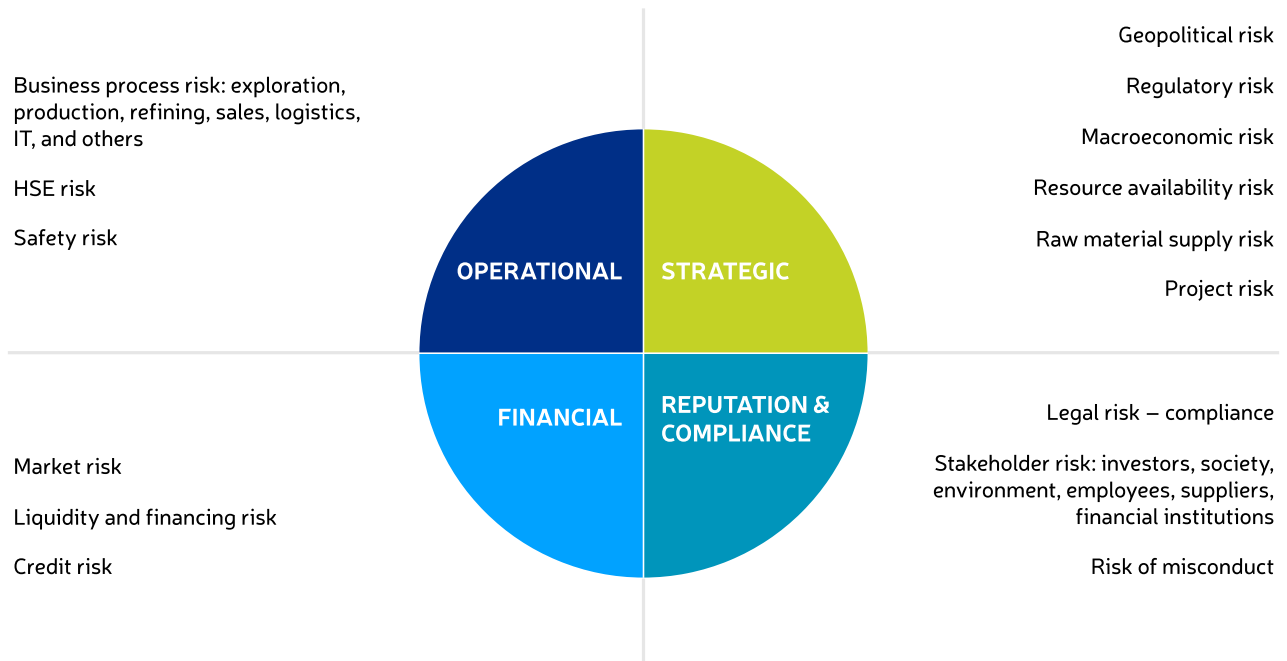


Key risks to our business

Key types of risk to the LOTOS Group's business include operational, strategic, financial, reputational and compliance risks. They are the main source of uncertainty as to whether our operational and strategic goals will be achieved.



The volatility of the macroeconomic environment is a key variable determining the strategies of companies in the oil sector. For years, their business was based on long-term strategic plans. **However, what is crucial to success today is flexibility and the ability to respond swiftly to changes in the market. This is a challenge facing the LOTOS Group in the near future as, in order to expand, our business requires high capital expenditure with long investment project completion times, which consequently gives rise to uncertainty as to rates of return, i.e. creates risk.** Our analyses have revealed four groups of factors which have a material bearing on our business and pose the greatest risks. These are:

- Major changes in the mix of energy sources and environmental policy,
- Growing local and global competition,
- Accelerating advances in technology,
- Poland's energy security.