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

Auditor's report on the annual financial statements

Our opinion

In our opinion, the accompanying annual financial statements of ENEA Spółka Akcyjna ("the Company"):

- give a true and fair view of the Company's assets and financial position as at 31 December 2019 and of its net profit (loss) and cash flows in the financial year then ended, in accordance with the International Financial Reporting Standards as endorsed by the European Union and the accounting policies adopted by the Company;
- comply, in terms of form and content, with the laws applicable to the Company and the Company's Articles of Association;
- have been prepared on the basis of properly maintained books of account in accordance with the provisions of Chapter 2 of the Accounting Act of 29 September 1994 ("the Accounting Act" – Consolidated text: Journal of Laws of 2019, item 351, as amended).

This opinion is consistent with our additional report for the Audit Committee, issued on the date of this report.

What we have audited

We have audited the annual financial statements of ENEA S.A., comprising:

- the statement of financial position as at 31 December 2019;

and the following statements prepared for the financial year from 1 January to 31 December 2019:

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

Basis for our opinion

Basis for our opinion

We conducted our audit in accordance with the International Standards on Auditing in the version adopted as National Standards on Auditing by the National Board of Registered Auditors (the "NSA") and pursuant to the Act of 11 May 2017 on Registered Auditors, Registered Audit Companies and Public Oversight (the "Act on Registered Auditors" – Journal of Laws of 2019, item 1421, as amended) and Regulation (EU) No 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (the "EU Regulation"; EU OJ L 158).

Our responsibilities under those NSA are described in more detail further in this report under the heading "*Auditor's responsibility for the audit of the financial statements*".

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

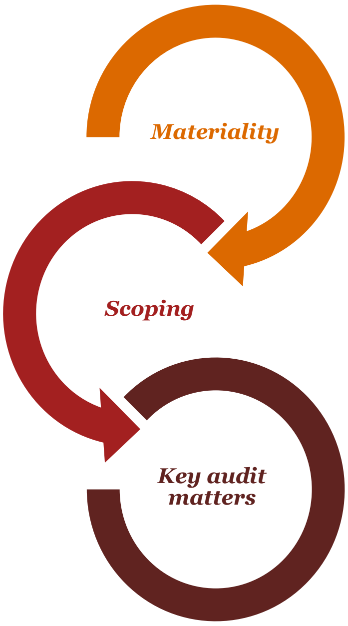
Independence and ethics

We are independent of the Company, as required under the Code of Ethics for Professional Accountants issued by the International Federation of Accountants (the "IFAC Code") and adopted by virtue of resolutions by the Polish National Council of Registered Auditors, and in accordance with other ethical requirements that apply to our auditing of financial statements in Poland. We have complied with other ethical requirements applicable to us in accordance with the IFAC Code and those other requirements.

In the course of the audit, the key registered auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Registered Auditors and the EU Regulation.

Our audit approach

Overview



- The overall materiality threshold for the audit was set at PLN 57 million which represents 1% of Sales revenue and other income.
- We have audited the annual financial statements of the Company for the period ended 31 December 2019.
- Impairment of shares in subsidiaries, including in ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A.., ENEA Ciepło Sp. z o.o. and Lubelski Węgiel Bogdanka S.A., and in jointly-controlled entities, including Polska Grupa Górnicza S.A. and Elektrownia Ostrołęka Sp. z o.o..

We designed our audit by determining materiality and assessing the risk of material misstatement in the financial statements.
In particular, we considered where the Management Board of the Company made subjective judgements; for example, with respect to significant accounting estimates which involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias on the part of the Management Board that represented a risk of material misstatement of the financial statements due to fraud.

We tailored the scope of our audit in such a way as to perform sufficient work to enable us to issue an opinion on the financial statements as a whole, taking into account the Company's structure, its accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by the adopted materiality level. The audit was designed in such a way as to obtain reasonable assurance that the financial statements as a whole are free from material misstatement. Misstatements can arise from either fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users based on the financial statements.

Based on our professional judgement, we determined quantitative thresholds for materiality, including overall materiality with respect to the financial statements as a whole, presented below. Based on these, together with qualitative considerations, we were able to determine the scope of our audit, the nature, timing, and extent of our audit procedures, and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

The concept of materiality is applied by the registered auditor both when planning and conducting an audit, and when assessing the effect of the misstatements and unadjusted misstatements identified during the audit, if any, on the financial statements, and also when forming the registered auditor's opinion. Accordingly, all opinions, statements and representations contained in the registered auditor's report are made taking into account the qualitative and quantitative materiality levels determined in accordance with the auditing standards and the registered auditor's professional judgement.

Overall materiality for the Company	PLN 57 million
Basis for determination	1% of sales revenue and other income
Rationale for the basis	*In our deliberations, we started with the profit before tax adjusted for dividend income, but this elimination reduces the Company's profitability and, in our opinion, does not reflect the scale of the Company's business.* *Taking into account the two principal areas of the Company's activity (trading in electricity and holding activities), we adopted materiality threshold calculated on the basis of net sales revenue and other income as the lower of net sales revenue plus other income and net assets.* *We adopted a 1% materiality threshold, because, based on our professional judgement, it lies within the range of acceptable quantitative materiality thresholds.*

We agreed with the Company's Audit Committee that we would inform the Committee of any misstatement in the financial statements identified during the audit with a value in excess of PLN 5.7 million, and also any misstatement of a lower value if we find it justified due to qualitative factors.

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 for the reporting period. They include the most significant assessed risks of material misstatement, including the 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 have also summarised our response to these risks and, when deemed appropriate, presented the most important observations relating thereto.
We do not express a separate opinion on those matters.

Key audit matter	How our audit addressed the matter
Impairment of shares in subsidiaries, including in ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A.., ENEA Ciepło Sp. z o.o. and Lubelski Węgiel Bogdanka S.A., and in jointly-controlled entities, including Polska Grupa Górnicza S.A. and Elektrownia Ostrołęka Sp. z o.o.. In Note 18 to the financial statements, the Company disclosed information on impairment tests of its shares in subsidiaries, including in ENEA Wytwarzanie Sp. z o.o., Enea Elektrownia Połaniec S.A., Enea Ciepło Sp. z o.o. and Lubelski Węgiel Bogdanka S.A.., and in jointly-controlled entities – Polska Grupa Górnicza S.A. and Elektrownia Ostrołęka Sp. z o.o. This Note 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 of subsidiaries, as well as method of assessing the impairment of jointly-controlled entities. As at 31 December 2019, the carrying amount of shares in the aforementioned companies subject to impairment testing amounted to PLN 8,027 million, which accounts for 33% of the Company's assets (including a cumulative impairment loss of PLN 1,354 million). In 2019, following the impairment tests, the impairment loss on shares in Enea Wytwarzanie Sp. z o.o. recognised in previous years in the amount of PLN 239 million was reversed and additional impairment losses were recognised: on shares in Enea Ciepło Sp. z o.o. – in the amount of PLN 29 million, on shares in Polska Grupa Górnicza S.A. – in the amount of PLN 48 million, and on shares in Elektrownia Ostrołęka Sp. z o.o. – in the amount of PLN 455 million. At the end of the reporting period, in accordance with IAS 36 “Impairment of Assets”, the 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 Company, including the Group's strategy, financial plans and	Our procedures included, without limitation, the following: • understanding and assessing the process of identifying evidence of impairment of assets; • 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 Company's Management Board; • critical assessment of assumptions and estimates made by the 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; • critical assessment of data relating to jointly-controlled entities, including in particular information on net assets related to these companies; • assessing the accuracy and completeness and disclosures in the financial statements.

cash flow projections for subsequent years, as well as macroeconomic and market assumptions (mainly concerning electricity prices, fuel prices, prices of CO_2 emission allowances, the support system for renewable energy sources and the power market).

Considering the materiality of these items in 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.

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

The Management Board of the Company is responsible for preparing annual financial statements that give a true and fair view of the Company's assets, financial position and financial performance in accordance with the International Financial Reporting Standards as endorsed by the European Union, the adopted accounting policies, the laws applicable to the Company, and the Articles of Association, as well as for maintaining such internal controls as it considers necessary to enable the preparation of financial statements that are free from any material misstatement, whether due to fraud or error.

When preparing financial statements, the Management Board of the Company is responsible for assessing the Company's ability to continue as a going concern, for disclosing, if applicable, any issues relating to the Company's continuing as a going concern, and for adopting the going concern basis of accounting, except where the Management Board intends to liquidate the Company or discontinue its business, or if there is no viable alternative to liquidating the Company or discontinuing the business.

The Company's Management Board and members of its Supervisory Board are responsible for ensuring that the financial statements meet the requirements stipulated in the Accounting Act of 29 September 1994 (the "Accounting Act" – consolidated text: Journal of Laws of 2019, item 351, as amended). Members of the Supervisory Board are responsible for supervising the financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our aim was to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement due to fraud or error and to issue a report containing our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the economic decisions of users taken on the basis of the financial statements.

The scope of the audit does not include assurance as to the future profitability of the Company or the effectiveness or efficiency of managing its affairs by the Management Board of the Company at present or in the 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 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 the risk of not detecting one resulting from error. This is because fraud may involve collusion, forgery, deliberate omissions, misrepresentations or circumvention of internal controls;

- obtain 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 whether the accounting policies used are appropriate and whether accounting estimates and related disclosures made by the Management Board of the Company are reasonable;
- conclude on whether the use of the going concern basis of accounting by the Company's Management Board was appropriate and, based on the audit evidence obtained, whether any 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 such 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 as at 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 all disclosures, and assess whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any material weakness 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 communicate with them 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 Audit Committee, we determined those matters that were of most significance in the audit of the financial statements for 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 of the Management Board on the operations of the Company

Other information

Other information includes the Report of the Management Board on the operations of the Company for the financial year ended 31 December 2019 (the "Report of the Management Board on the operations of the Company"), together with the statement of compliance with corporate governance standards and the non-financial statement referred to in Article 55(2b) of the Accounting Act, which are separated as sections of that Report of the Management Board on the operations of the Company, as well as the Annual Report for the financial year ended 31 December 2019 (the "Annual report"), and consolidated report on payments to governments (the "Report on payments") (jointly "Other information").

Responsibility 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 applicable laws.

The Company's Management Board and members of the Company's Supervisory Board are required to ensure that the Report of the Management Board on the operations of the Company and its specific sections meet the requirements set out in the Accounting Act.

Registered auditor's responsibility

Our opinion on the audited financial statements does not cover Other Information.

In connection with our audit of financial statements, our responsibility is to read Other Information and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we conclude, based on our work, that there is a material misstatement of Other Information, we are required to report that fact. In accordance with the Act on Registered Auditors, we are also required to issue an opinion on whether the Report of the Management Board on the operations of the Company has been prepared in compliance with the applicable laws and regulations and whether it is consistent with the information contained in the annual financial statements.

We are also obliged to issue an opinion as to whether the Company has included the required information in its statement of compliance with corporate governance rules, and to communicate whether the Company has prepared a statement of non-financial information.

We received the Report of the Management Board on the operations of the Company before the date of this audit report, and the Annual Report will be available after that date.

If we identify a material misstatement in the Annual Report, we are required to report that fact to the Supervisory Board of the Company.

Opinion on the Report of the Management Board on the operations of the Company

Based on the work we have performed as part of our audit, we believe that the Report of the Management Board on the operations of the Company:

- was prepared in accordance with Article 49 of the Accounting Act and Section 70 of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (the “Regulation on Current Information” – Journal of Laws of 2018, item 757);
- contains information consistent with information disclosed in the consolidated financial statements.

We further represent that, based on our knowledge of the Company and its environment obtained during the audit, we did not identify any material misstatements in the Report of the Management Board on the operations of the Company.

Opinion on the statement of compliance with corporate governance standards

In our opinion, in the statement of compliance with corporate governance standards, the Company included the information specified in Section 70(6)(5) of the Regulation on Current Information. Further, we believe that the information referred to in Section 70(6)(5)(c–f), 70(6)(5)(h) and 70(6)(5)(i) of the Regulation on Current Information, contained in the statement of compliance with corporate governance rules, complies with the applicable laws and is consistent with the information disclosed in the financial statements.

Non-financial statement

As required under the Act on Registered Auditors, we report that the Company has prepared a statement on non-financial information referred to in Article 55(2b) of the Accounting Act, forming a separate part of the Report of the Management Board on the operations of the Company.

We did not perform any assurance work regarding the non-financial statement and we do not give any assurance about it.

Opinion on the Report on payments

We represent that, based on our knowledge of the Company and its environment obtained during the audit, we identified no material misstatements in the Report on payments.

Report on other legal and regulatory requirements

Opinion on requirements of Article 44 of the Energy Law

The Management Board of the Company is responsible for preparing the regulatory financial information in accordance with Article 44 of the Energy Law of 10 April 1997 (the "Energy Law" – Journal of Laws of 2019, item 755, as amended).

In accordance with the requirements of Article 44 of the Energy Law, we are required to audit the regulatory financial information and issue the opinion required by the Energy Law.

The regulatory financial information is contained in Note 35. In our audit, we did not assess whether the information required to be disclosed pursuant to the Energy Law was sufficient to ensure non-discrimination of customers and elimination of cross subsidisation between different lines of business.

In our opinion, the relevant items of the balance sheet as at 31 December 2019 and the income statements for the year ended on that date, prepared separately for each of the lines of business and contained in the regulatory financial information (Note 35), in all material respects, meet the requirements referred to in Article 44(2) of the Energy Law in terms of non-discrimination of customers and elimination of cross subsidisation between different lines of business.

Statement on provision of non-audit services

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

The non-audit services that we provided to the Company and its subsidiaries in the audited period are disclosed in the Report of the Management Board on the operations of the Company.

Appointment of audit firm

We were appointed to audit the annual financial statements of the Company for 2018–2020 by the Supervisory Board resolution of 19 December 2017. We have been auditing the Company's financial statements starting from the statements for the financial year ended 31 December 2018, i.e. for two consecutive years.

The Key Registered Auditor responsible for the audit on behalf of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., an audit firm entered on the list of Registered Audit Companies with the number 144, is Piotr Bejger.

Piotr Bejger
Key Registered Auditor
No 10950

Warsaw, 4 June 2020