

This is a translation of the Hungarian Report
Independent Auditors' Report

To the Shareholders of MOL Hungarian Oil and Gas Plc.

Report on the audit of the consolidated financial statements

Opinion

We have audited the 2021 consolidated financial statements of MOL Hungarian Oil and Gas Plc. ("the Company") and its subsidiaries (altogether "the Group") included in the accompanying Mol Group 2021 Financial Report HUN ifrs_pr.xhtml¹ digital file, which comprise the consolidated statement of financial position as at 31 December 2021 - showing total assets of HUF 6,494,259 million and a profit for the year of HUF 549,591 million -, the related consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("EU IFRSs") and have been prepared, in all material respects, in accordance with the supplementary requirements of Act C of 2000 on Accounting ("Hungarian Accounting Law") relevant for consolidated financial statements prepared in accordance with EU IFRSs.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing and Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also 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 ("Regulation (EU) No. 537/2014"). 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 applicable ethical requirements according to relevant laws in effect in Hungary and the policy of the

¹ Digital identification of the above referred Mol Group 2021 Financial Report HUN ifrs_pr.xhtml, using SHA 256 HASH algorithm is
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Chamber of Hungarian Auditors on the ethical rules and disciplinary proceedings and, concerning matters not regulated by any of these, with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements section" of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Oil and natural gas reserve estimation process

The estimation of crude oil and natural gas reserves is a significant area of judgement due to the technical uncertainty in assessing quantities and complex contractual arrangements dictating the Group's share of reportable volumes. We considered the crude oil and natural gas reserves estimation process to be a key audit matter as crude oil and natural gas reserves are also a fundamental indicator of the future potential of the Group's performance and these estimates affect significant balances as reported in the consolidated statement of financial position and consolidated statement of profit or loss through the determination of depletion and

Our audit procedures included understanding of the process for determination of the crude oil and natural gas reserves and testing of the design of internal controls implemented in the process. We assessed the competence and objectivity of technical experts of the Group to evaluate whether they are qualified to carry out the crude oil and natural gas reserve volumes estimation.

We assessed the assumptions used by the technical experts and compared the assumptions to the macroeconomic indicators, hydrocarbon production, operating costs, capital expenditures forecasts and other performance

impairment of oil and gas production assets and the timing of field abandonment liability.

indicators, approved by the Group's Reserve and Resources Committee.

We performed an inquiry of the management of the Group and our procedures were planned and executed to assess that the applied methodology for oil and natural gas reserves estimate is consistent with the previous year.

We selected the items with significant changes compared to the prior year and tested if these were made in the appropriate period and in compliance with the Group's internal policies. We validated these volumes against the underlying information, such as technical evaluations and Reserve and Resources Committee decisions. We also performed analytical procedures on movements in the crude oil and natural gas reserves during the year and analyzed whether all significant changes were approved by the Reserves and Resources Committee.

We assessed the adequacy of the Group's disclosures in respect of crude oil and natural gas reserves.

The Group's disclosures about crude oil and natural gas reserves estimation policies are included in Note 9.d) Depreciation, depletion and amortisation, to the consolidated financial statements.

Wholesale revenue recognition

The Group net revenue derives from various activities. We identified wholesale revenue as a significant revenue stream. Revenue is recognized when all the five step criteria of IFRS 15, *Revenue from Contracts with Customers*, are met.

Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies including those relating to discounts, incentives and rebates in accordance and compliance with IFRS 15. We tested the design and operational effectiveness of the Group's

Revenue is measured taking into account discounts, incentives and rebates earned by customers on the Group's sales. Due to the multitude and variety of contractual terms across the Group's markets, typically related to the wholesale activity, we consider the range of discounts, incentives and rebates recognized based on sales made during the year to be a complex area and therefore we consider revenue recognition related to wholesale activity as a key audit matter.

controls over calculation of discounts, incentives and rebates and correct timing related to revenue recognition. We tested a sample of the sales transactions close to the balance sheet date as well as credit notes issued after the balance sheet date to assess whether revenue was recognized in the correct period. We also performed analytical reviews over revenue accounts, including the analysis of the relationship between revenue, receivables and cash with the use of data analytics tool and we assessed the adequacy of the Group's disclosures in respect of revenue.

The Group's disclosures about revenue and revenue recognition policies are included in Note 3. Total operating income, to the consolidated financial statements.

Asset impairment

Forecasted crude oil and natural gas prices, emission costs, refining, petrochemical, retail margins and discount rates can have a significant effect on the carrying value of the Group's assets, including upstream offshore and onshore, refining, retail and service related long lived assets as well as goodwill. A significant change in commodity prices, emission costs, refining, petrochemical and retail margins directly affect the Group's operating cash flows. Inherent risk of forming a view on future commodity prices has been further elevated by the COVID-19 pandemic, which had a significant impact on the commodity markets, and the increased focus on energy transition to lower-carbon economy. We assessed the principal risk arising in relation to the consolidated financial statements to be associated

Our audit procedures included examination of the methodology used by the Group to assess the carrying value of respective assets, to determine its compliance with EU IFRSs and consistency of application. We gained understanding of the process and tested the design of the internal controls over the Group's assessment of the carrying value of respective assets. For the assets where impairment indicators were not identified by the Group, we assessed the assumptions used by the Group in determination of whether impairment indicators exist. The assessment took into consideration current industry and the Group expectations for the key inputs to impairment models.

In respect of performed impairment tests, we used external data in

with the carrying value of the above listed assets, many of which are supported by an assessment of future cash flows.

As asset impairment is a complex and judgmental area with significant potential impact on the valuation of assets, we consider asset impairments a key audit matter.

assessing and corroborating the assumptions used in impairment testing, the most significant being forecasted crude oil and natural gas prices, emission costs, refinery, petrochemical and retail margins, reserves and resources volumes and discount rates. We compared future commodity prices to analysts' forecast and those adopted by the industry. We involved experts in the evaluation of discount rates. We tested the arithmetical integrity of the impairment models and sensitivity analysis and assessed the completeness of the impairment charges.

We assessed the adequacy of the Group's disclosures in respect of valuation of intangible assets and tangible fixed assets.

The disclosures about intangible assets and tangible fixed assets are included in Note 9.e) Impairment of assets and Note 9.f) Impairment of goodwill, to the consolidated financial statements.

Trading operations

Potential unauthorized trading activity (which covers physical and paper trading of products and product related derivatives) gives rise to an inherent risk of misrepresenting derivatives' fair value and profit or loss impact. Completeness and valuation of derivatives and other trading instruments carry risk due to inherent complexity of such instruments. This risk of unauthorized trading activity together with the potential significant effect on the revenue or profit of the Group led us to identify the trading operation as a key audit matter.

Our audit procedures included testing of the design of internal controls implemented in the process and testing of the design and operating effectiveness of the controls implemented by the Group to prevent unauthorized trading activity. We selected a sample of third parties to whom we sent letters to confirm the year-end balances of open transactions.

We tested fair value of derivatives using contract and external market prices. We performed test of the completeness of the trading transactions and amounts recorded in the consolidated financial statements through performing

procedures to detect unrecorded liabilities as well as procedures related to the recognition of sales, purchases, trade receivables and trade payables.

We assessed the appropriateness of disclosures made in relation of the result and details of trading transactions as detailed in Note 20. Financial risk and capital management, and Note 21. Financial instruments, to the consolidated financial statements.

Acquisition of non-operated interest in Azeri-Chirag-Gunashli (ACG) oil field

In 2020, the Group closed the acquisition of 9.57% non-operated interest in ACG oil field in Azerbaijan for USD 1.5 billion. The recognition of the acquisition under EU IFRSs required significant judgement in applying assumptions for the identification and fair valuation of assets acquired and liabilities assumed.

We identified the principal risk in the purchase price allocation arising in relation to the fair values of the identifiable assets and decommissioning provision assumed together with deferred tax.

The Group engaged a third party expert to provide valuation support in the preparation of the purchase price allocation.

The purchase price allocation was completed in 2021 with retrospective adjustments to the provisional fair values recorded in the previous year.

Due to the size of the acquisition, complex accounting and the extent of judgement involved we identified this acquisition as a key matter for the audit.

We assessed the competence, objectivity and independence of management's expert, to evaluate whether they are qualified to carry out the valuation.

We engaged our valuation specialist to assist us in the audit of the final purchase price allocation.

We assessed the key assumptions used in the fair valuation, the most significant being forecasted oil prices, forecasted production costs and capital expenditure, reserves and resources volumes, forecasted decommissioning costs and discount rates using external data.

We assessed the appropriateness and correctness of the retrospective adjustment resulting from the finalization of the purchase price allocation.

We assessed the appropriateness of disclosures made in relation of the acquisition and completion of the purchase price allocation as detailed in Restatement section of Note 1. Accounting information, policies and

significant estimates and Note 10.a) Update on the Acquisition of MOL Azerbaijan (formerly: Chevron Khazar, Ltd.) to the consolidated financial statements.

Other matter

Management is responsible for the presentation of the consolidated financial statements in the format that complies with the Articles 3 and 4 of Commission (EU) Regulation 2019/815 of 17 December 2018 (“ESEF Regulation”). The scope of our audit was the human-readable content of the electronically identified digital file, which contains the consolidated financial statements. The scope of our audit did not include to review and consequently we do not report on, whether the digitalized information complies in all material respect with the requirements of ESEF Regulation.

Other information

Other information consists of the 2021 consolidated business report of the Group and Introduction Chapter, the Management Discussion and Analysis of 2021 Business Operations Chapter, the Corporate Governance Chapter, the Sustainability Information Chapter of the Integrated Annual Report and the Report on Payments to Governments of MOL Hungarian Oil and Gas Plc. Management is responsible for the other information, including preparation of the consolidated business report in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any. 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 1) 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 and 2) the consolidated business report has been prepared in accordance with the Hungarian Accounting Law and other relevant legal requirements, if any.

Our opinion on the consolidated business report should include the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law and we are required to confirm also whether the information prescribed in Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law have been made available and whether the consolidated business report includes the non-financial statement as required by Subsection (5) of Section 134 of the Hungarian Accounting Law.

In our opinion, the consolidated business report of the Group, including the information required according to Subsection (2) e) and f) of Section 95/B of the Hungarian Accounting Law for 2021 is consistent, in all material respects, with the 2021 consolidated financial statements of the Group and the relevant requirements of the Hungarian Accounting Law.

Since no other legal regulations prescribe for the Group further requirements as to the content with regard to its consolidated business report, we do not express opinion in this regard.

We also confirm that the Group have made available the information required according to Subsection (2) a)-d) and g)-h) of Section 95/B of the Hungarian Accounting Law and that the consolidated business report includes the non-financial statement as required by Subsection (5) of Section 134 of the Hungarian Accounting Law.

Further to the above, based on the knowledge we have obtained about the Group and its environment in the course of the audit we are required to report whether we have identified any material misstatement in the other information, and if so, the nature of the misstatement in question. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the EU IFRSs and for the preparation in accordance with the supplementary requirements of the Hungarian Accounting Law relevant for consolidated financial statements prepared in accordance with EU IFRSs, and for such internal control as management 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, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's 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 International Standards on Auditing and Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014 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.

As part of an audit in accordance with International Standards on Auditing and Hungarian National Auditing Standards and with applicable laws and regulations in Hungary, including also Regulation (EU) No. 537/2014, we exercise professional judgment and maintain professional scepticism 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 management.
- ▶ Conclude on the appropriateness of management'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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance we determine 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.

Report on other legal and regulatory requirements

REPORTING REQUIREMENTS ON CONTENT OF AUDITOR'S REPORT IN COMPLIANCE WITH REGULATION (EU) NO. 537/2014:

Appointment and Approval of Auditor

We were appointed as the statutory auditor of MOL Hungarian Oil and Gas Plc. by the Board of Directors on behalf of the General Assembly of Shareholders of the Company on 15 April 2021. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 20 years.

Consistency with Additional Report to Audit Committee

Our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on 22 March 2022.

Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 were provided by us to the Company and its controlled undertakings and we remained independent from the Group in conducting the audit.

In addition to statutory audit services and services disclosed in the consolidated business report and in the consolidated financial statements, no other services were provided by us to the Company and its controlled undertakings.

The engagement partner on the audit resulting in this independent auditor's report is János Varga.

REPORT ON UNBUNDLING

In accordance with Act LXXXVI of 2007 on Electric Energy and Government Decree 273/2007 (Oct. 19) on the execution of provisions of that Act and Act XL of 2008 on Natural Gas Supply and Government Decree 19/2009 (Jan. 30) on the execution of provisions of that Act (together the “Regulations”), Management is responsible for development and application of the accounting policies pertaining to unbundling, for pricing the various activities to ensure that various activities are free from cross financing; and for the preparation and presentation in the supplementary notes of the Presentation of licensed activities in accordance with the EU IFRSs and with the requirements of Hungarian Accounting Law relevant for consolidated financial statements prepared in accordance with EU IFRSs and the accounting unbundling policies elaborated according to the Regulations.

In order to comply with sections 105/A (2)-(3) of Act LXXXVI of 2007 on Electric Energy and sections 120/(7)-(8) of Act XL of 2008 on Natural Gas Supply (“the Acts”) we fulfil our reporting obligation set in the Acts as follows.

It is our opinion that the accompanying Presentation of licensed activities of the Group, as an integrated electricity and natural gas group, disclosed in Note 30. Appendices e) Appendix V. of the supplementary notes to the Group’s 2021 financial statements, have been prepared, in all material respects, in accordance with the EU IFRSs and with the requirements of Hungarian Accounting Law relevant for consolidated financial statements prepared in accordance with EU IFRSs and the accounting unbundling policies elaborated according to the Regulations - disclosed in Note 30. Appendices e) Appendix V. of the supplementary notes (hereafter “Unbundling Policies”).

Further to the above, based on our work we are required to report whether we have become aware of any information that causes us to believe that the accounting unbundling policies elaborated and applied by the Group do not comply, in all material respects, with the Regulations and whether the applied Unbundling Policies and the pricing of the various activities do not ensure that the various activities, in all material respects, are free from cross financing. We have nothing to report in this regard.

Budapest, 22 March 2022

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