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 Zespół Elektrowni Pątnów-Adamów-Konin S.A.

Report on the audit of consolidated financial statements

Our opinion

In our opinion, the attached annual consolidated financial statements:

- give a true and fair view of the consolidated property and financial situation of the Capital Group Zespół Elektrowni Pątnów-Adamów-Konin ("Group"), in which the Parent Company is Zespół Elektrowni Pątnów-Adamów-Konin S.A. ("Parent Company") as at 31 December 2020 and its consolidated financial results and consolidated cash flows for the financial year ended on that date in accordance with the applicable International Financial Reporting Standards approved by the European Union and the adopted accounting principles (policy);
- comply in terms of form and content with the provisions of law applicable to the Group and the Parent Company's Articles of Association.

The opinion is consistent with our additional report to the Audit Committee which we issued as of the date of this report.

What we have audited

We have audited the annual consolidated financial statements of the capital group Zespół Elektrowni Pątnów-Adamów-Konin S.A. which comprise:

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

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

- the consolidated profit and loss statement;
- the consolidated statement of comprehensive income;
- the consolidated statement of cash flows;
- the consolidated statement of changes in equity, and
- accounting principles (policies) and additional explanatory notes.

Basis for opinion

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing as adopted as National Standards on Auditing by the National Council of Statutory Auditors ("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 2017, item 1089 as amended) and 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 those 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.

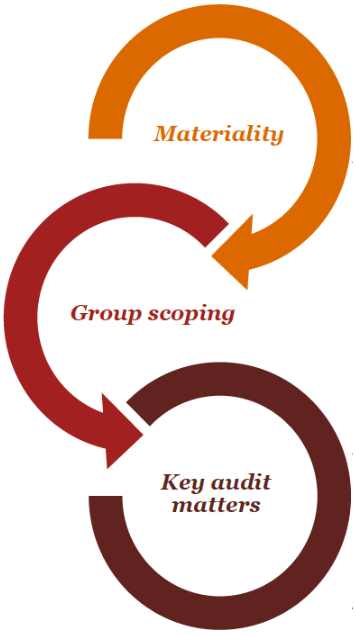
Independence

We are independent of the Group in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants ("the IFAC Code") as adopted by resolutions 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 IFAC's 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

Podsumowanie



- The overall materiality threshold adopted for the purposes of our audit was set at PLN 22.1 million, which represents 1% of consolidated sales revenue.

- We audited the Parent Company and its three subsidiaries: PAK-Volt S.A., PAK Kopalnia Węgla Brunatnego Konin S.A., PAK Kopalnia Węgla Brunatnego Adamów S.A. in liquidation.
- The scope of our audit covered 85% of the Group's revenues and 92% of the total assets of all consolidated Group companies before the consolidation exclusions.

- Impairment of tangible fixed assets
- Provision for decommissioning cost

We designed our audit by determining materiality and assessing the risks of material misstatement of the consolidated financial statements.
In particular, we considered where the Management Board of the Parent Company made subjective judgments; for example, in relation to significant accounting estimates that required assumptions and the consideration of future events that are inherently uncertain. We also addressed the risk of management bypassing internal control, including, among other matters, we considered whether there was evidence of management bias that would pose a risk of material misstatement due to fraud.

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

Materiality

The adopted significance level influenced the scope of our study. The audit was designed to obtain reasonable assurance whether the consolidated financial statements as a whole are free from material misstatement. Distortions may arise from fraud or error. Misstatements are considered material if it can be reasonably expected that, individually or in combination, they could influence economic decisions of users taken on the basis of the consolidated financial statements. Based on our professional judgment, we have established quantitative thresholds for materiality, including overall materiality for the consolidated financial statements as a whole, as set out below. These thresholds, together with qualitative factors, have enabled us to determine the scope of our audit and the nature, timing and extent of audit procedures, and to assess the effect of misstatements, both individually and collectively, on the consolidated financial statements as a whole.

Overall Group materiality	PLN 22.1 million
Basis for determination	1% of the consolidated sales revenue
Rationale for the materiality benchmark applied	We have adopted consolidated sales revenues as the basis for determining materiality because, in our opinion, this measure best reflects the scale of the Group's operations, and is free from fluctuations in market prices of cost components as well, which significantly affected the Group's profitability in the recent period. We adopted materiality at 1% because, based on our professional judgment, it is within the acceptable quantitative materiality thresholds.

We agreed with the Audit Committee of the Parent Company to inform about the misstatements of the consolidated financial statements with a value greater than PLN 2.2 million, as well as any misstatements below this amount, identified during the audit, if, in our view, warranted reporting for qualitative reasons.

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 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 consolidated financial statements as a whole and in forming our opinion. We do not express a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of tangible fixed assets In Note 20.1 of the consolidated financial statements, the Group presented disclosures regarding impairment tests performed as at 30 June 2020 in relation to cash flow generating units (CGU), including the test results, assumptions made to calculate the value in use and the sensitivity analysis on the calculations to a reasonably possible change in the main assumptions used in the value-in-use calculation. The Group also presented an analysis of the indicators for conducting impairment tests as at 31 December 2020. The carrying amount of tangible fixed assets as at 31 December 2020 is PLN 1,660.7 million (which accounts for 57.7% of the total assets). As a result of the impairment tests carried out during the year, the necessity to write down the value	Our procedures included in particular: • understanding and evaluating the process of identifying impairment indicators of assets and the correctness of grouping assets into cash-generating units in accordance with the relevant financial reporting standards; • evaluation of the mathematical correctness and methodological consistency (with the use of PwC's internal valuation specialists) of valuation models prepared by the Management Board of the Parent Company based on discounted cash flows;

of assets related to CGU Elektrownia Pątnów I, CGU Elektrownia Pątnów II and CGU PAK KWB Konin was identified and impairment of tangible fixed assets in the amount of PLN 578.6 million was recognized. For the assets related to CGU ZE PAK Elektrownia Konin, as a result of the tests performed, it was decided to reverse the impairment of tangible fixed assets recognized in previous years in the amount of PLN 296 million.
 	
In accordance with IAS 36 "Impairment of Assets", the Management Board of the Parent Company at the end of the reporting period analyzes the indications of impairment, and for assets with indications of impairment or reduction of a previously recognized impairment loss, tests for impairment are carried out as at the reporting date. Calculation of the recoverable amount is related to the necessity to adopt a number of assumptions and make judgments by the Management Board of the Parent Company regarding, inter alia, the adopted strategy of the Group, financial plans and cash flow forecasts for the following years, as well as macroeconomic and market assumptions (mainly regarding electricity prices, CO2 emission allowance prices, prices of raw materials, the level and a schedule of ground extraction and coal extraction, the amount of remediation costs, the support system for renewable energy sources and the capacity market). Bearing in mind the significance of the items in the consolidated financial statements, as well as due to the sensitivity of the results of the above-mentioned test for assumptions, this issue was the subject of our analyzes.
	• a critical assessment of the assumptions made by the Management Board of the parent company and the estimates made to determine the value in use of fixed assets, including:
	  ○ the period of future cash flow projection and the assumed level of revenues, operating margin and outlays necessary to maintain the activity in an unchanged scope,
	  ○ the applied discount rate (based on the weighted average cost of capital),
	• assessment of the sensitivity analysis on the assumptions made by the Management Board of the Parent Company, which may affect the result of the valuation;
	• assessment the correctness and completeness of disclosures in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Provision for decommissioning cost	
Due to the nature of its business, the Group is required to recognize provisions specific for mining activities and energy production companies. These include, among others, decommissioning provisions, provisions for decommissioning costs of land used in connection with the conducted operations, including ash landfill and mining areas. As at 31 December 2020 these provisions were in the amount of PLN 437.5 million. The issue of estimating the provision for decommissioning costs and other costs related to the conducted activity is the key audit issue due to the value of the provisions, which is significant from the point of view of the consolidated financial statements. Additionally, estimates of future costs	In order to address the identified risk, we have obtained detailed knowledge about processes related to the estimation of provisions for liabilities, adopted assumptions and applied accounting policies. Our procedures also included: • evaluating assumptions adopted by the Group for the calculation of the provision, the correctness of the input data used in the calculation (including the completeness of the fixed assets that will be subject to liquidation or reclamation;

require professional judgment and the adoption of significant assumptions regarding carrying out decommissioning works, the time of their implementation, the amount of expected costs and discount rates. When determining the amount of the provisions, the services of external independent experts were used.

Accounting policy, details of the assumptions made and significant estimate calculation as well as other significant information on provisions for liabilities are included in notes 5.3, 12.24 and 32.3 to the consolidated financial statements. Considering the significance of the items in the consolidated financial statements, this issue was analyzed.

- verification of the mathematical correctness of the provisions calculation, as well as the correctness of depreciation of assets related to the future costs of decommissioning the mining plant and discount settlement;
- assessment of the independence and competence of the external expert, in particular considering whether he has the appropriate knowledge, experience and database to reliably estimate the amount of future costs of decommissioning of the mining plant and land reclamation;
- assessment of the correctness and completeness of disclosures in the consolidated financial statements.

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

The Management Board of the Parent Company is responsible for the preparation of annual consolidated financial statements that give a true and fair view of the Group's financial position and results of operations, in accordance with the 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 its 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 2019, item 351, 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 or 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 the 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;
- Assess the appropriateness of the applied accounting principles (policy) and the validity of accounting estimates and related disclosures made by the Management Board of the Parent Company;
- conclusion on the appropriateness of the application by the Management Board of the Parent Company of the going concern basis as the basis of accounting and, based on the audit evidence obtained, whether there is a material uncertainty 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 there is a material uncertainty, we are required to draw attention in the auditor's report to related disclosures in the consolidated financial statements or, if such disclosures are inadequate, we modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report, however future events or conditions may cause the Group to discontinue going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that ensures 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, and we remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, inter alia, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We make a statement to the Audit Committee that we have complied with relevant ethical requirements regarding independence and that we communicate all relationships and other matters that could reasonably be considered to pose a threat to our independence, and where applicable, about actions taken to eliminate these threats and applied security.

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 prohibits public disclosure of them, or where, in exceptional circumstances, we determine that the matter should not be communicated in our report because the negative consequences could reasonably be expected to outweigh the consequences to the public interest of such disclosure.

Other information, including the Management Board’s report on the Capital Group’s operations

Other information

Other information comprises Management Board’s report on the Capital Group's operations for the financial year ended 31 December 2020 ("Report on operations") together with the statement on the application of corporate governance and the statement on non-financial information referred to in Art. 55 section 2b of the Accounting Act, which are separate parts of this report (together "Other information"). The other information does not include the financial statements and the auditor's report thereon.

Responsibility of the Management and Supervisory Board

The Management Board of the Parent Company is responsible for preparing 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 Group’s operations including its separate parts complies with the requirements of the Accounting Act.

Registered auditor’s responsibility

Our opinion on the audit of the consolidated financial statements does not cover Other Information

In connection with our audit of the consolidated financial statements, our responsibility is to read Other Information and, in doing so, consider whether it 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 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 Parent Company provided the required information in its corporate governance statement and to inform whether the Parent Company prepared a statement on non-financial information.

Opinion on the Report on the operations

Based on the work we carried out during the 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 55(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 on non-financial information and we do not provide any assurance with regard to it.

Report on the other legal and regulatory requirements

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 Law on Registered Auditors.

In the audited period, we did not provide non-audit services to the Parent Company and its controlled entities in the European Union.

Appointment

We have been appointed to audit the annual consolidated financial statements of the Group by the Resolution of the Supervisory Board of 29 September 2020. We have been auditing the consolidated financial statements of the Group 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. (formerly: PricewaterhouseCoopers sp. z o.o.), 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, 19 April 2021 r.