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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 Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements:

– give a true and fair view of the economic and financial position of the Group 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, 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 Parent.

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 Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with 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 Group 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 12.3.3 in the financial statements, which describes the conflict between Russia and Ukraine and its potential impact on the consolidated 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 consolidated 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 consolidated 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 assets sold by LOTOS	
As described in note 2.1., in connection with the intended combination of the Parent 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"), 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 Parent's Management Board involved. Another key element of assessment is the potential impairment of refinery and logistic assets, as cash generating units. Estimation of the recoverable amount based on the discounted cash flow models through the calculation of value in use under baseline and transaction scenarios is also another crucial element of assessment. Material estimates included in the models comprised key macroeconomic assumptions as well as the adopted discount rate (note 10.1.1.1.2).	In particular, our audit procedures included: – gaining an understanding of the internal controls relevant to the Parent's monitoring of and responding to individual risk factors associated with the combination; – interviews with the management of the Parent, 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 Parent'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; – critical assessment of key assumptions made by the Management Board of the Parent when testing refinery and logistic assets for impairment: a. assumptions regarding the streams of future cash flows for the purpose of tests carried out under baseline and transaction scenarios, including the execution of the provisions of assets sale agreements and other agreements regulating future cooperation with investors; b. alignment of the assumed future cash flows to the 2022 financial plan and the existing long-term plans; c. macroeconomic assumptions, including the projected fuel prices, inflation, foreign exchange rates, product margins; d. adopted discount rates;

Key audit matter	How we addressed the matter
	e. an assessment of the DCF models used by the Group in terms of their compliance with the applicable financial reporting standards and correctness of arithmetical calculations; – assessment of the correctness of recognition of the results of impairment tests in the accounting records; – completeness and transparency of disclosures regarding the intended combination and disclosures regarding significant judgements of the Parent's Management Board with regard to the classification and measurement of the assets sold by LOTOS.
Measurement of the property, plant and equipment in the upstream segment	
The Group uses material property, plant and equipment in the upstream segment; its net worth is PLN 3,957.8 million (note 10.1.2). As at 31 December 2021, impairment losses in the segment totaled PLN 1,167.5 million (notes 10.1.2.1, 10.1.2.2, 10.1.2.4). In 2021, the Group recognized PLN 42.9 million in impairment losses and PLN 296.0 million in reversed impairment losses (note 9.4). After the indications had been identified, the Group tested the cash generating units in the upstream segment (individual oilfields) for impairment. We consider the analysis of impairment of the B8 oilfield to be a key audit matter due to the material estimates of the Management Board of the Parent, such as: projected prices of oil which are subject to major fluctuations due to the changing economic landscape and market conditions, projected production volumes, sales volumes, projected capital expenditure and discount rates.	In particular, our audit procedures included: – gaining an understanding of the internal controls relevant to the determination of the existence of indications of impairment, including indications which provide the basis for reversing the impairment losses for individual oilfields; – gaining an understanding of the internal controls relevant to the performance of impairment tests; – critical assessment of the key assumptions made by the Management Board of the Parent to test the oilfields for impairment, including: a. consistency of the cash flows forecast period and the intended operation; b. macroeconomic assumptions, including the projected oil prices, foreign exchange rates, inflation; c. adopted discount rates, including in the context of the current macroeconomic conditions; d. adopted production volumes through comparison with reports of the Group's independent oilfields auditor and the materials prepared by the oilfields operators; e. planned capital expenditure, sales volumes and operating expenses through comparison with the current oilfield forecasts; – evaluation of independence and competence of the oilfields auditor whose reports were relied on by the Group; – assessment of the DCF models used by the Group in terms of their compliance with the applicable financial reporting standards and correctness of arithmetical calculations; – assessment of the correctness of recognition of the results of impairment tests in the accounting records; – assessment of the correctness and completeness of disclosures in the consolidated financial statements in terms of disclosure of key assumptions underlying tests and sensitivity analyses.

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

The Parent's Management Board is responsible for the preparation of consolidated financial statements which give a true and fair view of the economic and financial position of the Group and of its financial 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 of the Parent, and for such internal control as the Parent's Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's Management Board is responsible for assessing the Group'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 Parent's Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Management Board and members of the Supervisory Board of the Parent are obliged to ensure that the consolidated financial statements meet the requirements of the Accounting Act of 29 September 1994 (the "Accounting Act", Journal of Laws of 2021, item 217, as amended). Members of the Parent's Supervisory Board are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

The scope of an audit does not include an assurance about the future profitability of the Group or the effectiveness or efficiency of the Parent's Management Board in managing the Group'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 consolidated 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 Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Management Board;
- conclude on the appropriateness of the Parent'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 Group'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 consolidated 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 Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent'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 Parent'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 Parent's Supervisory Board, we determined those matters that were of most significance in the audit of the consolidated 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 Group'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 (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 Parent'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 Parent 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 consolidated financial statements does not cover the Other Information. In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated 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 consolidated financial statements. Furthermore, we are obliged to state whether a non-financial information statement has been prepared by the Group and to express an opinion on whether the Group 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. 71 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 consolidated financial statements.

Furthermore, in the light of the knowledge and understanding of the Group 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 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 consolidated financial statements.

Information on Non-Financial Information

In accordance with the requirements of the Act on Statutory Auditors, we confirm that the Group 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

Opinion of an independent auditor on the performance of an attestation service for verifying the conformity of consolidated financial statements drawn up in a single electronic reporting format with the requirements of the Technical Standards Regulation concerning the specifications of the single electronic reporting format

Scope of the Engagement

With regard to the audit of the consolidated financial statements we have performed a reasonable assurance engagement to evaluate whether or not the Group's consolidated financial statements for the year ended 31 December 2021, prepared in the European Single Electronic Format and included in the file named esef_lotos-2021-12-31-pl ("consolidated ESEF financial statements") were tagged in compliance with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation").

Identification of criteria

The consolidated ESEF financial statements were prepared by the Management Board of the parent in order to satisfy the tagging and technical requirements regarding the single electronic format specification, as determined in the ESEF Regulation.

The scope of our assurance service includes checking compliance of the tagging used in the consolidated ESEF financial statements with the requirements of the ESEF Regulation which, in our view, constitute appropriate criteria for us to express an opinion.

Responsibility of the Management Board and the Supervisory Board of the Parent

The Management Board is responsible for the preparation of the consolidated ESEF financial statements in line with the tagging requirements and with the technical requirements related to the specification of the single electronic format as determined in the ESEF Regulation. This responsibility includes the selection and application of appropriate XBRL tags, using the taxonomy set out in ESEF Regulation.

The Management Board is also responsible for the design, implementation and maintenance of internal controls to enable the preparation of consolidated ESEF financial statements that are free from material non-compliance with the requirements of ESEF Regulation.

Members of the Supervisory Board of the Parent are responsible for overseeing the financial reporting process, which also involves the preparation of financial statements in the format determined by the valid law.

Auditor's responsibilities

Our objective was to express, based on a reasonable assurance engagement, an opinion whether the Group's consolidated financial statements for the year ended 31 December 2021 were tagged in compliance with the requirements of ESEF Regulation.

The service was provided by us in compliance with the National Standard on Assurance Services Other than Audits or Reviews 3001PL - Audit of Financial Statements Prepared in the Single Electronic Format ("NSAE 3001PL") and, where applicable, with the National Standard on Assurance Services Other than Audits or Reviews 3000 (Revised) in the wording of the International Standard on Assurance Services Other than Audits or Reviews of Historical Financial Information (amended) ("NSAE 3000 (Revised)").

The Standard requires that we plan and perform the procedures so as to obtain reasonable assurance that the consolidated ESEF financial statements were prepared in compliance with the determined criteria.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with NSAE 3001PL and, where applicable, with NSAE 3000 (Revised) will always detect a material misstatement when it exists.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated ESEF financial statements, in order to design procedures that are appropriate in the circumstances to enable the auditor to obtain sufficient appropriate evidence. The purpose of the assessment of the internal control system's operation was not to express an opinion on its effectiveness.

Quality control requirements

As an audit firm, we apply National Standards of Quality control approved by the National Council of Statutory Auditors in the wording of the International Standard of Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" ("ISQC").

In accordance with ISQC requirements we maintain a comprehensive system of quality control which comprises documented policies and procedures in respect of our compliance with the ethical requirements, professional standards as well as the applicable legal and regulatory requirements.

Ethical requirements and independence

We comply with the requirements of independence and other ethical requirements set out in the International Code of Professional Accounting Ethics (including International Standards of Independence) adopted by the National Board of Statutory Auditors, developed and approved by the Board of International Ethical Standards for Accountants.

Summary of the work performed:

The procedures we planned and performed included:

- gaining an understanding of the process of the Company's preparing the consolidated ESEF financial statements, which comprised the selection and application of XBRL tags as well as ensuring compliance with ESEF Regulation, including an understanding of the internal controls relevant to this process;
- reconciling the tagged information included in the consolidated ESEF financial statements with the audited consolidated financial statements;
- with the use of a specialised IT tool, assessing the fulfilment of technical standards on the specification of the single electronic reporting format, and the completeness of XBRL tagging in the consolidated ESEF financial statements;
- evaluation of whether the XBRL tags from the taxonomy set out in ESEF Regulation were applied properly and whether extension taxonomy elements were used in the event that the relevant elements were not identified in the core taxonomy set out in ESEF Regulation;
- evaluation of the correctness of anchoring of the extension taxonomy elements used to the core taxonomy set out in ESEF Regulation.

We believe the obtained evidence constitutes a sufficient and appropriate basis for us to express an opinion on the compliance of tagging with ESEF Regulation.

Opinion on the Compliance with Requirements of ESEF Regulation

The issues described above provide the basis for auditor's opinion; therefore, they should be considered by readers of the opinion.

In our opinion, the attached consolidated ESEF financial statements have been tagged, in all material respects, in compliance with requirements of ESEF Regulation.

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 Parent 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 Parent and to its subsidiaries in the audited period have been listed in Item 10 in the Report on the Activities.

Appointment of the Auditor

We were appointed as the auditor of the Group's consolidated financial statements by resolution no. 60/X/2018 of the Parent's Supervisory Board of May 14, 2018. Our total uninterrupted period of engagement to audit the Group's consolidated 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 consolidated financial statements have been audited by the key statutory auditor.

Monika Jakubczyk
Registered under number 13600

Warsaw, 21 March 2022

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