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INDEPENDENT AUDITOR'S REPORT

To the General Shareholders' Meeting and the Supervisory Board of Grupa LOTOS S.A.

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Grupa LOTOS S.A. (the "Company"), which comprise the statement of financial position as at December 31, 2021 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (the "financial statements").

In our opinion, the accompanying financial statements:

– give a true and fair view of the economic and financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the applicable International Financial Reporting Standards ("IFRSs"), as endorsed by the European Union, and the adopted accounting policies;

– comply, as regards their form and content, with the applicable laws and the articles of association of the Company;

– have been prepared based on properly kept accounting records, in accordance with Section 2 of the Accounting Act of 29 September 1994 (the "Accounting Act", Journal of Laws of 2021, item 217, as amended).

Our opinion is consistent with the Additional Report to the Audit Committee, which we issued on 21 March 2022.

Basis for Opinion

We conducted our audit in accordance with the Polish Standards on Auditing ("PSAs") in the wording of the International Standards on Auditing adopted by the National Council of Statutory Auditors and in compliance with the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017 (the "Act on Statutory Auditors", Journal of Laws of 2020, item 1415, as amended) as well as Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("EU Regulation", Official Journal of the European Union L158, as amended). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance the principles of professional ethics specified in the International Code of Ethics for Professional Accountants (including International Independence Standards) ("Code of ethics") developed and issued by the International Ethics Standards Board for Accountants and adopted by the National Council of Statutory Auditors, together with the ethical requirements that are relevant to the audit of the financial statements in Poland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics. Throughout the audit, both the key statutory auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors and in the EU Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of Matter

We draw attention to note 13.2 in the financial statements, which describes the conflict between Russia and Ukraine and its potential impact on the separate financial statements. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. They encompass the most significant assessed risks of material misstatement, including assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We summarized our response to those risks and, where appropriate, we presented the key findings related to those risks. We do not provide a separate opinion on these matters.

Key audit matter	How we addressed the matter
Intended combination with PKN ORLEN, including implementation of the remedies and impact on the valuation of shares in subsidiaries	
As described in note 2.1., in connection with the intended combination of the Company with PKN ORLEN S.A, and the earlier fulfilment of the conditions set out by the European Commission ("EC") with regard to the sale of assets subject to remedies ("assets sold by LOTOS"), including shares in subsidiaries, we have considered the assessment of the criteria classifying the assets sold by LOTOS as assets held for sale to be a key audit matter due to considerable judgement of the Company's Management Board involved. Another issue requiring professional judgement is the analysis (note 10.2) of the indications of impairment of shares in subsidiaries sold as part of implementation of the remedies, and specifically the prices determined in preliminary sales agreements concluded with investors.	In particular, our audit procedures included: – gaining an understanding of the internal controls relevant to the Company's monitoring of and responding to individual risk factors associated with the combination; – interviews with the management of the Company, subsidiaries and advisers to the process to understand the stage of completion of the combination and the measures taken so far; – analysis of preliminary sales agreements and other documents signed with investors, and recommendations of advisers to the process with regard to the conclusion of such agreements, to assess the impact of the commitments on the balance-sheet valuation of the assets; – assessment of the Company's Management Board's position regarding the assessment of the criteria classifying assets as held for sale, supported by the opinion of advisers, as well as relevant independent assessment; – analysis of the Company's Management Board's assessment of the indications of impairment of shares in entities subject to the remedies, in view of IFRS requirements; – completeness and transparency of disclosures regarding the intended combination and disclosures regarding significant judgements of the Company's Management Board with regard to the classification and measurement of the assets sold by LOTOS.

Responsibilities of the Management Board and the Supervisory Board for the Financial Statements

The Company's Management Board is responsible for the preparation – based on properly kept accounting records – of financial statements which give a true and fair view of the economic and financial position of the Company and of its financial performance in accordance with the applicable International Financial Reporting Standards, as endorsed by the European Union, the adopted accounting policies as well as the applicable laws and articles of association, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management Board and members of the Supervisory Board of the Company are obliged to ensure that the financial statements meet the requirements of the Accounting Act. Members of the Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The scope of an audit does not include an assurance about the future profitability of the Company or the effectiveness or efficiency of the Management Board in managing the Company's affairs at present or in the future.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management Board;
- conclude on the appropriateness of the Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company's Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and that we will communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information, Including the Report on the Activities

Other information includes a report on the Company's activities in the financial year ended December 31, 2021 (the "Report on the Activities"), together with a statement of compliance with corporate governance principles and a non-financial information statement, as referred to in Article 49b. 1 of the Accounting Act, which constitute separate parts of the report (together: the "Other Information").

Pursuant to Article 55 Section 2a of the Accounting Act, the report of the Management Board on the activities of the LOTOS Capital Group and Grupa LOTOS S.A. for the financial year 2021 has been prepared jointly.

Responsibilities of the Management Board and the Supervisory Board

The Company's Management Board is responsible for the preparation of the Other Information in accordance with the applicable laws.

The Management Board and members of the Supervisory Board of the Company are obliged to ensure that the Report on the Activities, along with the separate parts, meet the requirements of the Accounting Act.

Auditor's Responsibilities

Our opinion on the financial statements does not cover the Other Information. In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact in our auditor's report. Additionally, under the Act on Statutory Auditors we are obliged to express an opinion on whether the Report on the Activities has been prepared in accordance with the applicable laws and whether it is consistent with the information contained in the financial statements. Furthermore, we are obliged to state whether a non-financial information statement has been prepared by the Company and to express an opinion on whether the Company has included the necessary information in the statement of compliance with corporate governance principles.

Opinion on the Report on the Activities

Based on our work performed during the audit, we are of the opinion that the Report on the Activities:

– has been prepared in accordance with Article 49 of the Accounting Act and par. 70 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (the "Current Information Regulation", Journal of Laws of 2018, item 757, as amended);

– is consistent with the information contained in the financial statements.

Furthermore, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements of the Report on the Activities.

Opinion on the Statement of Compliance with Corporate Governance Principles

In our opinion, the statement of compliance with corporate governance principles contains all the information referred to in par. 70.6.5 of the Current Information Regulation. We are also of the opinion that the information referred to in par. 70.6.5(c)-(f), (h) and (i) of the Regulation, as contained in the statement of compliance with corporate governance principles, is in accordance with the applicable laws and consistent with the information included in the financial statements.

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Information on Non-Financial Information

In accordance with the requirements of the Act on Statutory Auditors, we confirm that the Company has prepared a non-financial information statement, as referred to in Article 49b.1 of the Accounting Act, as a separate part of the Report on the Activities.

We have not performed any assurance services relating to the non-financial information statement and we do not express any form of assurance conclusion thereon.

Report on Other Legal and Regulatory Requirements

Statement Concerning Provision of Non-Audit Services

To the best of our knowledge and belief, we represent that non-audit services which we have provided to the Company and to its subsidiaries are not prohibited under Article 5.1 of the EU Regulation and Article 136 of the Act on Statutory Auditors. The non-audit services which we provided to the Company and to its subsidiaries in the audited period have been listed in Item 10 in the Report on the Activities.

Energy law requirements – regulatory financial information

The regulatory financial information contained in note 14 and presenting items of the statement of financial position and of the income statement prepared separately for each type of business activity including distribution of energy, as well as the basis of its preparation, including the principles of allocation of assets, liabilities, revenue and expenses to each such activity, was prepared by the Management Board to comply with the requirements of Article 44 of the Energy Law of 10 April 1997 (Journal of Laws of 2021 item 716 as amended – hereinafter: the “Energy Law”, “Act"), including with respect to ensuring the equal treatment of customers and eliminating cross subsidization across the said activities.

The regulatory requirements are set out in separate Act. Our audit did not include verification whether equal treatment for the energy consumers and elimination of cross-subsidy practices have been met and sufficiently disclosed.

In our opinion, regulatory financial information have been presented in all material aspects according to the basis for preparation presented in note 14 and according to article 44 paragraph 2 of Energy Act.

Appointment of the Auditor

We were appointed as the auditor of the Company’s financial statements by resolution no. 60/X/2018 of Supervisory Board Grupa LOTOS S.A. of May 14, 2018. Our total uninterrupted period of engagement to audit the Company’s financial statements is four consecutive financial years, i.e. starting from the financial year ended 31 December 2018.

The key statutory auditor on the audit resulting in this independent auditor’s report is Monika Jakubczyk.

Acting on behalf of Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered seat in Warsaw, entered under number 73 on the list of audit firms, in the name of which the financial statements have been audited by the key statutory auditor.

Monika Jakubczyk
Registered under number 13600

Warsaw, 21 March 2022

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