

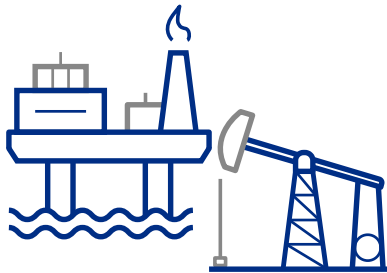
Value chain

Our operations are based on a segment management model building a full value chain: from upstream production to downstream sale of finished products.

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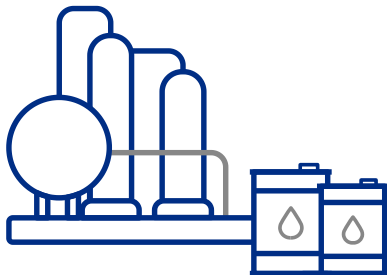
We are committed to sustainable development and follow the policy of energy security. We manage our impact on the environment, people and the economy to make it as beneficial as possible, driving the Company's value growth and benefiting our stakeholders.

The following processes make up the LOTOS Group's operations:



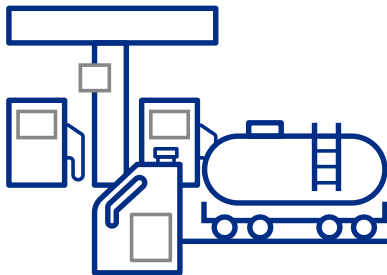
Oil and gas exploration and production

in three countries: Poland, Lithuania and Norway (the largest player in the region). Most of the production (74%) originates from Norway. The Group's 2P reserves are mainly below the floors of the Baltic and Norwegian Seas (59% and 31%, respectively).



Crude oil refining

The LOTOS Group's refinery in Gdańsk is one of the newest and most advanced plants of this kind in Europe. Boasting a nameplate throughput capacity of approximately 10.5m tonnes of crude oil per year, the refinery also benefits from a unique combination of supply channels by land from east of Poland, via the PERN pipeline network. The access to supply channels allows the Group to diversify feedstock deliveries and to respond flexibly to volatile petroleum product and crude oil prices. Russia's Urals crude accounts for the largest share of the refinery's crude slate (over 70%). The balance is imported from other sources, including Saudi crude and crude produced by LOTOS Group companies. At the refinery, crude oil is refined into the following key products: fuels (unleaded gasoline, diesel oil, light diesel oil), aviation fuel, bitumens, and heavy fuel oil. The refinery's Nelson Complexity Index is the highest in Poland and one of the highest in Europe.



Distribution and sales

Fuel products delivered by the LOTOS Group's refinery in Gdańsk are sold on the domestic retail market, exclusively via our chain of CODO and DOFO stations. Customers for the Group's products in the wholesale market include international companies, the Material Reserves Agency, the Military Property Agency, domestic wholesa-

lers, and independent operators. The number of LOTOS-branded service stations operated in Poland as at the end of 2019 was 506. In addition, the Group's portfolio included 20 Motor Service Areas on the A1, A2, A4 and A6 motorways, as well as the S3 and S7 expressways. The Group also established a business relationship with an external partner for a corporate franchise of Subway restaurants, with 35 Subway outlets operated at LOTOS service stations at the end of 2019. The LOTOS Group delivers its products to customers via different channels, including rail through its subsidiary LOTOS Kolej.

Besides moving the LOTOS Group's products, the subsidiary LOTOS Paliwa provides other transport services, including transport of dangerous goods. For instance, the company has a contract with the Polish Armed Forces for the transport of F-34 aviation fuel. For the purposes of its fuel distribution operations, the LOTOS Group uses a modern fuel depot for road tankers in Czechowice-Dziedzice, as well as fuel depots in Poznań, Piotrków Trybunalski and Rypin.

**The LOTOS Group's products are sold
to more than 80 countries.**