TRANSLATORS' EXPLANATORY NOTE
The English content of this report is a free translation of the registered auditor's report of the below-mentioned Polish Company. In Poland statutory accounts as well as the auditor's report should be prepared and presented in Polish and in accordance with Polish legislation and the accounting principles and practices generally adopted in Poland.
The accompanying translation has not been reclassified or adjusted in any way to conform to the accounting principles generally accepted in countries other than Poland, but certain terminology current in Anglo-Saxon countries has been adopted to the extent practicable. In the event of any discrepancies in interpreting the terminology, the Polish language version is binding.

Independent Registered Auditor's Report

to the to the General Shareholders' Meeting and the Supervisory Board of ENEA Spółka Akcyjna

Report on the audit of consolidated financial statements

Our opinion

In our opinion, the accompanying annual consolidated financial statements of the group ENEA S.A. (the "Group") whose Parent Company is ENEA S.A. (the "Parent Company"):

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and consolidated cash flows in the financial year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union and the adopted accounting policies;
- comply in terms of form and content with the laws applicable to the Group and the Parent Company's Articles of Association;

Our opinion is consistent with our additional report to the Audit Committee issued on the date of this report.

What we have audited

We have audited the annual consolidated financial statements of the Group ENEA S.A., which comprise:

- the consolidated statement of financial position as at 31 December 2020;

and the following prepared for the financial year from 1 January to 31 December 2020:

- the consolidated statement of comprehensive income;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows, and
- the additional information and explanations, including a description of the adopted accounting policies and other explanatory notes.

Basis for opinion

Basis for opinion

We conducted our audit in accordance with the National Standards on Auditing in the wording of the International Standards on Auditing as adopted by the resolution of the National Council of Statutory Auditors ("NSA") and pursuant to the Law of 11 May 2017 on Registered Auditors, Registered Audit Companies and Public Oversight (the "Act on Registered Auditors" – Journal of Laws of 2020, item 1415).and the Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding the statutory audit of public-interest entities (the "EU Regulation" – Journal of Laws EU L158). Our responsibilities under NSA are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

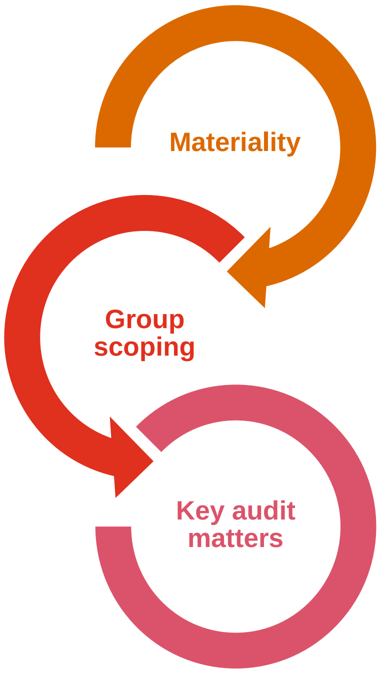
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by resolution of the National Council of Statutory Auditors and other ethical requirements that are relevant to our audit of the financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. During the audit, the key registered auditor and the registered audit firm remained independent of the Group in accordance with the independence requirements set out in the Act on Registered Auditors and in the EU Regulation.

Our audit approach

Overview



- The overall materiality threshold for the audit was set at PLN 83 million which represents 2.5% of EBITDA (determined at the audit planning stage), as defined in the 'Operating segments' note

- We have audited the Parent Company and 19 subsidiaries in Poland.
- Our audit covered 95% of the Group's revenue and 99% of the absolute value of profit or loss of all consolidated Group companies before consolidation eliminations.

- Impairment of non-current assets
- Impairment of shares in jointly controlled entities
- Claims for non-contractual use of land

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Parent Company's Management Board made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operated.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the consolidated financial statements as a whole, as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	PLN 83 million
How we determined it	2,5% of EBITDA (determined at the planning stage)
Rationale for the materiality benchmark applied	We used EBITDA as the basis for determining materiality, because we believe that this measure is commonly used to assess the Group's performance by users of the financial statements and is a generally accepted benchmark. The use of EBITDA to determine materiality does not imply our confirmation that this measure is appropriate for making economic decisions or confirmation that it has been determined in a correct manner. We adopted a 2,5% materiality threshold, because, based on our professional judgement, it lies within the range of acceptable quantitative materiality thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above PLN 8,3 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. They include the most significant identified risks of material misstatements, including the identified risks of material misstatement resulting from 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 do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of non-current assets In the Note "Impairment of non-financial assets" to the consolidated financial statements, the Group presented the disclosures concerning impairment tests of cash-generating units (CGUs) in the area of energy generation by type of generation sources and in mining operations. The Group disclosed test results, assumptions used to calculate the value in use and an analysis of sensitivity of the calculations to a reasonably possible change in the key assumptions used in the calculation of the recoverable amount. As at 31 December 2020, the carrying amount of the cash-generating units tested for impairment was PLN 12 798 million, which accounts for 43% of the Group's total assets and comprises property, plant and equipment	Our procedures included, without limitation, the following: • understanding and assessing the process of identifying evidence of impairment of assets and the correctness of grouping assets into cash-generating units in accordance with relevant financial reporting standards; • verifying the mathematical correctness and methodological consistency (using internal valuation specialists from PwC) of the valuation model based on discounted cash flows developed by the Parent Company's Management Board; • critical assessment of assumptions and

and net working capital allocated to the units. In 2020, following the impairment tests, an impairment loss of PLN 3 404 million was recognised.

At the end of the reporting period, in accordance with IAS 36 “Impairment of Assets”, the Parent Company’s Management Board analyses the indicators of impairment, and for assets for which there are indicators of impairment or a decrease in previously recognised impairment loss, impairment tests are carried out as at the reporting date.

Calculation of the recoverable amount involves a number of assumptions and judgements to be made by the Management Board of the Parent Company, including the Group's strategy, financial plans and cash flow projections for subsequent years, as well as macroeconomic and market assumptions (mainly concerning – for the generation area – electricity prices, fuel prices, prices of CO_2 emission allowances, the support system for renewable energy sources and the power market, and for the mining activity – primarily the level of production and coal prices).

Considering the materiality of these items in the consolidated financial statements, as well as the sensitivity of the results of the aforementioned test to the assumptions made, we have conducted an extensive analysis of this matter.

estimates made by the Parent Company's Management Board to determine the recoverable amount of non-current assets, including but not limited to:

- the period of future cash flow projections and the level of revenues, operating margin and expenditures necessary to maintain operations in the unchanged scope assumed therein,
- the discount rate applied (based on the weighted average cost of capital),
- the marginal growth rate after the projection period if such rate was used in the calculation of the recoverable amount;

- assessing the analysis of sensitivity of assumptions that may affect the valuation result, carried out by the Management Board;
- assessing the accuracy and completeness and disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter

Impairment of shares in jointly-controlled entities

Note 18 to the consolidated financial statements discloses the financial data of jointly controlled entities – Polska Grupa Górnicza S.A. and Elektrownia Ostrołęka Sp. z o.o. This note discloses the net profit or loss of these entities for 2020 and interest in net assets as at 31 December 2020, as well as the amount of goodwill and its impairment.

As at 31 December 2020, the carrying amount of shares in the aforementioned companies subject to impairment testing amounted to PLN 0 million, after recognising share in net losses of these entities for 2010 in the amount of PLN 125 million and an impairment loss of PLN 129 million.

Shares in jointly controlled entities are accounted for using the equity method, and the

Our procedures included, without limitation, the following:

- understanding and assessing the process of identifying evidence of impairment of assets;
- understanding the operations of jointly controlled entities, including in particular the analysis of financial standing of Polska Grupa Górnicza S.A.;
- analysis of financial performance of jointly controlled companies and analysis of other financial information concerning those companies,
- a critical assessment of the analysis carried out by the Parent Company's Management

end of the reporting period, in accordance with IAS 36 “Impairment of Assets”, the Parent Company’s Management Board analyses the indicators of impairment of goodwill reflected in the value of these shares.

Considering the materiality of these items before recognition of profit or loss of subsidiaries in the financial statements, as well as due to the situation of these companies, as described in the Note 18 to the financial statements, we have conducted an extensive analysis of this matter.

Board concerning the recoverability of investments in jointly controlled entities, with particular consideration given to the impact of information obtained after the balance sheet date on this recoverability;

- assessing the accuracy and completeness and disclosures in the financial statements.

Key audit matter	How our audit addressed the key audit matter

Claims for non-contractual use of land

Notes 33 and 43.5 to the consolidated financial statements presented disclosures regarding the claims for the Group’s non-contractual use of land owned by third parties.

Due to the fact that the Group does not hold the legal title to use the land for all facilities where power lines and other network assets are located, the Group recognises provisions for outstanding claims for non-contractual use of land.

The Group estimated the provision for compensation both for the land for which the claim was made and for those for which the claim has not yet been raised on the basis of an assessment of the likelihood of further claims in the entire population of cases of non-contractual use of the land.

As at 31 December 2020, the provision for claims for non-contractual use of land amounts to PLN 240 million. The increase in provision recognised in profit or loss for the financial year ended 31 December 2020 amounts to PLN 30 million; at the same time, the use and reversal of this provision amounted to less than PLN 4 million.

Considering the materiality of this item in the consolidated financial statements, as well as the inherent risk of uncertainty in determining the amount of the provision, we have conducted an extensive analysis of this matter.

Our procedures included, without limitation, the following:

- understanding and assessing the conformity of the Group's accounting policy as regards the recognition of provisions for claims for non-contractual use of land with the respective financial reporting standards and learning about the applicable laws and market practice;
- analysing letters received independently from lawyers providing services to the Group in disputable cases in terms of:

  - correct and complete recognition of the amount of claims raised in the models used by the Group to calculate the provision, and
  - the legal assessment of the likelihood of their settlement unfavourable to the Group,

  Selected issues in this respect have been discussed with the management boards of the Group companies to whom the claims relate;
- based on an analysis of a selected sample of the claims submitted, including in particular the course of the pending court proceedings, a critical assessment of the Group's assumptions and estimates (including the likelihood of a negative outcome) in relation to the recognised provision for claims for non-contractual use of land;
- analysis of the methodology for calculating the provision for claims not submitted to the Group, including assumptions as to the probability of further claims in the entire population of cases of non-contractual use of land, and an assessment of the consistency of the

assumptions with those made in previous years,

- assessing the accuracy and completeness and disclosures in the consolidated financial statements.

Responsibility of the Management and Supervisory Board for the consolidated financial statements

The Management Board of the Parent Company is responsible for the preparation, based on the properly maintained books of account [to be deleted for consolidated financial statements] of the annual consolidated financial statements that give a true and fair view of the Group's financial position and results of operations, in accordance with International Financial Reporting Standards as adopted by the European Union, the adopted accounting policies, the applicable laws and the Parent Company's Articles of Association, and for such internal control as the 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 Company'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 Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Parent Company's Management Board and members of the Supervisory Board are obliged to ensure that the consolidated financial statements comply with the requirements specified in the Accounting Act of 29 September 1994 ("the Accounting Act" – Consolidated text: Journal of Laws of 2021, item 217, as amended).

Members of the Supervisory Board are responsible for overseeing the financial reporting process.

Auditor's responsibility 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 the NSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated financial statements.

The scope of the audit does not include an assurance on the Group's future profitability nor the efficiency and effectiveness of the Parent Company's Management Board conducting its affairs, now or in future.

As part of an audit in accordance with NSA, we exercise professional judgement 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 the Parent Company's Management Board.

- Conclude on the appropriateness of the Parent 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 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 Audit Committee 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 Audit Committee 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 to the Audit Committee, 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. 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 operations

Other information

Other information comprises a Report on the Parent Company's and Group's operations for the financial year ended 31 December 2020 ("the Report on the operations") and the corporate governance statement and the statement on non-financial information referred to in Article 55(2b) of the Accounting Act which are a separate parts of the Report on the operations (together "Other Information"). Other information does not include the financial statements and our auditor's report thereon.

Responsibility of the Management and Supervisory Board

The Management Board of the Parent Company is responsible for the preparation of the Other Information in accordance with the law.

The Parent Company's Management Board and the members of the Supervisory Board are obliged to ensure that the Report on the operations, including its separate parts, complies with the requirements of the Accounting Act.

Registered auditor's responsibility

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 information in the consolidated financial statements, our knowledge obtained in our audit, or otherwise appears to be materially misstated. If, based on the work performed, we identified a material misstatement in the Other Information, we are obliged to inform about it in our audit report. In accordance with the requirements of the Act on the Registered Auditors, we are also obliged to issue an opinion on whether the Report on the operations has been prepared in accordance with the law and is consistent with information included in annual consolidated financial statements.

Moreover, we are obliged to issue an opinion on whether the Group provided the required information in its corporate governance statement and to inform whether the Group prepared a statement on non-financial information.

Opinion on the Report on the operations

Based on the work we carried out during our audit, in our opinion, the Report on the Group's operations:

- has been prepared in accordance with the requirements of Article 49 of the Accounting Act and para. 71 of the Regulation of the Minister of Finance dated 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering as equivalent the information required under the legislation of a non-Member State ("Regulation on current information" – Journal of Laws 2018, item 757);
- is consistent with the information in the consolidated financial statements.

Moreover, based on the knowledge of the Group and its environment obtained during our audit, we have not identified any material misstatements in the Report on the Group's operations.

Opinion on the corporate governance statement

In our opinion, in its corporate governance statement, the Group included information set out in para. 70.6 (5) of the Regulation on current information. In addition, in our opinion, information specified in paragraph 70.6 (5)(c)–(f), (h) and (i) of the said Regulation included in the corporate governance statement are consistent with the applicable provisions of the law and with information included in the consolidated financial statements.

Information on non-financial information

In accordance with the requirements of the Act on the Registered Auditors, we confirm that the Group has prepared a statement on non-financial information referred to in Article 5(2b) of the Accounting Act as a separate section of the Report on the operations.

We have not performed any assurance work relating to the statement separate report on non-financial information and we do not provide any assurance with regard to it.

Report on other legal and regulatory requirements

Report on the compliance of the format of consolidated financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged based on the agreement by the Management Board of the Parent Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the electronic reporting format of the consolidated financial statements of Group for the year ended 31 December 2020 (the "Electronic Reporting Format of the Consolidated Financial Statements").

Description of a subject matter and applicable criteria

The Electronic Reporting Format of the Consolidated Financial Statements has been applied by the Management Board of the Parent Company to comply with the requirements of art. 3 and 4 of the 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 (the "ESEF Regulation"). The applicable requirements regarding the Electronic Reporting Format of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Electronic Reporting Format of the Consolidated Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

We have been engaged by the Management Board of the Parent Company to report on the compliance of the format of the consolidated financial statements with the requirements of the ESEF Regulation. This report is intended to be published together with the consolidated financial statements of the Group.

Responsibility of the Management Board and the Supervisory Board

The Management Board of the Parent Company is responsible for the application of the Electronic Reporting Format of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Electronic Reporting Format of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Members of the Supervisory Board are responsible for overseeing the financial reporting process.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Electronic Reporting Format of the Consolidated Financial Statements complies with the ESEF Regulation.

We conducted our engagement in accordance with National Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information', in the wording of the International Standard on Assurance Services 3000 (Revised) as adopted by the National Council of Statutory Auditors (KSUA 3000 (Z)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Electronic Reporting Format of the Consolidated Financial Statements is prepared, in all material aspects, in accordance with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with KSUA 3000 (Z) will always detect the existing material misstatement.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Electronic Reporting Format of the Consolidated Financial Statements was applied, in all material aspects, in accordance with the applicable requirements and such application is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Consolidated Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;

- obtaining sufficient appropriate evidence as to the operating effectiveness of relevant controls over the marking up process when the assessment of the risks of material misstatement include an expectation that such internal controls are operating effectively or procedures other than testing controls cannot alone provide sufficient appropriate evidence;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

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

Conclusion

In our opinion, based on the procedures performed, the Electronic Reporting Format of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

Statement on the provision of non-audit services

To the best of our knowledge and belief, we declare that the non-audit services we have provided to the Parent Company and its subsidiaries are in accordance with the applicable laws and regulations in Poland and that we have not provided any non-audit services prohibited under Article 5(1) of the EU regulation and Article 136 of the Act on Registered Auditors.

The non-audit services which we have provided to the Company and its subsidiaries during the audited period are disclosed in the Report on the operations.

Appointment

We were appointed to audit the annual consolidated financial statements of the Group for the years 2018-2020 by the Supervisory Board resolution dated 19 December 2017. We have been auditing the Group's consolidated financial statements without interruption since the financial year ended 31 December 2018, i.e. for three consecutive years.

The Key Registered Auditor responsible for the audit on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., a company entered on the list of Registered Audit Companies with the number 144., is Borys Malinowski.

Borys Malinowski
Key Registered Auditor
No. 12798

Warsaw, 25 March 2021