoty.

As a result of the payments made and following the registration of the share capital increase, Grupa Azoty Zakłady Chemiczne "Police" will own 34.41% of shares, Grupa Azoty S.A. - 30.52% shares, Grupa Lotos S.A. - 17.3% of the shares, Huyndai - 16.63% of the shares, and KIND will own 1.14% of the shares. The percentage shares correspond to: the share in the capital of Grupa Azoty Polyolefins S.A. and the total number of votes at the General Meeting of Grupa Azoty Polyolefins S.A.

The cash contributions to cover all new shares are as follows: Grupa LOTOS S.A. PLN 300,000,000, Hyundai USD 73,000,000 (equivalent to PLN 275,808,600) and KIND USD 5,000,000 (equivalent to PLN 18,891,000 *). The surplus of the issue price of new shares over their par value (agio) of PLN 271,014,610 was allocated to the supplementary capital of Grupa Azoty Polyolefins S.A. In addition, pursuant to the provisions of the investment agreements, Grupa LOTOS S.A. and KIND will make available to Grupa Azoty Polyolefins S.A. subordinated loans in the amount of PLN 200 million. (Grupa LOTOS S.A.) and $ 52 million. (KIND).

- Extending the shareholding structure is an important moment for the entire project. The presence of three experienced partners adds value to the project. Completing this stage is a great success, but there are new challenges ahead of us, and these are what we focus on. Therefore, the consistency with which Hyundai carries out construction works in this time-demanding time for all companies deserves appreciation - said Dr. Andrzej Niewiński, President of the Management Board of Grupa Azoty Polyolefins S.A.

In September, the process of obtaining building permits was completed, what enables Hyundai, the general

contractor of the "Polimery Police" project, to carry out the full scope of works. At the terminal, works related to the construction of the quay are currently continued, the foundations for the propane and ethylene tanks have been made, and the assembly and welding of the outer shell of the propane tank has started. At the same time, hydrotechnical works are carried out in the offshore part of the investment - a storage field has been prepared and the dredging of a part of the fairway falling within the scope of the "Polimery Police" project has begun. Foundation work is carried out on all sub-projects. The assembly of steel structures, including pipe racks, is also in progress.