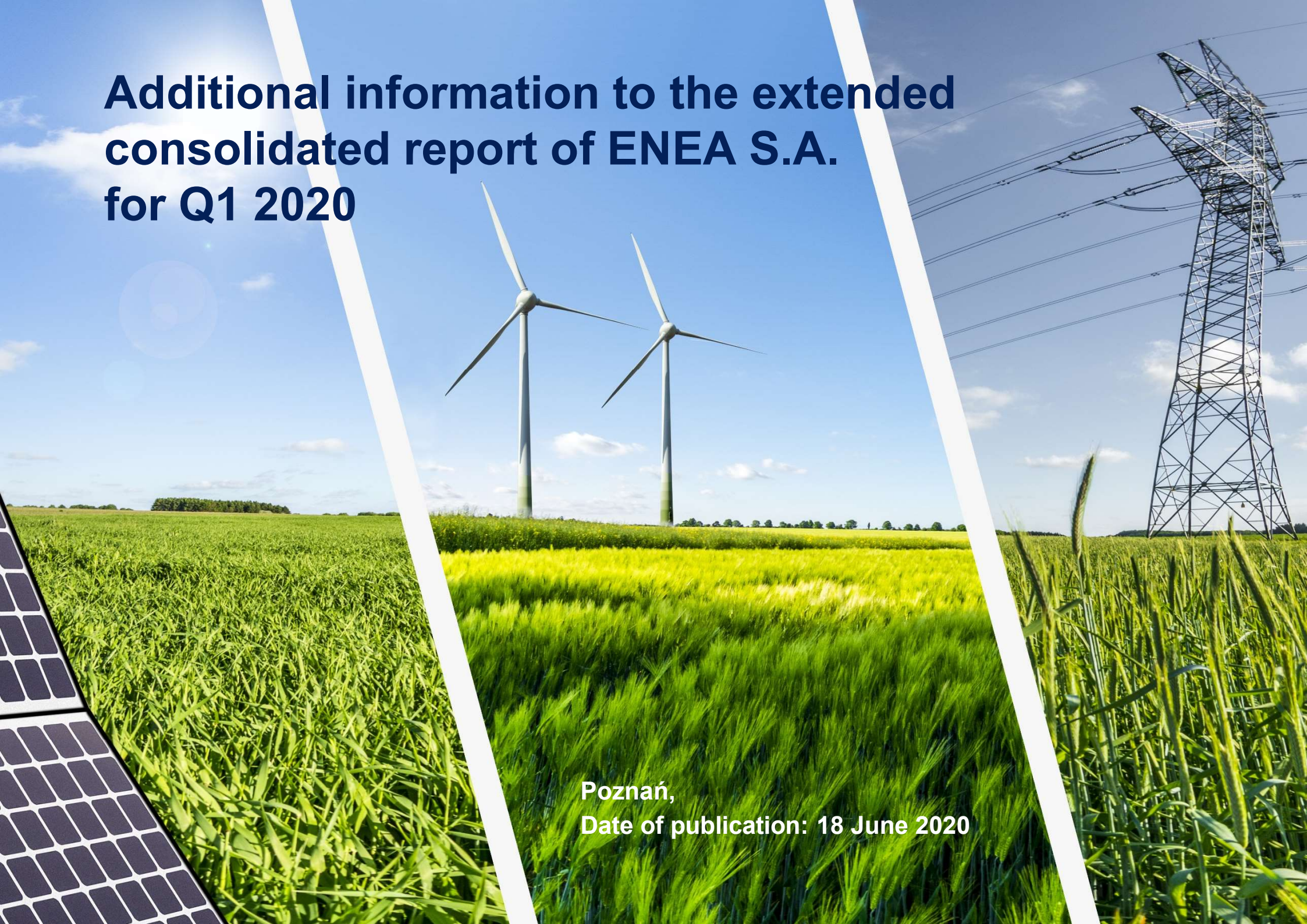


# **Additional information to the extended consolidated report of ENEA S.A. for Q1 2020**



**Poznań,  
Date of publication: 18 June 2020**



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# ENEA Group in numbers



ENEA has 17.3 thousand employees

## MINING

**20.6%**  
share in the steam coal  
market in Poland

**445 million tons**  
of mining potential in  
3 mining concession areas

**2.1 million tons**  
of net coal production  
in Q1 2020

## GENERATION

**6.3 GW**  
of total installed capacity

**443 MW**  
of installed RES capacity

**5.4 TWh**  
of total net energy produced in Q1  
2020

## DISTRIBUTION

**2.6 million**  
users of distribution services

**118.4 thousand km**  
of distribution lines,  
including connections

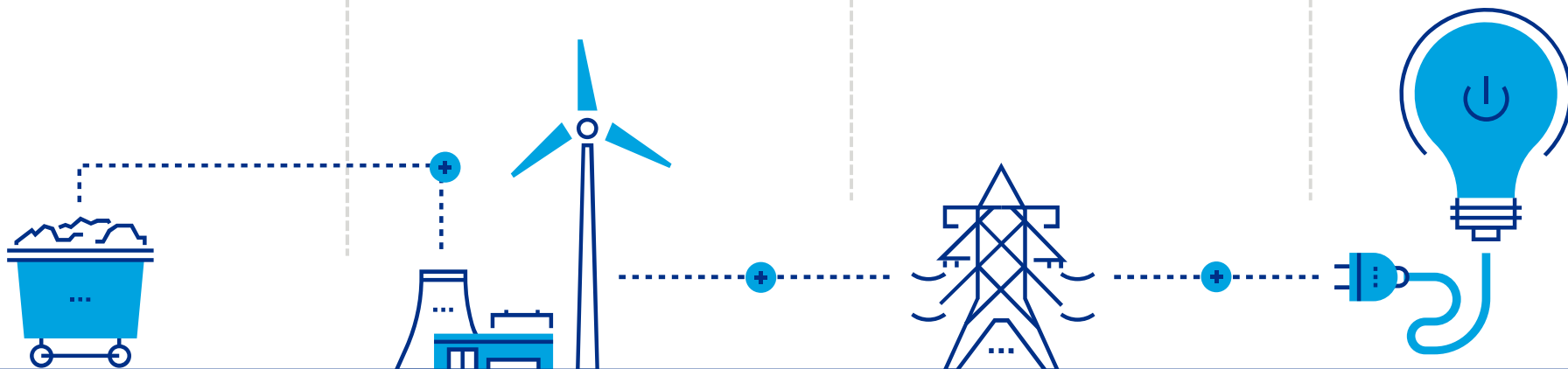
**5.0 TWh**  
of electricity supplied

## TRADING

**2.5 million**  
Customers

**5.6 TWh**  
of electricity and gaseous  
fuel sold to retail customers in  
Q1 2020

**32**  
Customer Service Offices



# 1. Highlights

## First quarter

- On 3 February 2020, the Company received a statement from the Minister of State Assets that the Minister of State Assets has exercised its powers to appoint a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. Based on the aforementioned powers, Mr. Bartosz Nieścior was appointed to the Company's Supervisory Board as of 3 February 2020.
- On 6 February 2020, the Company received a resignation letter from the Supervisory Board Chairman, Stanisław Kazimierz Hebda, dated the same day.
- On 11 February 2020, ENEA Wytwarzanie Sp. z o.o. and GAZ-SYSTEM S.A. signed an agreement to design the connection of Kozienice Power Plant to the GAZ-SYSTEM transmission network. The agreement will open the process of designing a gas connection for the Kozienice Power Plant. Expansion of the transmission system by GAZ-SYSTEM will increase its capacity to supply higher volumes of natural gas throughout Poland. This will increase the capacity for connecting industrial plants as well as individual customers to the network.
- On 13 February 2020, ENEA S.A. and Energa S.A. concluded a Memorandum of understanding to suspend the financing of the Ostrołęka Power Plant C construction project. On 14 February 2020, Elektrownia Ostrołęka Sp. z o.o. submitted an order to suspend all the works related to the Contract to the general contractor of the Ostrołęka Power Plant C Construction Contract, with the suspension taking effect as of 14 February 2020.
- On 14 February 2020, the Company became aware of:
  - (i) an order issued by Elektrownia Ostrołęka on 14 February 2020 to the contractor under the agreement to redevelop the railway infrastructure for Ostrołęka Power Plant C to suspend the performance of the railway contract with the suspension coming into effect on 14 February 2020,
  - (ii) an order issued by Elektrownia Ostrołęka on 14 February 2020 to the contractor under the agreement to redevelop the railway infrastructure for Ostrołęka Power Plant C of 4 October 2019, to suspend the performance of the railway contract with the suspension coming into effect on 14 February 2020.
- On 14 February 2020, in connection with receipt of the audited financial statements of Polska Grupa Górnicza S.A. (PGG) for 2019, in which PGG recognized an impairment loss for PGG's fixed assets as at 31 December 2019, the Company became aware of the possible need to recognize an impairment loss on the Company's holding in PGG.
- On 21 February 2020, the Company and Energa S.A. signed a memorandum of understanding on analyses to be conducted during the period of suspension of work on the Ostrołęka C Project. The memorandum sets out the detailed scope and schedule of analysis of the technical, technological, economic, organizational, legal and financial aspects of the project.
- On 21 February 2020, ENEA Wytwarzanie Sp. z o.o. concluded an out-of-court settlement with Fen Wind Farm B.V. based in Amsterdam and Wentto Holdings S.à r.l. based in Luxembourg in connection with a court dispute concerning the acquisition by ENEA Wytwarzanie of shares in Eco-Power Sp. z o.o., which owns the Skoczyklody wind farm. By its power, the parties terminated the preliminary agreement for the purchase of shares in Eco-Power Sp. z o.o. by ENEA Wytwarzanie Sp. z o.o. with effect on the date of the settlement and unconditionally and irrevocably waived any claims against each other regarding rights to any shares directly or indirectly related to the intended sale of shares in Eco-Power Sp. z o.o. to ENEA Wytwarzanie Sp. z o.o. In this situation, the Group reversed the provision in the amount of PLN 129 million.
- On 19 March 2020, the Fitch Ratings agency issued a press release, in which it affirmed the Company's long-term foreign- and local-currency issuer default ratings at 'BBB' with stable outlook.
- On 19 March 2020, the Extraordinary General Meeting of the Company adopted resolutions, by the power of which Ms. Izabela Felczak-Poturnicka and Mr. Mariusz Fistek were appointed to the Supervisory Board of ENEA S.A. of the 10th term, effective on the same date (where Ms. Izabela Felczak-Poturnicka was at the same time appointed Chairwoman of the Company's Supervisory Board).
- On 31 March 2020, a decision was made to recognize impairments on the carrying amount of assets in the Generation Area, Renewable Energy Sources Area, the Biogas CGU and in the Heat Area; on the same date, a decision was made to recognize an impairment loss on PGG shares.

# 1. Highlights

## Events after the reporting period

- On 19 May 2020, the Company received information from Elektrownia Ostrołęka Sp. z o.o., the company currently executing the Ostrołęka C power plant construction project, about the recognition of impairment losses on non-current assets in Elektrownia Ostrołęka in the amount of PLN 1,027.3 million. According to information received from Elektrownia Ostrołęka, these impairment losses were recognized as a result of an impairment test for non-current assets carried out in connection with an update of the business assumptions for the coal-based project. Accordingly, on the same date the Management Board of the Company made a decision to recognize an impairment loss on Elektrownia Ostrołęka shares and to write off the loans granted to Elektrownia Ostrołęka along with interest.
- On 27 May 2020, the Company received statements from the Minister of State Assets that the Minister of State Assets has exercised its powers to appoint and dismiss a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. According to the said statements, the Minister of State Assets, in exercise of the powers conferred on him, dismissed, effective as of 27 May 2020, Mr. Bartosz Nieścior from the Company's Supervisory Board and, at the same time, appointed Mr. Paweł Szczeszek to the Company's Supervisory Board.
- On 2 June 2020, the Company accepted the final report on analyses conducted in cooperation with Energa S.A. ("Energa") regarding technical, technological, economic, organizational and legal aspects and potential continuation of funding for the project involving the construction of a new coal-fired unit in the form of the planned Ostrołęka C power plant in Ostrołęka with a capacity of approx. 1,000 MW (Project). The conclusions drawn from the analyses do not justify the continuation of the project in its current form, i.e. as a construction project of a power plant generating electricity through combustion of hard coal. At the same time, the technical analysis confirmed feasibility of the scenario of building a power plant generating electricity in a natural gas combustion process ("Gas-Fired Project") at the current site of the coal-fired unit being built. Consequently, the Company's Management Board made a decision to continue the construction of the generating unit in Ostrołęka based on the assumption of changing the power source from coal-based to gas-based. On 2 June 2020, a trilateral agreement was also signed between the Company, Energa and PKN ORLEN, whereby the following key principles of cooperation in the Gas-Fired Project were defined.
- On 3 June 2020, the Company signed a letter of intent (Letter of Intent) with Iberdrola Eólica Marina S.A. (Iberdrola) regarding the Company's potential investment in offshore wind farm projects to be developed in the Polish exclusive economic zone of the Baltic Sea. In connection with the signing of the Letter of Intent, the parties will enter into exclusive negotiations aimed at assessing the feasibility of execution of a joint capital expenditure project by the Company and Iberdrola in the said wind farm projects with a total capacity of up to approx. 3.3 GW and their shared preparation, construction and operation.
- On 4 June 2020 Mr. Mirosław Kowalik tendered his resignation from the position of President of the ENEA S.A. Management Board and from membership in the Company's Management Board effective as of 5 June 2020. On the same date, the Company's Supervisory Board adopted a resolution to second, starting 6 June 2020, Mr. Paweł Szczeszek, Supervisory Board Member, to temporarily perform the duties of the President of the ENEA S.A. Management Board until the appointment of a new President of the Company's Management Board, but no longer than for a period of three months from the date of his secondment.



# 1.1 Operating summary

In Q1 2020, the ENEA Group generated EBITDA of approx. PLN 913 million (up by PLN 114 million y/y).



The highest EBITDA of PLN 472 million was earned in the Generation area (up by PLN 72 million y/y). A significant increase in EBITDA, by PLN 62 million y/y, was recorded in the Must-Run Power Plant segment due to an increase in the trading and Balancing Market margin (higher unit margins, decrease in volume), with a simultaneous decrease in the generation margin (lower unit CDS due to the increase in coal costs with transport and CO<sub>2</sub> costs, partly covered by higher energy prices).



The Mining area generated EBITDA of PLN 129 million (down by PLN 90 million y/y). The segment's lower result was attributable mainly to a decrease in revenue from sales of coal (lower sales volume at a higher price) in connection with the unfavorable oversupply of coal in the market.



The Distribution area posted EBITDA of 307 million (up by PLN 58 million y/y). The higher result was driven by higher margins on licensed activities (affected by, among others, a higher rate of the fixed grid charge in the approved 2020 tariff) and a higher result on other operating activities (driven mainly by changes in the provisions for grid assets).



The Trading area posted EBITDA of approx. 8 million (up by PLN 18.5 million y/y). The segment's result was favorably affected by the increase in the average sales price of energy. At the same time, the energy purchase prices increased (mainly due to the increase in the price of CO<sub>2</sub> emission allowances) and so did the costs of environmental obligations.



- Higher revenue from sales of electricity
- Higher revenue from sales of distribution services
- Higher revenue from sales of gas
- Lower costs of consumption of materials and supplies



- Higher costs of purchase of electricity and gas
- Lower result on other operating activities
- Higher employee benefit costs
- Higher costs of transmission services

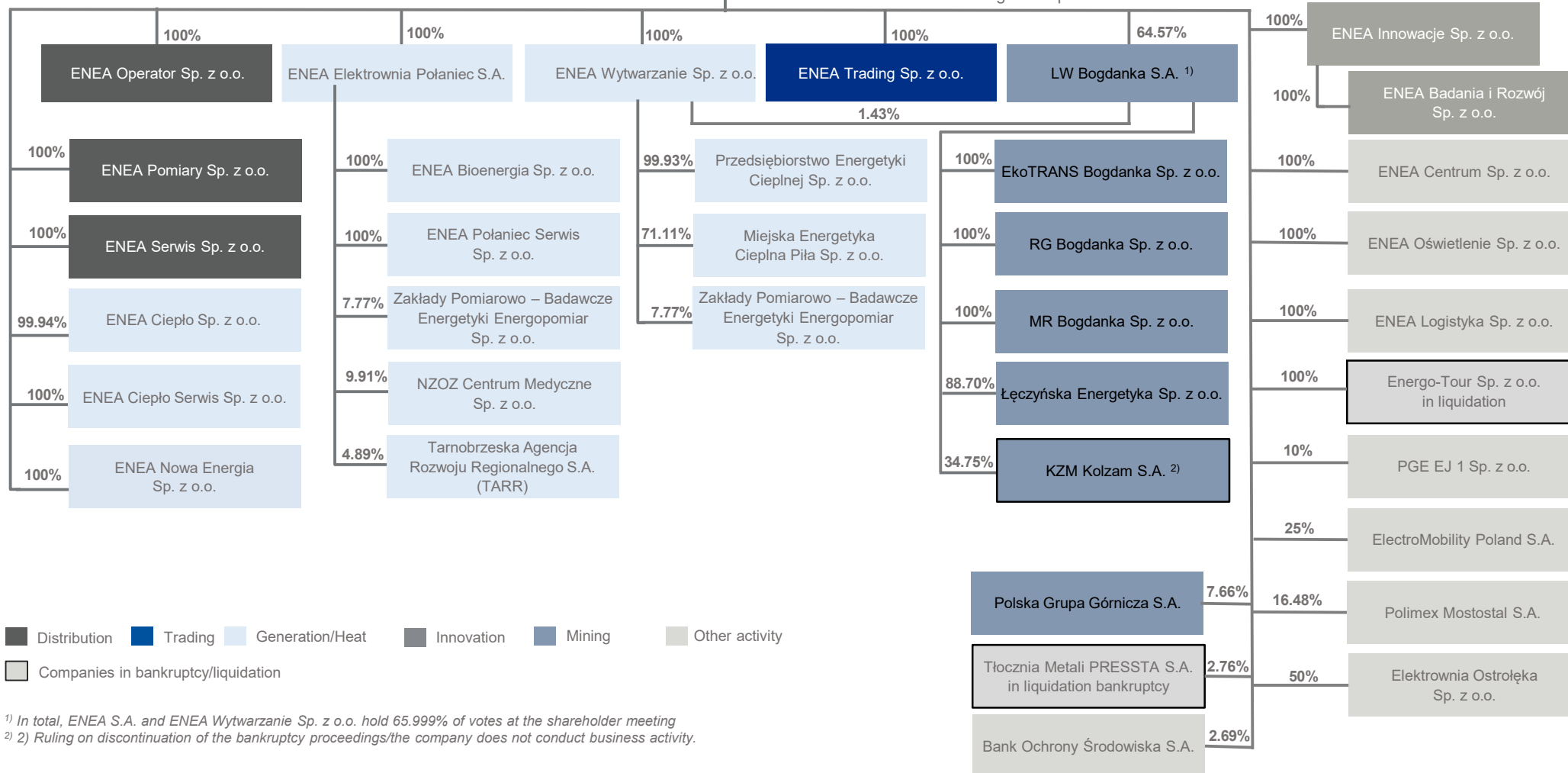
- The ENEA Group capital expenditures amounted to **PLN 564 million**.
- Production and sales of commercial coal stood at approx. **2 million tons**.
- The Group generated **over 5 TWh** of electricity.
- Sales of heat in the Generation Segment reached **2,056 TJ**.
- Sales of distribution services to end users were **over 5 TWh**.
- The volume of sales of electricity and gaseous fuel to retail customers was **5.6 TWh**.

## 2. Organization and activity of the ENEA Group

### 2.1. Structure of the ENEA Group

#### ENE A S.A.

% of votes at the shareholder meeting in companies



<sup>1)</sup> In total, ENEA S.A. and ENEA Wytwarzanie Sp. z o.o. hold 65.999% of votes at the shareholder meeting

<sup>2)</sup> Ruling on discontinuation of the bankruptcy proceedings/the company does not conduct business activity.

There are 6 leading entities in the ENEA Group, namely ENEA S.A. (trading in electricity), ENEA Operator Sp. z o.o. (distribution of electricity), ENEA Wytwarzanie Sp. z o.o. and ENEA Elektrownia Połaniec S.A. (generation and sales of electricity and heat), ENEA Trading Sp. z o.o. (wholesale of electricity) and LW Bogdanka S.A. (coal mining). Other companies carry out ancillary activity in relation to the operations of those listed above. The Group's structure includes also minority interests held by ENEA S.A. and its subsidiaries, in particular ENEA Wytwarzanie Sp. z o.o. and LW Bogdanka S.A.



## 2.2. Changes in the ENEA Group's Structure

### 2.2.1. Asset restructuring

Following key organizational changes in previous years, in Q1 2020 the ENEA Group, apart from initiatives associated with the planned changes, did not carry out any major activities in the field of asset restructuring.

### 2.2.2. Capital disinvestments

In Q1 2020, no significant capital divestment activities were carried out.

### 2.2.3. Changes in the Group's organization

In Q1 2020, the ENEA Group continued its endeavors aimed at pursuing the Group's Corporate Strategy.

### 2.2.4. Capital investments

A detailed description of processes related to capital investments is included in the condensed financial statements for Q1 2020.

#### Events during the reporting period

On 24 February 2020, Annacond Enterprises Sp. z o.o. was deleted from the National Court Register. The decision to strike the Company from the register became final on 12 March 2020.





### 2.3. ENEA Group's business areas



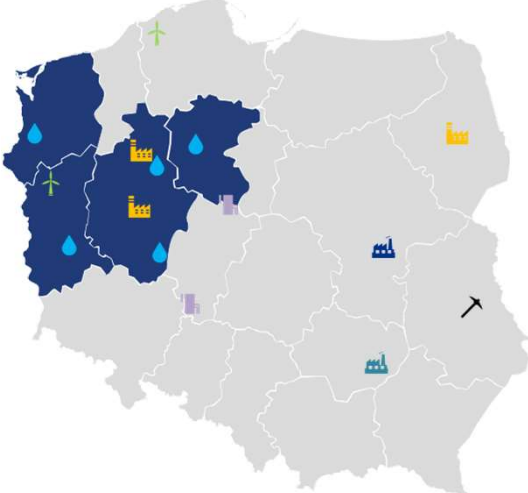
#### Distribution

- Electricity supply
- Planning and ensuring expansion of the distribution network, including by connecting new customers
- Operation, maintenance and repairs of the distribution grid
- Management of metering data



#### Generation

- Electricity generation based on bituminous coal, biomass, gas, wind, water and biogas
- Heat generation
- Heat transmission and distribution
- Electricity trading



#### Wholesale trading

- Optimization of wholesale contracts portfolio for electricity and gaseous fuel
- Operations on product markets
- Ensuring access to wholesale markets



#### Mining

- Production of bituminous coal
- Sales of bituminous coal
- Securing the ENEA Group's raw material base



#### Retail trading

- Retail trading in electricity and gaseous fuel
- Product and service offering adjusted to customers' needs
- Comprehensive customer service

## 2.3.1. Mining

In the ENEA Group, mining activities are carried out by the subsidiary operating under the business name of Lubelski Węgiel Bogdanka S.A. (hereinafter: LW Bogdanka). LW Bogdanka is a leader on bituminous coal market in Poland, standing out in comparison with its peers in terms of financial results, mining efficiency and investment plans including access to new deposits. The bituminous coal sold by the company is used predominantly for the production of electricity, heat and cement. The Company's customers are chiefly industrial companies, especially ones operating in the power sector, located in eastern and north-eastern Poland.

Item	Q1 2019	Q1 2020	Change
Net production [000s of tons]	2,532	2,066	- 18.4%
Sales of coal [000s of tons]	2,365	1,918	-18.9%
Inventories (at th end of the period) [000s of tons]	255	327	28.2%
Excavation works [km]	7.9	6.7	-15.2%

## 2.3.2 Generation

### 2.3.2.1 Generation assets of the ENEA Group

Item	Installed electricity generation capacity [MW <sub>e</sub> ]	Achieved electricity generation capacity [MW <sub>e</sub> ]	Installed heat generation capacity [MW <sub>t</sub> ]	Installed capacity in RES [MW <sub>e</sub> ]
Kozienice Power Plant	4,071.8	4,020.0	125.4	-
Połaniec Power Plant	1,837.0	1,882.0	130.0	230.0
Bardy, Darżyno and Baczyna wind farms (Lubno I and Lubno II)	71.6	70.1	0.0	71.6
Liszkowo and Gorzesław biogas plants	3.8	3.8	3.1	3.8
Hydro power plants	58.8	55.8	0.0	58.8
MEC Piła	10.0	10.0	135.3	-
PEC Oborniki	0.0	0.0	27.4	-
ENEA Ciepło (Białystok CHP Plant, "Zachód" Heat Plant)	203.5	156.6	684.1	78.5
<b>Total [gross]</b>	<b>6,256.5</b>	<b>6,198.3</b>	<b>1,105.3</b>	<b>442.7</b>

### 2.3.2.2. Data for ENEA Wytwarzanie

Item	Q1 2019	Q1 2020	Change
<b>Total electricity generation (net) [GWh], of which:</b>	3,874	3,551	-8.3%
Net generation from conventional sources [GWh], including:	3,771	3,438	-8.8%
<i>ENEA Wytwarzanie</i>	3,752	3,421	-8.8%
<i>MEC Piła</i>	19	17	-10.5%
Generation from renewable energy sources [GWh], including:	103	113	9.7%
<i>ENEA Wytwarzanie – RES Segment (hydro power plants)</i>	42	44	4.8%
<i>ENEA Wytwarzanie – RES Segment (wind farms)</i>	60	67	11.7%
<i>ENEA Wytwarzanie – RES Segment (biogas plants)</i>	1	2	100.0%
<b>Gross heat production [TJ]</b>	<b>479</b>	<b>414</b>	<b>-13.6%</b>

Unit 11 in the Koziencice Power Plant	Q1 2019	Q1 2020	Change
Net electricity production [GWh]	1,555	996	- 35.9%
Average monthly net load [MW]	790	677	-14.3%

### 2.3.2.3. Data for ENEA Elektrownia Połaniec

Item	Q1 2019	Q1 2020	Change
<b>Total electricity generation (net) [GWh], of which:</b>	2,095	1,758	-16.1%
<i>ENEA Elektrownia Połaniec – net generation from conventional sources</i>	1,707	1,230	-28.0%
<i>ENEA Elektrownia Połaniec – generation from renewable energy sources (firing of biomass – Green Unit)</i>	354	393	11.0%
<i>ENEA Elektrownia Połaniec – generation from renewable energy sources (cofiring of biomass)</i>	34	135	297.1%
<b>Gross heat production [TJ]</b>	<b>652</b>	<b>429</b>	<b>-34.2%</b>



### 2.3.2.4. Data for ENEA Ciepło

Item	Q1 2019	Q1 2020	Change
<b>Total electricity generation (net) [GWh], of which:</b>	<b>139</b>	<b>123</b>	<b>-11.5%</b>
<i>Net generation from conventional sources [GWh], excluding from firing of biomass</i>	113	70	-38.1%
<i>Net generation from renewable energy sources [GWh] – firing of biomass [GWh]</i>	26	53	103.8%
<b>Gross heat production [TJ] (in combination with the “Zachód” Heat Plant)</b>	<b>1,565</b>	<b>1,418</b>	<b>-9.4%</b>

### 2.3.2.5 CO<sub>2</sub> emissions

	Kozenice – Power Plant [t]	Allocation of free-of-charge CO <sub>2</sub> emission allowance [t]	Costs of allowances [PLN]
Q1 2019	3,285,579	273,091 <sup>1)</sup>	190,318,115.13 <sup>1)</sup>
Q1 2020	3,045,033	14,021 <sup>1)</sup>	322,660,226.34 <sup>1)</sup>
	MEC Piła	Allocation of free-of-charge CO <sub>2</sub> emission allowance	Costs of allowances [PLN]
Q1 2019	33,087	6,675	2,228,961.30
Q1 2020	30,881	5,154	2,605,639.37
	Białystok – CHP plant	Allocation of free-of-charge CO <sub>2</sub> emission allowance	Costs of allowances [PLN]
Q1 2019	174,502	87,180 <sup>2)</sup>	16,757,997.09
Q1 2020	114,800	70,157 <sup>3)</sup>	4,443,428.07
	Białystok – “Zachód” Heat Plant	Allocation of free-of-charge CO <sub>2</sub> emission allowance	Costs of allowances [PLN]
Q1 2019	5,554.6	682 <sup>2)</sup>	108,766.90
Q1 2020	6,568 <sup>4)</sup>	668 <sup>3)</sup>	666,471.00
	Połaniec – Power Plant	Allocation of free-of-charge CO <sub>2</sub> emission allowance	Costs of allowances [PLN]
Q1 2019	1,690,575	126,099 <sup>2)</sup>	99,355,092.75
Q1 2020	1,204,068	122,907 <sup>3)</sup>	106,217,510.78
<b>Total Q1 2019</b>	<b>5,189,297.60</b>	<b>493,727.00</b>	<b>308,768,933.17</b>
<b>Total Q1 2020</b>	<b>4,401,350.00</b>	<b>212,907.00</b>	<b>436,593,275.56</b>

<sup>1)</sup> Accounting treatment

<sup>2)</sup> Non-recurring allocation of free-of-charge allowances for 2019

<sup>3)</sup> Non-recurring allocation of free-of-charge allowances for 2020

<sup>4)</sup> Volume of emissions for which the provision is calculated

### 2.3.2.6. Fuel supply

The basic fuel fired by ENEA Wytwarzanie – Koźienice Power Plant to generate electricity was pulverized steam coal. The basic fuels fired by ENEA Elektrownia Połaniec S.A. and ENEA Ciepło Sp. z o.o. (Białystok CHP Plant) in Q1 2020 were: steam coal and biomass – mainly in the form of steam wood chips, steam willow and poplar wood chips, residues from agricultural production and the agricultural processing industry.

	 Koźienice Power Plant	 ENEA Połaniec Power Plant	 ENEA Ciepło
Major coal suppliers in Q1 2020	LW Bogdanka (87.2%) PGG (8.8%)	LW Bogdanka (64.8%) PGG (31.9%)	LW Bogdanka (100%)

Type of fuel	ENEA Wytwarzanie and subsidiaries – Koźienice Power Plant, RES, MEC and PEC				ENEA Elektrownia Połaniec				ENEA Ciepło – Białystok CHP Plant, “Zachód” Heat Plant			
	Q1 2019		Q1 2020		Q1 2019		Q1 2020		Q1 2019		Q1 2020	
	Quantity [thousand tons]	Cost <sup>1)</sup> [PLN million]	Quantity [thousand tons]	Cost <sup>1)</sup> [PLN million]	Quantity [thousand tons]	Cost <sup>1)</sup> [PLN million]	Quantity [thousand tons]	Cost <sup>1)</sup> [PLN million]	Quantity [thousand tons]	Cost <sup>1)</sup> [PLN million]	Quantity [thousand tons]	Cost <sup>1)</sup> [PLN million]
Bituminous coal	1,919	503	1,535	397	1,080	277	572	142	75	24	40	12
Biomass					406	112	427	123	58	11	97	20
(Heavy) fuel oil <sup>2)</sup>	2	3	3	4	2	3	2.4	4.1				
(Light) fuel oil <sup>3)</sup>	1	4	2	6	-	-	0.1	0.3	0.154	0.44	0.151	0.36
Gas [thous. m <sup>3</sup> ] <sup>4)</sup>	4,926	8	4,410	6	-	-	-	-	0	0	2,173 <sup>5)</sup>	2
<b>Total</b>		<b>518</b>		<b>413</b>	<b>1,488</b>	<b>392</b>	<b>1,002</b>	<b>269</b>		<b>35</b>		<b>34</b>

<sup>1)</sup> with transport

<sup>2)</sup> Light up fuel in the Koźienice Power Plant, units 1-10

<sup>3)</sup> Light up fuel in the Koźienice Power Plant, unit 11

<sup>4)</sup> Used for generation of electricity and heat in MEC Pila and heat in PEC Oborniki

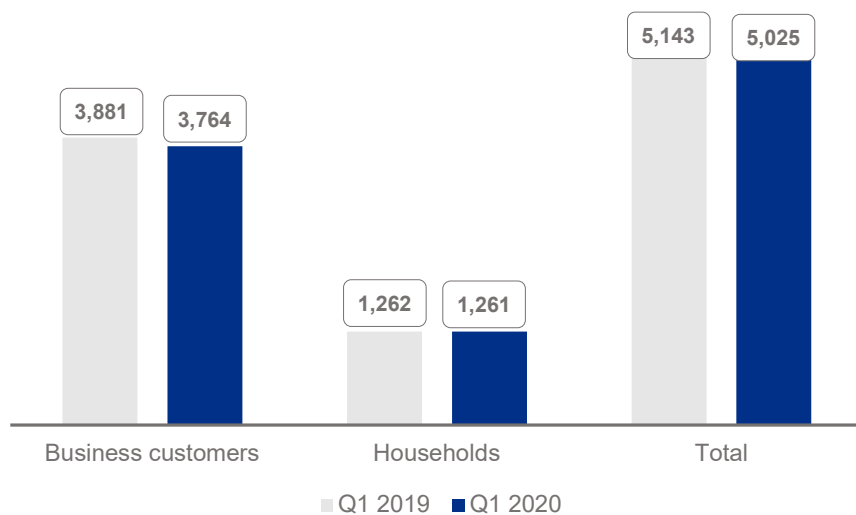
<sup>5)</sup> Used for generation of heat in the “Zachód” Heat Plant; gas volume unit: thousand Nm<sup>3</sup>

### 2.3.2.7. Transport of coal

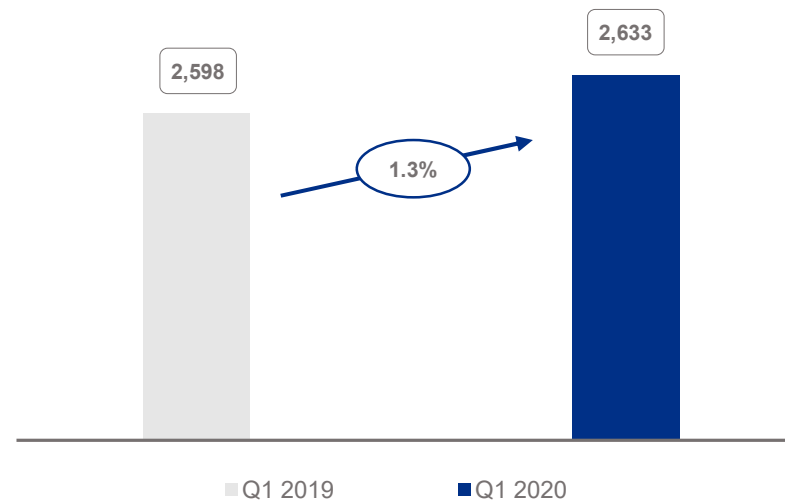
	 Koźienice Power Plant	 ENEA Elektrownia Połaniec	 ENEA Ciepło
Main service provider in Q1 2020	PKP Cargo S.A. (98.8%)	PKP Cargo S.A. (44.42%) FREIGHTLINER PL Sp. z o.o. (21.19%) Kolprem Sp. z o.o. (31.10%)	LW Bogdanka (100%)

### 2.3.3. Distribution

Sales of distribution services [GWh]



Number of customers (in thousands)



**105.53** – Length of lines [thousand km]

**12.86** – Length of connections [thousand km]

**38.27** – Number of substations [thousands]

**940.87** – Number of connections [thousands]

The decrease in the length of connections compared to the previous year resulted from data verification carried out as part of grid passporting.



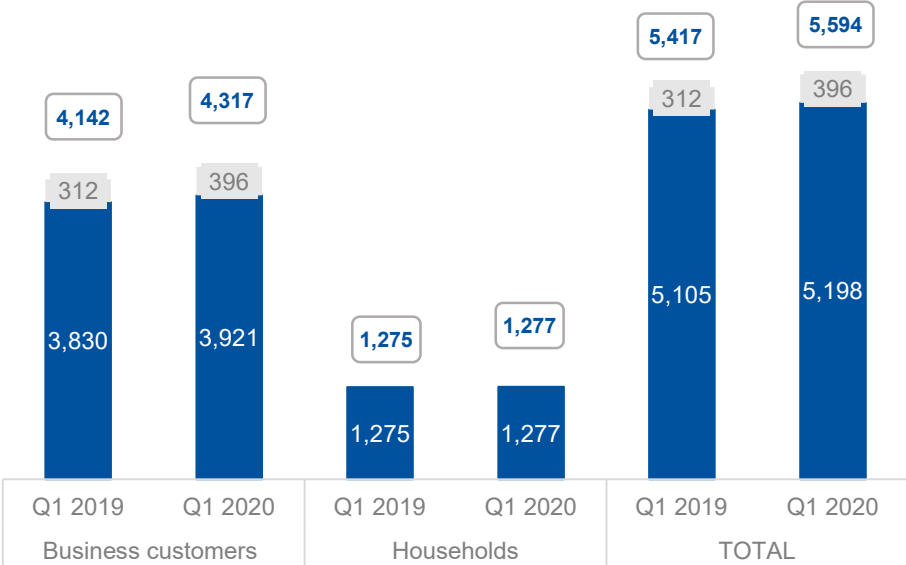
### 2.3.4. Trading

#### Sales of electricity and gaseous fuel to retail customers by ENEA S.A.

In Q1 2020, compared to the corresponding period of 2019, the total sales volume increased by 177 GWh, or more than 3%. This increase was driven by sales of electricity in the business customer segment (by 91 GWh, or approx. 2%) and in the household segment (by 2 GWh, or approx. 0.2%). The sales volume of gaseous fuel also increased compared to the corresponding period of the previous year (by 84 GWh, or approx. 27%).

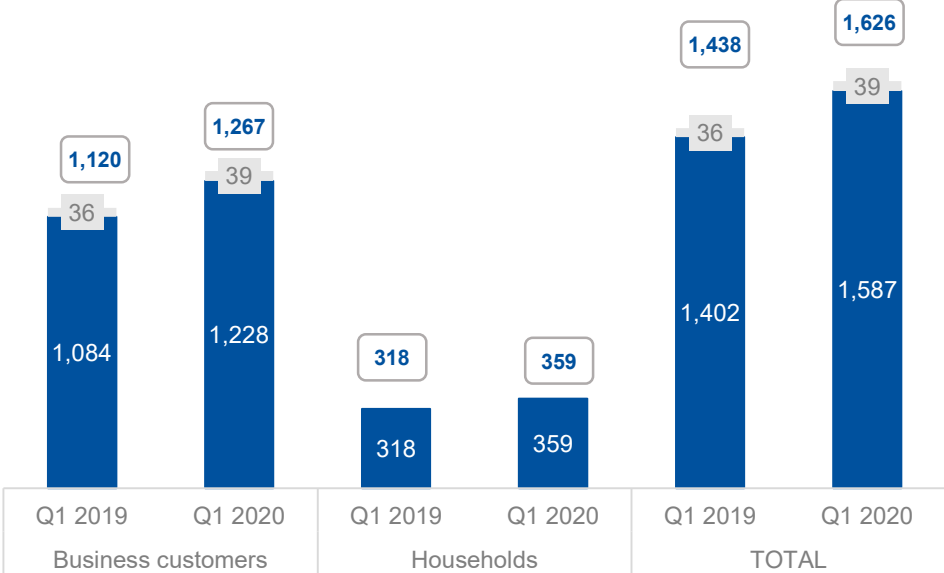
Total revenue from sales in Q1 2020 increased compared to Q1 2019 (without compensations) by PLN 188 million, or approx. 13%. The increase in revenue was recorded in both sales of electricity and gaseous fuel.

Sales of electricity and gaseous fuel to retail customers of ENEA S.A. [GWh]



■ Electricity    ■ Gas    ... Total electricity and gas

Sales of electricity and gaseous fuel to retail customers of ENEA S.A. [PLN million]



■ Electricity    ■ Gas    ... Total electricity and gas

## 2.4. Growth strategy

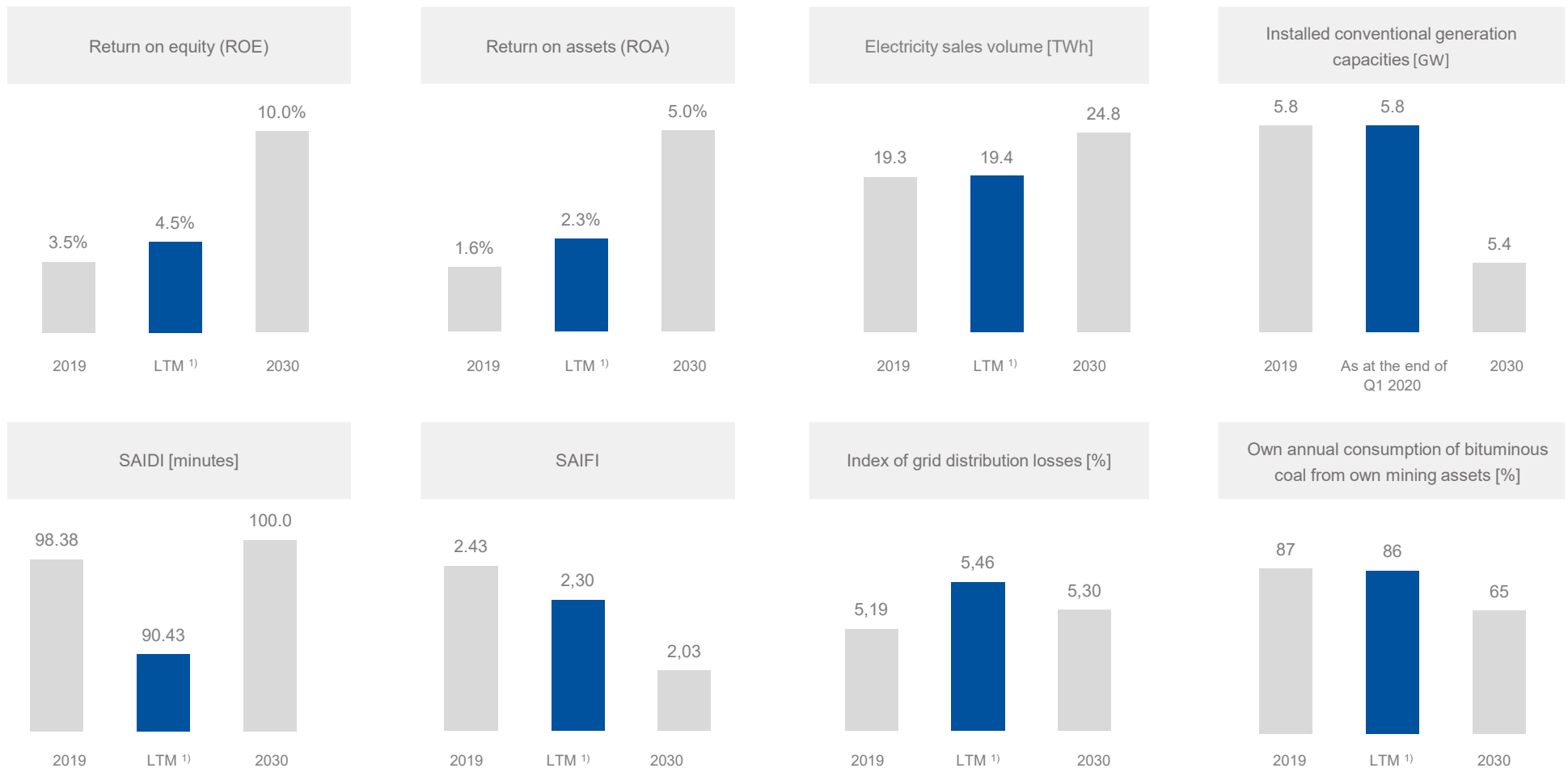
### MISSION:

ENEA provides reliable products and services to its customers by building lasting relationships based on respect for the environment and shared values

### VISION:

ENEA is a leading supplier of integrated products and services valued for quality, comprehensive approach and reliability

### Implementation of the ENEA Group Development Strategy until 2030 with an outlook to 2035



<sup>1)</sup> LTM covering the period of Q2 2019 – Q1 2020.

## Implementation of the ENEA Group Development Strategy until 2030 with an outlook to 2035

On 12 December 2019, by the power of a Supervisory Board resolution, ENEA S.A. accepted for implementation the Strategy for 2030 with the 2035 outlook.

ENEA Group intends to conduct its business in a sustainable manner while minimizing its impact on the natural environment. The development directions were updated. The key directions include:

- |  |   |
|--|---|
| 1) Transformation of generation assets towards zero- and low-emission sources; | 6) Automation, robotization and digitization of processes;                              |
| 2) Innovative services for ENEA's customers;                                   | 7) Internet of Things, artificial intelligence, blockchain;                             |
| 3) Contemporary communication with customers and modern cooperation models;    | 8) Energy storage;  |
| 4) Electromobility, hydrogen technologies;                                     | 9) Sourcing of fuels in accordance with best practices and respect for the environment. |
| 5) Smart Grid – smart solutions for customers;                                 |   |

**ENEA assumes that it will transition into an innovative low-emission concern offering not only electricity but comprehensive bundles of products and services expected by its Customers.**

The development directions form a foundation, which is used to define strategic goals for the Group. ENEA has identified five key strategic goals supporting the transformation of ENEA Group into a low-emission concern.

Diversification of the ENEA Group's generation portfolio;

- 1) Reliability and continuity of electricity supply;
- 2) Responsible partner in sustainable management of relations with local communities, the environment and Customers;
- 3) Ensuring financial security of the ENEA Group;
- 4) Innovativeness in all aspects of the ENEA Group's activity.

Its overriding objective will entail its sustainable development. In connection with the above, the ENEA Group's overriding objective is "Continuous growth of the value of the ENEA Group, while ensuring sustainable development".



**-30%**

reduction of unit CO<sub>2</sub> emissions



**More than 4x**

increase in the share of RES in electricity production



**43%**

share of zero- and low-emission sources in installed capacity

## Environment and key stakeholder expectations



**Value creation**



**Competitive advantages**



**Climate protection**



**Green energy**



**Financial stability**



**Energy security**



## 2.5. Actions and investments pursued

### 2.5.1. Capital expenditures

Capital expenditures [PLN million]	Q1 2019	Q1 2020	Plan 2020
Generation	88.6	115.9	751.6
Distribution	197.0	173.2	1,181.1
Mining	80.0	266.3	654.2
Support and other	16.4	6.5	123.8
Capital investments	181.2	2.1	57.0
<b>Total plan performance</b>	<b>563.2</b>	<b>564.0</b>	<b>2,767.7</b>

### Investments related to environment protection

Item	Actuals Q1 2020 [PLN million]
Adjustment to BAT conclusions (Połaniec)	39.6
Adjustment to BAT conclusions (Kozienice)	10.0
Other	1.7
<b>Total investments related to environmental protection</b>	<b>51.3</b>



## 2.5.2. Execution of other projects

Area	Event
Distribution	<ul style="list-style-type: none"> <li>• ENEA Operator taps into the available support programs and is very active in obtaining grants under both regional and national programs. In total, the Company is executing over 30 investment and research projects under by co-financing agreements.</li> <li>• Continuation of existing investment projects and launching of new ones will be carried out in 2020 and later.</li> <li>• Research, development and innovation activities are carried out to improve the efficiency of the Distribution Area and respond to challenges arising from the role of a DSO in the new electricity market model, including:             <ul style="list-style-type: none"> <li>– Innovative system services of energy warehouses increasing the quality and efficiency of electricity use;</li> <li>– System of power and energy balancing and monitoring the quality of electricity supply of dispersed energy sources and storage facilities;</li> <li>– Flexible system of increasing competences of technical service staff using virtual reality technology. For this project, ENEA Operator received the Diamond Top Industry 2019 award in the category “Innovation of the Year”,</li> <li>– Improved potential of the power grid of ENEA Operator Sp. z o.o. in order to collect energy generated from renewable sources in Kujawsko-Pomorskie Voivodship, as part of the Regional Operational Program of Kujawsko-Pomorskie Voivodship for 2014-2020. The main objective of the project is to improve the potential for collecting energy generated from renewable sources and to automate the grid.</li> <li>– Completion of a number of investments focused on expansion and modernization of power grids, including network connections, and the construction of a 110 kV Babimost-Zbąszynek overhead line coupled with the construction of HV fields at the 110/15 kV Babimost and Zbąszynek stations, reconstruction of the HV/MV Pila South station.</li> </ul> </li> <li>• Construction and modernization of a number of grid infrastructure elements, such as high, medium and low voltage lines and transformer stations, related to the pursuit of the following objectives: fulfilling the public-legal obligation, ensuring energy security for the region, improving the reliability and quality of electricity supply – grid automation, change of the MV network structure from overhead to cable, activities aimed at achieving the “smart grid” standard.</li> <li>• Implementation of statutory obligations of ENEA Operator with respect to electromobility. The purpose of the project is for ENEA Operator to implement the solutions and products that meet the requirements for DSOs under the Act on Electromobility and Alternative Fuels.</li> <li>• Cooperation with the National Center for Research and Development, other utility companies and Poczta Polska under the “e-VAN” program to develop an innovative, emission-free delivery vehicle with a maximum total weight of up to 3.5 tons, intended for the performance of a DSO’s key tasks.</li> <li>• ENEA Operator Sp. z o.o. is a member of a task force along with other utility companies, Polska Grupa Zbrojeniowa and AUTOSAN, striving to design a special/functional vehicle to be used for a DSO’s day-to-day operations.</li> <li>• Further development of IT tools supporting grid management and grid automation, including:             <ul style="list-style-type: none"> <li>– Implementation of a FDIR module on a larger scale in the SCADA system to enable automatic detection of failures, isolation of the damage location and resumption of supplies to unaffected areas of the grid.</li> <li>– Completed implementation of the Central Metering Data Acquisition System with the AMI application used for the remote acquisition, processing and analysis of data from balancing meters installed in MV/LV transformer stations;</li> <li>– Pending implementation of the SCADA system at low voltage, which will enable the management of the LV network in respect of LV lines, MV/LV stations as well as distributed generation and renewable energy connected to the LV distribution network. The system will enable real-time monitoring of the operation of the LV network and separate devices in the LV network in each Distribution Region.</li> </ul> </li> </ul>

Area	Event
Retail area	<ul style="list-style-type: none"> <li>• Of key significance were the following issues related to the regulated tariff for Tariff Group G customers for 2020:               <ul style="list-style-type: none"> <li>a) on 14 January 2020, the tariff approved by the President of the Energy Regulatory Office for Q1 2020 was put into effect,</li> <li>b) the tariff application for Q2-Q4 2020 was submitted.</li> </ul> </li> <li>• A new product called “ENEA Optima” was prepared for roll-out, targeted at business customers looking to effectively monitor and optimize their electricity consumption.</li> <li>• Continuation of activities related to the settlement of the “Price Freeze Act”:               <ul style="list-style-type: none"> <li>a) submission of a request to the Settlements Authority for the payments constituting compensation for the application of statutory pricing mechanisms for 2019 for December 2019. ENEA has received the requested amounts,</li> <li>b) commencement of work on the preparation of data and algorithms necessary to prepare and submit to the Settlements Authority a request for an ‘annual correction’, i.e. a correction of requests submitted for 2019 (mainly in connection with obtaining actual readout data for 2019 from the DSO).</li> </ul> </li> </ul>
Customer Service area	<ul style="list-style-type: none"> <li>• Continuation of work on introducing automation processes in the customer service area through, e.g., robotic process automation (RPA) that will translate into timely achievement of key indicators within the implemented processes.</li> <li>• Shortening the contract execution process by:               <ul style="list-style-type: none"> <li>a) restoring the option of a written customer statement for consumers about the acceptance of a proposal made within the Simple Customer Service framework,</li> <li>b) activating prosumer contracts without waiting for the return of the contract with the customer’s signature and by decentralizing the processes.</li> </ul> </li> <li>• Activities taken to ensure continuity and improve service during the epidemic after the imposition of the lockdown on 13 March 2020 affecting physical Customer Service Offices:               <ul style="list-style-type: none"> <li>a) enabling the execution/termination of the contract by the customer based on the image of documents and a qualified electronic signature,</li> <li>b) simplifying the process of changing the seller by accepting scanned notices of termination and sending letters to all sellers with a request to accept scanned declarations notices of termination,</li> <li>c) active promotion of accounts in the Electronic Customer Service Office (eBOK) and e-invoices that provide on-line access to up-to-date information and invoices, along with the option to submit applications, requests and complaints without leaving home,</li> <li>d) working out with Bank Pekao S.A. and PKO BP the option of electronic authorization of newly received consents to debit the account, instead of paper form,</li> <li>e) in the debt collection area, suspending electricity supply shutdowns to customers in households under the G tariff who have overdue liabilities toward the Company, in accordance with the guidelines of the Anti-Crisis Shield Act.</li> </ul> </li> </ul>
Wholesale area	<ul style="list-style-type: none"> <li>• Project entitled “Creation of a logistical support system for biomass deliveries through seaports to ENEA Elektrownia Połaniec Spółka Akcyjna”.</li> <li>• Project entitled “Main capacity auction 2024 and secondary market”, whose main goal is to prepare the ENEA Group’s assets for general certification and to develop and implement the strategy for participating in the main capacity auction for 2024, additional auctions for 2021 and operations on the secondary market.</li> </ul>

Area	Particulars	Event
Mining	Development investments	<ul style="list-style-type: none"> <li>Ostrów Field – design work</li> <li>Purchase of finished goods, machinery and equipment</li> </ul>
	Operating investments	<ul style="list-style-type: none"> <li>New mining pits and modernization of existing ones – in Q1 2020, 6.7 km of roadways were made</li> <li>A shearer system was purchased and installed</li> <li><b>Installation of a catalytic flue gas denitrification system and modernization of electrostatic precipitators for AP-1650 boilers of units 9 and 10 within the framework of modernization program for 2 x 500 MW units</b> – continuation from 2018. Unit 9 with a electrostatic precipitator replacement in unit 9 has been in operation since 30 June 2019. The Adjustment Run began on 5 February 2020. On 6 March 2019, the Parties signed a report on completion of the Adjustment Run – SCR installation on Unit 9 without the DRiM II Station. Due to the noticeable delay at various stages of execution, the project is continued in 2020. It is currently anticipated that the project may be completed in Q1 2021.</li> <li><b>Modernization of Unit 9 as part of the modernization program for 2 x 500 MW units</b> – after the modernization, the unit was started up on 27 June 2019 and commissioned for operation on 11 September 2019.</li> <li><b>Modernization of Unit 7</b> – after the modernization, the unit was started up on 15 April 2019 and commissioned for operation on 4 July 2019.</li> <li><b>Modernization of Unit 2</b> – after the modernization, the unit was started up on 31 July 2019 as scheduled.</li> <li><u>Adaptation of the Must-Run Power Plants Segment in ENEA Wytwarzanie sp. z o.o. to the BAT conclusions:</u> <ol style="list-style-type: none"> <li><b>Modernization of electrostatic precipitators in Units 1, 2, 4, 5 and 7</b> <ul style="list-style-type: none"> <li><b>Electrostatic precipitator of Unit 4</b> – completed disassembly of internal parts of the electrostatic precipitator. The assembly of bearings and bushings on the shafts of collective and discharge electric rappers began. Deliveries of parts for the electrostatic precipitator are as scheduled. The modernization of the electrostatic precipitator of Unit 4 is carried out as scheduled. The time limit for its completion is not at risk.</li> <li><b>Electrostatic precipitator of Unit 5</b> – due to the postponement of the downtime of Unit 5 from 20 April 2020 – 18 July 2020 to 3 August 2020 – 31 October 2020, it is expected that an annex will be signed along with a new work and payment schedule.</li> <li><b>Electrostatic precipitator of Unit 1</b> – functional tests were completed on the modernized systems of the electrostatic precipitator and the ash removal system. A voltage test and adjustment of the gas distribution system in the electrostatic precipitator were performed. Functional tests of rectifying units, the rapper heating system and the system part of the operator network were performed. A 72-hour Unit Test Run was carried out. The contract completion deadline is not at risk.</li> <li><b>Electrostatic precipitator of Unit 2</b> – the work was completed. The final acceptance procedure was carried out on 24 September 2019.</li> <li><b>Electrostatic precipitator of Unit 7</b> – the work was completed. The final acceptance procedure was carried out on 15 May 2019.</li> </ul> </li> <li><b>Installation of a system for partial removal of heavy metals from flue-gas desulphurization (FGD) wastewater</b> – the quality of wastewater from each FGD was completed, the results of the tests were analyzed and any potential exceedances of BAT guidelines were determined. The electrical part of the works was accepted and measurements were performed confirming the fulfillment of the guaranteed parameters.</li> <li><b>Modernization of the flue-gas desulphurization system FGD I</b> – the project is nearing its completion. Warranty measurements, the test run and the adjustment run are yet to be performed. Following the completion of the warranty and QAL2 measurements, certain doubts arose as to the results of these measurements and the completed modernization. Some measurements must be performed once again to verify whether the modernization was carried out properly. Payments for the last 2 stages of the modernization process, namely (1) the warranty measurements and (2) the test run and the adjustment run, have been suspended.</li> <li><b>EW's formal and legal adjustment to the requirements of the BAT conclusions</b> – on 11 July 2019, an agreement was signed terminating the contract with EKO-NET, thereby ending the first stage of the project. An agreement was entered into with Energopomiar Gliwice to perform the tests necessary to fulfill the BAT9 requirements.</li> <li><b>Continuous monitoring of NH<sub>3</sub>, HCl, HF and Hg levels on the smoke stack.</b> Continuation of work under the 2019 contract. Installation was performed on the FGD IV system for continuous monitoring of NH<sub>3</sub>, HCl, HF and Hg levels on the smoke stack</li> </ol> </li> </ul>
Generation	ENEA Wytwarzanie	

Area	Particulars	Event
Generation	ENEA Elektrownia Połaniec	<ul style="list-style-type: none"> <li>• Modernization of Unit 5 - the "Phoenix" project on Unit 5.</li> <li>• EEP's adaptation to the BAT conclusions</li> </ul>
Generation	ENEA Ciepło	<ul style="list-style-type: none"> <li>• Restoration of the TZ3 turboset <ul style="list-style-type: none"> <li>– Operations were continued on the restoration of TZ3 in accordance with the required work reports (performance of additional works arising from the actual condition of the equipment)</li> <li>– The dynamic status of the equipment was inspected</li> </ul> </li> <li>• Upgrade of the Experion PKS system (a DCS-class system controlling the power units and auxiliary systems). Work on Unit 2 was continued.</li> <li>• Restoration of the TZ4 fan cooler: <ul style="list-style-type: none"> <li>– Restoration work was continued on the fan cooler in the construction, structural and technological area</li> </ul> </li> <li>• Modernization of the electrostatic precipitator for boiler K8 – the work included: <ul style="list-style-type: none"> <li>– Dismantling the existing electrostatic precipitator</li> <li>– Repair of the existing electrostatic precipitator support structure</li> <li>– Delivery and assembly of elements of the electrostatic precipitator</li> <li>– Comprehensive construction and assembly work on modernization of the electrostatic precipitator</li> <li>– Start-up, adjustment run and test run of the electrostatic precipitator</li> <li>– On 4 March 2020, the facility was transferred to the Company's assets (following favorable warranty measurements)</li> </ul> </li> </ul>

## 2.5.3. Executed contracts

### 2.5.3.1. Contracts of material importance for the ENEA Group's activity

In Q1 2020, the Group companies executed no contracts of material importance, although the following contracts were entered into in this period:

- Annex to Multi-Year Steam Coal Purchase Agreement between ENEA Wytwarzanie Sp. z o.o. and Jastrzębska Spółka Węglowa. The Annex introduced to the agreement an excise declaration on the intended use of coal products for 2020.
- Annex 7 to Agreement between ENEA Wytwarzanie Sp. z o.o. and Jastrzębska Spółka Węglowa (JSW). The annex introduced the purchase of 92,000 tons of steam coal from KWK Knurów-Szczygłowice, which will be stored by JSW. The annex extended the term of agreement 17 to 30 September 2020.
- Annex to the Annual Agreement forming Appendix to Agreement between Lubelski Węgiel Bogdanka S.A. and ENEA Wytwarzanie Sp. z o.o. The annex introduced the annual settlement of the quantitative performance of the agreement and amended the monthly delivery schedule while maintaining the total quantities for 2020.



### **2.5.3.2. Sources of funding for the investment program**

ENEA S.A. funds its investment program using financial surpluses from business operations and by incurring external debt. The ENEA Group pursues an investment financing model whereby ENEA S.A. acquires funds from external sources and distributes them to its subsidiaries. In its subsequent activities, ENEA S.A. will focus on ensuring appropriate diversification of external sources of financing for investments planned in the “ENEA Group Development Strategy until 2030 with an outlook to 2035” in order to optimize the volume of costs and debt repayment terms. During the 3-month period ended 31 March 2020, ENEA S.A. did not enter into any new loan agreements. As at 31 March 2020, the nominal debt of ENEA S.A. arising from issued bonds and contracted loans totaled PLN 8,873 million.

### **2.5.3.3. Guarantees and sureties given**

In Q1 2020, the ENEA Group companies did not grant any sureties or guarantees of a significant value. As at 31 March 2020, the total value of corporate sureties and guarantees granted by ENEA S.A. to secure the liabilities of the ENEA Group companies was PLN 56.9 million, while the total value of bank guarantees issued at the request of ENEA S.A. and as collateral for liabilities of the ENEA Group companies was PLN 103.2 million.

### **2.5.3.4. Transactions hedging against the interest rate risk and the currency risk**

In Q1 2020, as part of its pursuit of the “Currency Risk and Interest Rate Risk Management Policy in the ENEA Group”, ENEA S.A. entered into transactions hedging the interest rate risk for exposures worth PLN 1,000 million and FX forward transactions hedging the currency risk with a total volume of EUR 1.1 million.

### **2.5.3.5. Bond issue programs effected by subsidiaries**

The ENEA Group adopted a model of funding investments carried out by subsidiaries of ENEA S.A. through intra-group financing. ENEA S.A. acquires long-term cash funds on the financial market by taking out loans or issuing bonds, which funds it then distributes within the ENEA Group. Currently, ENEA S.A. has intra-group bond issue programs in place with a total value of PLN 5,797 million. These programs have been fully utilized and are partly redeemed in installments. As at 31 March 2020, the total nominal exposure arising from bonds held by ENEA S.A. and issued under these programs was PLN 5,110 million.

### **2.5.3.6. Loans and borrowings incurred by the ENEA Group companies from external sources**

As at 31 March 2020, the total nominal amount of external debt under the loans and borrowings incurred by the ENEA Group companies (without ENEA S.A.) was PLN 71.9 million. In 2020, no ENEA Group company terminated any loan agreement.

### **2.5.3.7. Loans granted by ENEA S.A.**

In Q1 2020, ENEA S.A. entered into three loan agreements: with ENEA Wytwarzanie Sp. z o.o. on 30 January 2020 for PLN 2,200 million, with ENEA Elektrownia Połaniec S.A. on 28 February 2020 for PLN 500 million and with ENEA Operator Sp. z o.o. on 12 March 2020 for PLN 950 million. These loans were granted to finance the planned expenses of these companies. The interest rate on the loans is equal to a base rate plus a margin. The availability period of the loans expires on 31 December 2020, whereas the loans will be repaid in 2024. In Q1 2020, under the said agreements, ENEA Wytwarzanie Sp. z o.o. launched two loan tranches for a total amount of PLN 1,100 million, whereas ENEA Elektrownia Połaniec S.A. launched the first tranche of a loan of PLN 200 million after the balance sheet date of 3 April 2020.

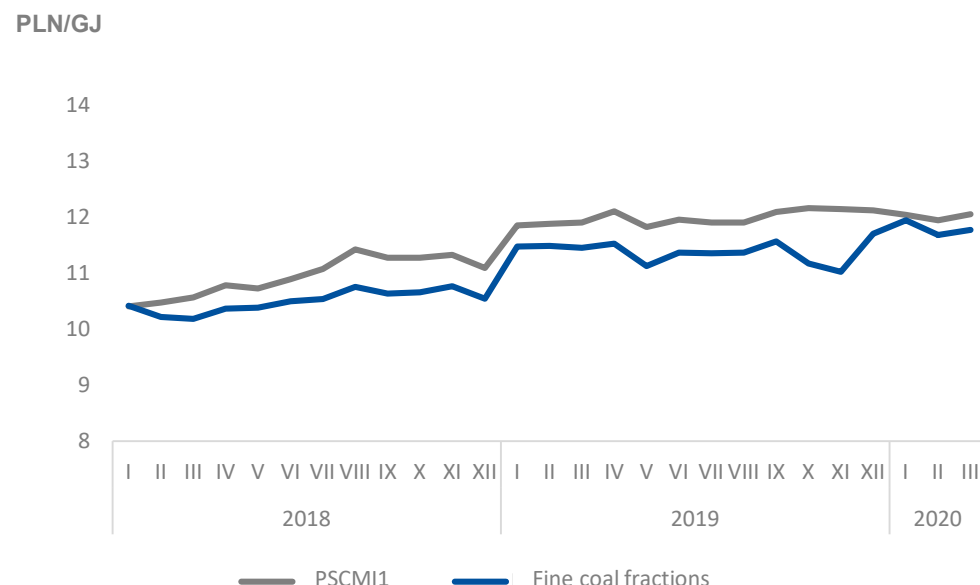
On 30 March 2020, ENEA S.A. entered into an annex with ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. to the loan agreement for PLN 29 million extending the balloon repayment date of the loan to 30 June 2020. As at 31 March 2020, the nominal debt of these companies toward ENEA S.A. totaled PLN 2,067 million.

### **2.5.3.8. Transactions with related parties**

In Q1 2020, ENEA and its subsidiaries did not enter into any transactions with related parties other than on an arm's length basis. Information on transactions with related parties entered into by ENEA or its subsidiaries is provided in note 24 to the condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to 31 March 2020.

## 2.6. Market environment

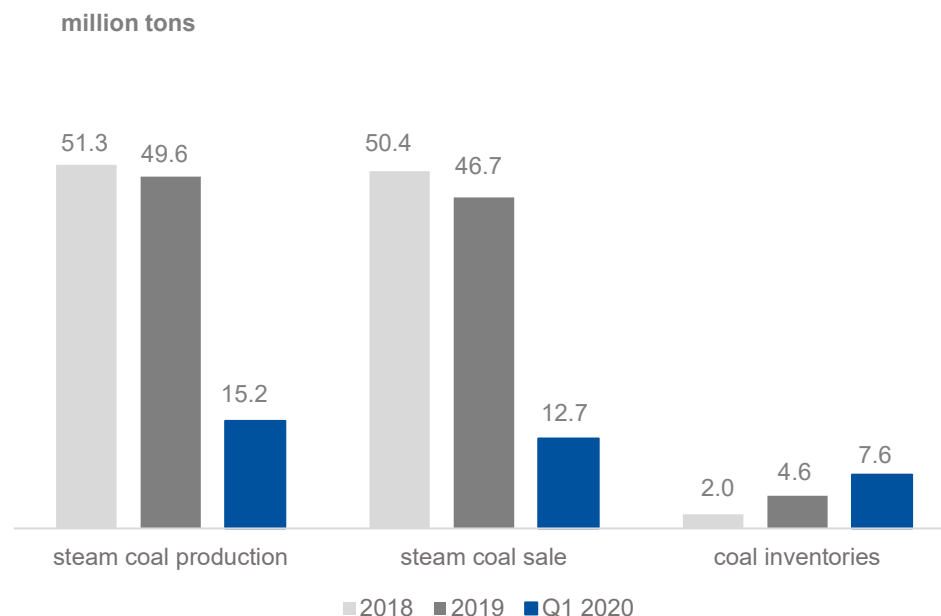
### Coal prices on the Polish market



The COVID-19 pandemic slowed down trading activity at all coal terminals across the world, resulting in significant decreases in carbon indices and import and production restrictions. In Poland, the effects of the pandemic on the Polish mining industry are clearly reflected in the tough supply and demand situation faced by the sector, while the prices of steam coal and fine steam coal fractions changed only marginally compared to the end of 2019.

**PSCMI1:** The average quarterly value of the index in 2020 was PLN 12.02 per GJ and was slightly 0.33% better than the result in Q1 2019. In March 2020, the index was PLN 262.49 per ton, or in qualitative terms PLN 12.06 per GJ [+0.25% m/m]. The current forecasts indicate decreases in steam coal prices in the remaining part of the year 2020 and in 2021 to approximately PLN 10 per GJ.

**Fine coal fractions:** In March 2020, the price of fine steam coal per ton decreased 0.77% m/m to PLN 11.78 per GJ. It is estimated that the prices of fine steam coal fractions will fluctuate in the range of PLN 11-12 per GJ in the short-term horizon.



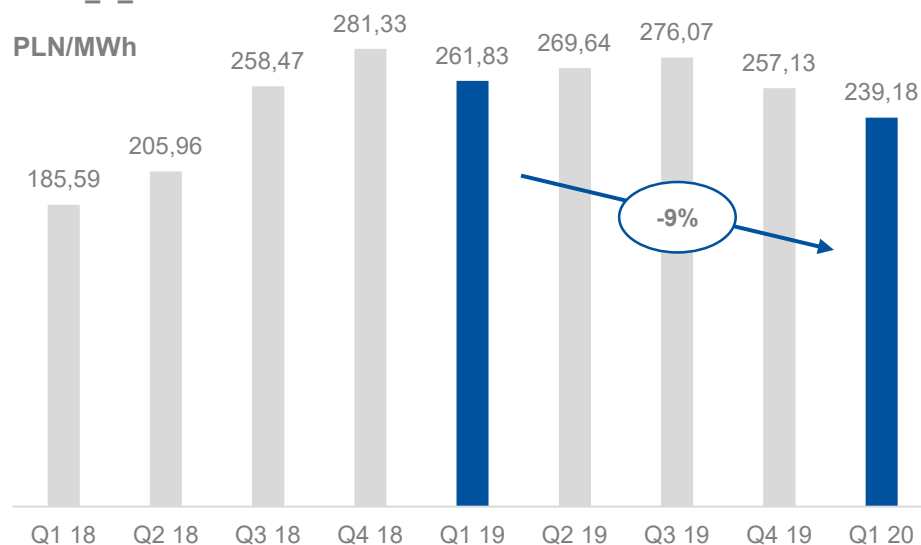
In Q1 2020, Polish mines produced in aggregate 15.2 million tons of steam coal. In the corresponding period, sales of this commodity totaled 12.7 million tons. Coal inventories rose to the record level of 7.6 million tons. Since the beginning of 2020, the Polish mining sector, especially the Silesian mines, has been experiencing a challenging situation. Domestic oversupply of the commodity, record high coal heaps at mines and power plant yards remain key challenges for the industry due to difficulties with the timely collection of contracted volumes. The Ministry of State Assets has made a decision to establish a Central Coal Warehouse.

The COVID-19 pandemic and the ensuing economic slowdown resulted in significant declines in the consumption of energy, including that generated from coal. The declining demand for energy caused a significant drop in the production of this commodity and a reduction in the number of working hours by 20%.

## Energy prices on the Polish market

### BASE\_Y\_19/20/21

PLN/MWh



Source: TGE, clearing prices

On the wholesale electricity forward market, the price of the BASE Y-21 product in Q1 2020 decreased 9%, to PLN 239.18 per MWh, compared to the corresponding product (i.e. BASE Y-20) in Q1 2019.

BASE Y-21 prices in Q1 2020 were highly volatile, dropping from PLN 253.60 per MWh at the beginning of the year to PLN 213.68 per MWh at the end of the quarter.

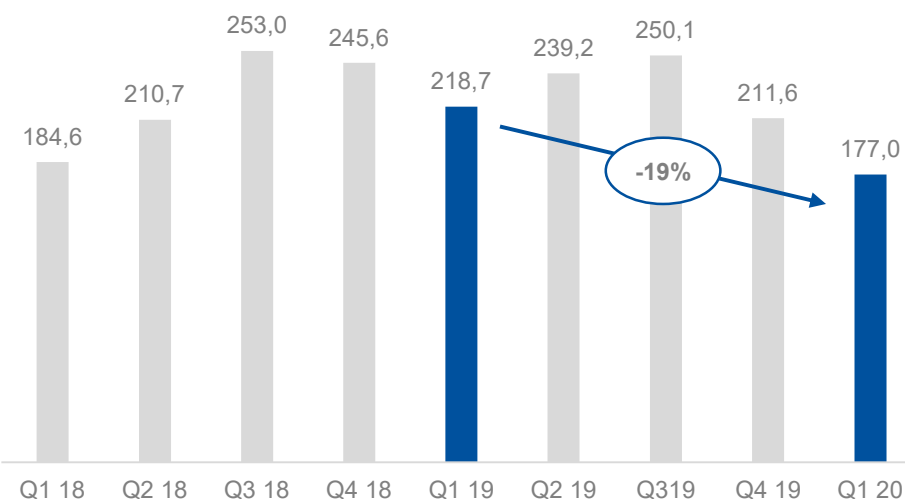
In the period under analysis, the BASE Y-21 prices were chiefly affected by changes in the prices of CO<sub>2</sub> emission allowances and deterioration of the economic situation related to activities taken in connection with the SARS-CoV-2 coronavirus pandemic.

The average price of electricity on the spot market in Q1 2020 was 19% lower than in the corresponding period of 2019. The level of electricity prices on the spot market in Q1 2020 was affected by the following factors:

- higher-than-average air temperature in winter (price-suppressing effect),
- high volume of wind generation (price-suppressing effect),
- average demand for power in the National Power System (NPS) at a lower level compared to 2019 (price-suppressing effect),
- high (and higher than in the corresponding period of 2019) energy imports from neighboring countries (price-suppressing effect),
- collapse in prices on the CO<sub>2</sub> emission allowance market after 11 March 2020 (additional price-suppressing effect).

### RDN (DAY-AHEAD MARKET) BASE

PLN/MWh

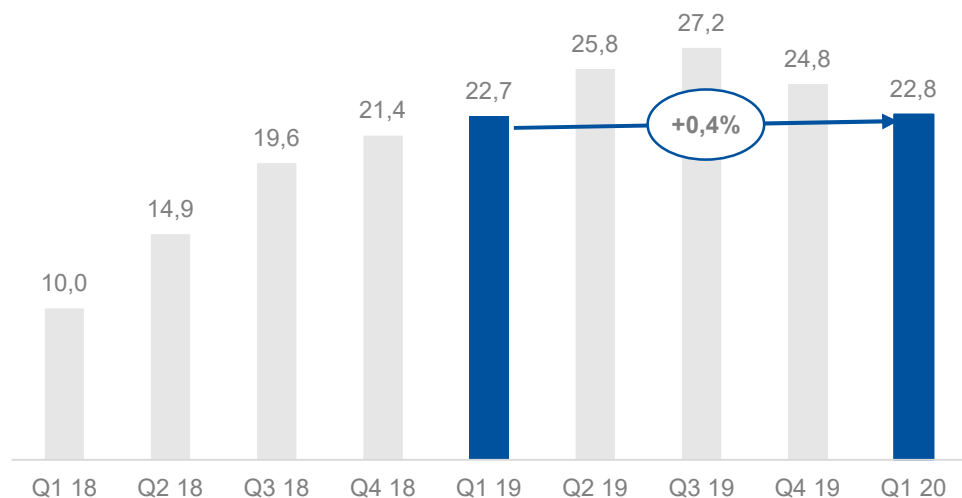


Source: TGE, clearing prices

## Prices of CO<sub>2</sub> emission allowances and “green” property rights

### CO<sub>2</sub> (Dec-20) emission allowances

EUR/t



Source: ICE, clearing prices

In the period from January 2019 to February 2020, no auction of CO<sub>2</sub> emission allowances for the United Kingdom took place. This was caused by the EC's decision to suspend the allocation of free allowances and auctions for the UK until the reaching of an agreement on the manner of the UK's exit from the European Union. Uncertainty surrounding the Brexit translated into the high volatility of CO<sub>2</sub> emission allowance prices in 2019.

The beginning of 2020 was quieter: until the beginning of March, the prices of allowances oscillated in the range of EUR 23.2-25.7 per ton. From 12 March 2020, as a result of the spread of coronavirus in Europe, and also as a result of increased supply by unfreezing the auctions for the UK (the first of which took place on 4 March 2020), there was a rapid sale of emissions within a few days causing a significant drop in prices to EUR 15.30 per ton. Ultimately, the average Dec-20 price for the whole Q1 2020 was EUR 22.82 per ton.

In Q1 2020, the average price was less than 1% higher than the average price in the corresponding period of 2019.

As regards “green” property rights, in Q1 2020, the prices remained in a side trend until March 2020. The decreases in PMOZE\_A prices in March, like those of other listed commodities, were caused by concerns about the consequences of the spread of the SARS-CoV-2 coronavirus.

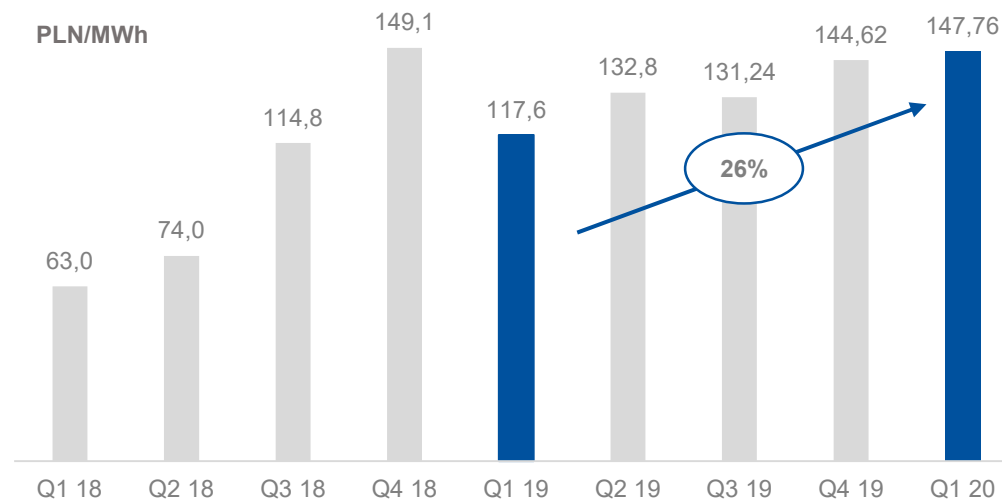
The rapid decrease in the prices of “green” property rights in Q1 2019 was associated with the publication of a draft amendment to the RES Act, in which the substitution fee was tied to the price of electricity. Following the withdrawal of the Ministry of Energy from the proposed changes in the calculation of the substitution fee, the market reacted again with a quick rebound, i.e. a significant increase in prices.

As a result of the December auction, almost half the energy to be contracted, i.e. approx. 91 TWh, with a total value of PLN 20.6 billion, was sold. The lion's share of support will go to new installations.

At the end of Q1 2020, the number of unreleased rights in the register was 33.7 TWh.

### Prices of “green” property rights (PMOZE\_A)

PLN/MWh



Source: TGE, session market indices

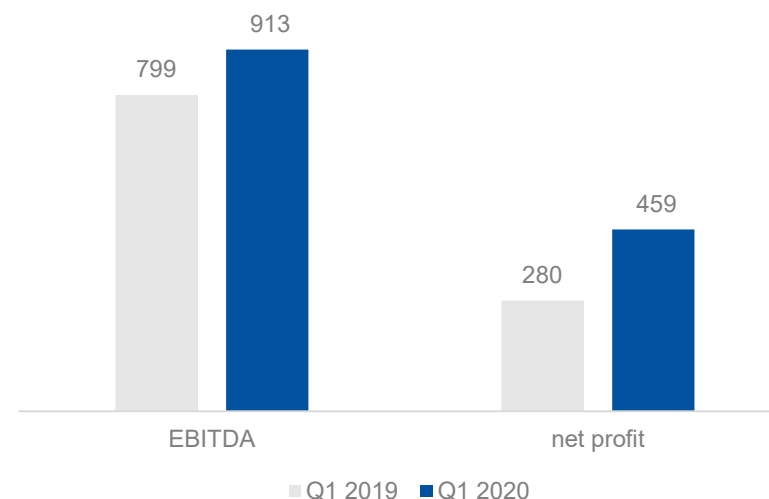
## 3. Financial standing

### 3.1. Selected consolidated financial data

[PLN 000s]	Q1 2019	Q1 2020	Change	% change
Revenue from sales and other income	4,009,610	4,592,082	582,472	14.5%
Operating profit / (loss)	441,340	531,876	90,536	20.5%
Profit / (loss) before tax	372,785	555,099	182,314	48.9%
Net profit / (loss) for the reporting period	279,806	459,047	179,241	64.1%
<b>EBITDA</b>	<b>798,784</b>	<b>912,960</b>	<b>114,176</b>	<b>14.3%</b>
Net cash flows from:				
operating activities	453,590	(85,941)	-539,531	-118.9%
investing activities	(832,492)	(630,180)	202,312	24.3%
financing activities	(147,848)	(1,025,339)	-877,491	-593.5%
Cash at the end of the period	2,124,088	2,020,487	-103,601	-4.9%
Net profit/(loss) attributable to shareholders of the parent company	246,154	444,597	198,443	80.6%
Weighted average number of shares	441,442,578	441,442,578	-	-
Earnings per share [PLN]	0.56	1.01	0.45	80.4%
Diluted earnings per share [PLN]	0.56	1.01	0.45	80.4%

[PLN 000s]	31 December 2019	31 March 2020	Change	% change
Total assets	32,843,854	31,895,019	-948,835	-2.9%
Total liabilities	17,364,083	16,036,044	-1,328,039	-7.6%
Non-current liabilities	10,855,419	10,797,494	-57,925	-0.5%
Current liabilities	6,508,664	5,238,550	-1,270,114	-19.5%
Equity	15,479,771	15,858,975	379,204	2.4%
Share capital	588,018	588,018	-	-
Book value per share [PLN]	35.07	35.93	0.86	2.5%
Diluted book value per share [PLN]	35.07	35.93	0.86	2.5%

PLN million





## 3.2. Key operating data and ratios <sup>1)</sup>

	Unit	Q1 2019	Q1 2020	Change	% change
Revenue from sales and other income	PLN 000s	4,009,610	4,592,082	582,472	14.5%
EBITDA	PLN 000s	798,784	912,960	114,176	14.3%
EBIT	PLN 000s	441,340	531,876	90,536	20.5%
Net profit / (loss) for the reporting period	PLN 000s	279,806	459,047	179,241	64.1%
Net profit/(loss) attributable to shareholders of the parent company	PLN 000s	246,154	444,597	198,443	80.6%
Net cash flow from operating activities	PLN 000s	453,590	(85,941)	-539,531	-118.9%
CAPEX	PLN 000s	563,215	563,998	783	0.1%
Net debt / EBITDA <sup>1)</sup>	-	2.60	2.11	-0.49	-18.8%
Return on assets (ROA) <sup>1)</sup>	%	3.7%	5.8%	2.1 p.p.	-
Return on equity (ROE) <sup>1)</sup>	%	7.3%	11.6%	4.3 p.p.	-
<b>Trading</b>					
Sales of electricity and gaseous fuel to retail customers	GWh	5,417	5,594	177	3.3%
Number of customers (Power Delivery Points)	thous.	2,506	2,531	25	1.0%
<b>Distribution</b>					
Sales of distribution services to end users	GWh	5,143	5,025	-118	-2.3%
Number of users (closing balance)	thous.	2,598	2,633	35	1.3%
<b>Generation</b>					
Total net generation of electricity, of which:	GWh	6,108	5,431	-677	-11.1%
<i>from conventional sources</i>	GWh	5,590	4,737	-853	-15.3%
<i>from renewable sources</i>	GWh	518	694	176	34.0%
Gross heat generation	TJ	2,696	2,261	-435	-16.1%
Sales of electricity, including: <sup>2)</sup>	GWh	7,256	6,757	-499	-6.9%
<i>from conventional sources</i>	GWh	5,590	4,737	-853	-15.3%
<i>from renewable sources</i>	GWh	518	694	176	34.0%
<i>from purchase</i>	GWh	1,148	1,326	178	15.5%
Sales of heat	TJ	2,442	2,056	-386	-15.8%
<b>Mining</b>					
Net production	000s tons	2,532	2,066	-466	-18.4%
Sales of coal	000s tons	2,365	1,918	-447	-18.9%
Inventories at the end of the period	000s tons	255	327	72	28.2%
Excavation works	km	7.9	6.7	-1.2	-15.2%

<sup>1)</sup> Definitions of the ratios are presented on Page 58

<sup>2)</sup> Presentation change

### 3.3. Financial performance of the ENEA Group in Q1 2020

#### Consolidated statement of profit and loss in Q1 2020

[PLN 000s]	Q1 2019	Q1 2020	Change	% change
Revenue from sales of electricity	3,017,800	3,463,500	445,700	14.8%
Revenue from sales of heat	124,544	117,403	-7,141	-5.7%
Revenue from sales of gas	41,980	101,043	59,063	140.7%
Revenue from sales of distribution services	693,115	780,168	87,053	12.6%
Revenue from certificates of origin	3,022	2,406	-616	-20.4%
Revenue from sales of goods and materials	25,460	19,697	-5,763	-22.6%
Revenue from sales of other products and services	43,822	43,165	-657	-1.5%
Revenue from sales of coal	57,304	59,659	2,355	4.1%
<b>Net revenue from sales</b>	<b>4,007,047</b>	<b>4,587,041</b>	<b>579,994</b>	<b>14.5%</b>
Revenue from leases and operating subleases <sup>2)</sup>	2,563	5,041	2,478	96.7%
<b>Revenue from sales and other income</b>	<b>4,009,610</b>	<b>4,592,082</b>	<b>582,472</b>	<b>14.5%</b>
Amortization and depreciation	361,723	381,084	19,361	5.4%
Employee benefit expenses	431,200	480,888	49,688	11.5%
Consumption of materials and supplies and cost of goods sold	807,452	791,431	-16,021	-2.0%
Purchase of energy and gas for subsequent sale	1,548,787	1,872,796	324,009	20.9%
Transmission services	98,228	121,465	23,237	23.7%
Other third-party services	208,365	205,011	-3,354	-1.6%
Taxes and fees	121,420	131,717	10,297	8.5%
<b>Tax-deductible expenses</b>	<b>3,577,175</b>	<b>3,984,392</b>	<b>407,217</b>	<b>11.4%</b>
Other operating income	61,824	53,165	-8,659	-14.0%
Other operating expenses	65,066	138,549	73,483	112.9%
Change in provision related to onerous contracts	21,556	24,347	2,791	12.9%
Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets	(13,688)	(14,777)	-1,089	-8.0%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	(4,279)	0	4,279	100.0%
<b>Operating profit / (loss)</b>	<b>441,340</b>	<b>531,876</b>	<b>90,536</b>	<b>20.5%</b>
Financial costs	79,477	108,377	28,900	36.4%
Financial income	17,947	131,274	113,327	631.5%
Impairment allowances/(reversal thereof) on financial assets measured at amortized cost	0	1,042	1,042	100.0%
Share in the results of associates and joint ventures	-7,025	1,368	8,393	119.5%
<b>Profit / (loss) before tax</b>	<b>372,785</b>	<b>555,099</b>	<b>182,314</b>	<b>48.9%</b>
Income tax	92,979	96,052	3,073	3.3%
<b>Net profit / (loss) for the reporting period</b>	<b>279,806</b>	<b>459,047</b>	<b>179,241</b>	<b>64.1%</b>
<b>EBITDA</b>	<b>798,784</b>	<b>912,960</b>	<b>114,176</b>	<b>14.3%</b>

#### Q1 2020

#### EBITDA drivers in the ENEA Group (up PLN 114 million):

- (+) an increase in revenue from sales of electricity by PLN 446 million, driven mainly by a 209 GWh increase in sales volume, a 12% increase in the average sales price and higher revenues from Regulatory System Services
- (-) a decrease in revenue from sales of heat by PLN 7 million, driven mainly by a 392 TJ decrease in sales volume and a concurrent increase in the average sales price by approx. 12%
- (+) an increase in revenue from sales of natural gas by PLN 59 million, driven mainly by a 720 TJ increase in the sales volume and a 15% decrease in the average sales price
- (+) an increase in revenue from sales of distribution services by PLN 87 million as a result of higher rates in the approved 2020 tariff
- (-) a decrease in revenue from sales of goods and materials by PLN 6 million resulting from a lower demand for goods from external buyers
- (+) an increase in revenue from sales of coal by PLN 2 million driven by higher prices
- (-) an increase in employee benefit costs by PLN 50 million driven mainly by higher average headcount and higher payroll costs and payroll-related charges
- (+) a decrease in the costs of consumption of materials and supplies and cost of goods sold by PLN 16 million results from:
  - (-) lower costs of purchasing coal coupled with higher costs of purchasing biomass and CO<sub>2</sub> emission allowances for the whole Generation Segment
  - (+) a decrease in the value of goods and materials sold – mainly due to lower sales
  - (+) CO<sub>2</sub> remeasurement<sup>1)</sup>
- (-) an increase in the costs of purchasing electricity and gas by PLN 324 million resulting mainly from:
  - (-) electricity: price +4%; volume +1,087 GWh
  - (-) natural gas: price -19%; volume +714 GWh
- (-) an increase in costs of transmission services by PLN 23 million, mainly due to higher rates in the approved 2020 tariff
- (-) a decrease in costs of third-party services by PLN 3 million caused mainly by a decrease in the costs of drilling and mining services and extraction services
- (-) an increase in taxes and fees by PLN 10 million caused partly by a higher property tax and higher fees on the establishment of transmission easements
- (+) change in provisions related to onerous contracts by PLN 3 million – in Q1 2019, the use of the provision for onerous contracts was posted in the amount of PLN 21.6 million, regarding the financial effects of the entry into force of the Act amending the Excise Duty Act and Certain Other Acts of 28 December 2018, while in Q1 2020 a portion of the provision in the amount of PLN 24.3 million, established in December 2019, was partly used in the costs for the loss on the G tariff approved by the Energy Regulatory Office in the amount of PLN 68.6 million.
- (-) result on other operating activities down by PLN 83 million:
  - (-) remeasurement of CO<sub>2</sub> contracts by PLN 105 million<sup>1)</sup>
  - (+) higher balance of refunds from the insurer by PLN 12 million
  - (+) an increase in fixed assets accepted free of charge by PLN 10 million, partly as a result of a larger number of agreements providing for interferences on network assets

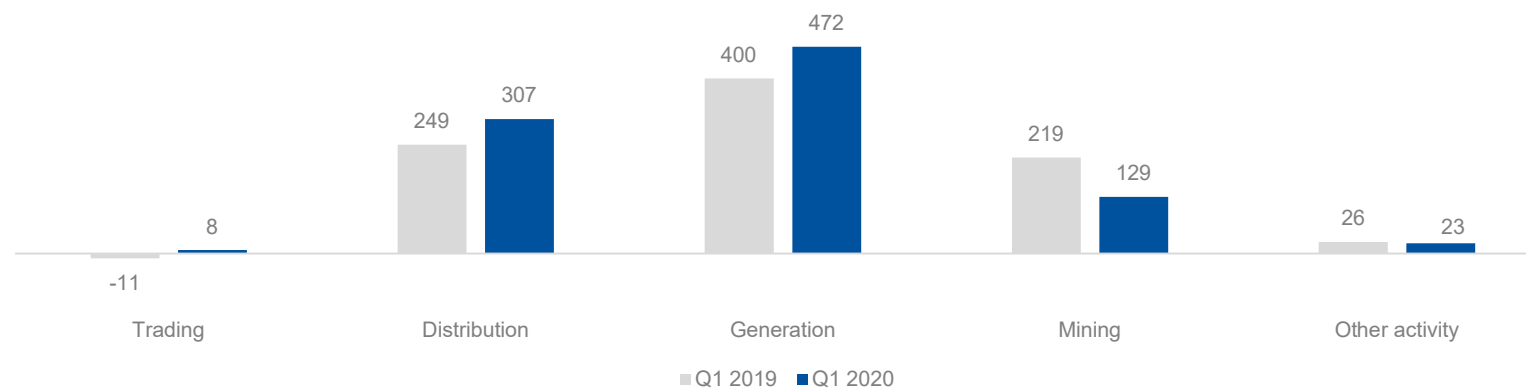
1) the measurement of CO<sub>2</sub> contracts is presented partially in: other operating activities (depending on the result, it may be other operating income or other operating expense), in financing activities (in relation to exchange differences realized and posted) and in tax deductible cost of sales (as consumption of materials and supplies and cost of goods sold)

2) presentation change of data on revenue from leases and operating subleases for Q1 2019

## Financial performance of the ENEA Group in Q1 2020

EBITDA [PLN 000s]	Q1 2019	Q1 2020	Change	% change
Trading	-10,819	7,690	18,509	171.1%
Distribution	248,834	307,270	58,436	23.5%
Generation	399,767	472,258	72,491	18.1%
Mining	219,416	129,385	-90,031	-41.0%
Other activity	26,430	23,410	-3,020	-11.4%
Unassigned items and elimination	-84,844	-27,053	57,791	68.1%
<b>Total EBITDA</b>	<b>798,784</b>	<b>912,960</b>	<b>114,176</b>	<b>14.3%</b>

PLN million

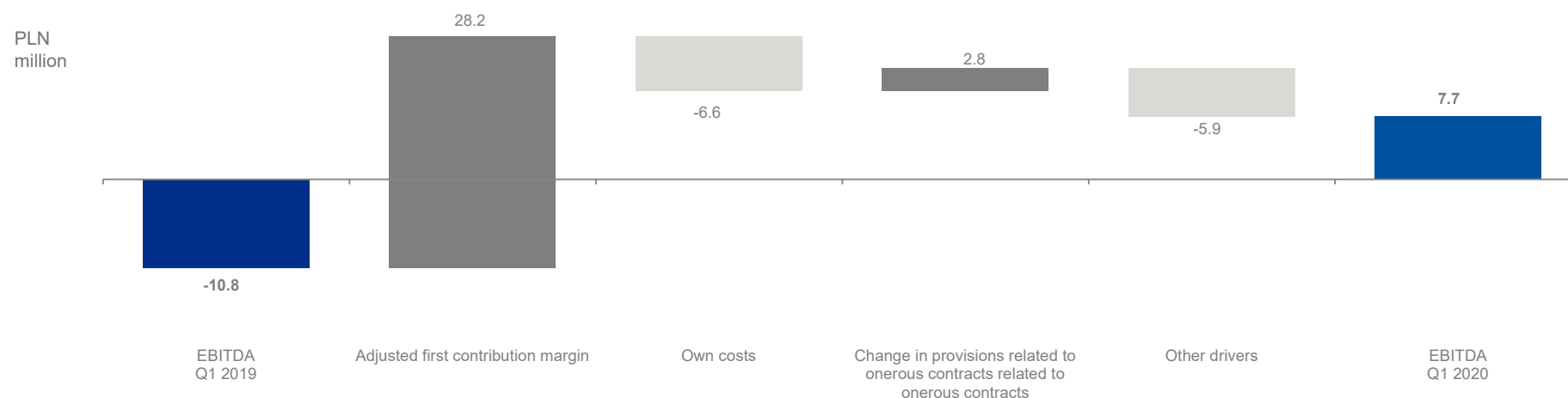


## Trading Area

Retail sales of electricity are carried out by ENEA S.A. Wholesale trade is carried out by ENEA Trading Sp. z o.o.

[PLN 000s]	Q1 2019	Q1 2020	Change	% change
Revenue from sales and other income	2,239,456	2,048,280	-191,176	-8.5%
EBIT	-11,054	7,371	18,425	166.7%
Amortization and depreciation	235	319	84	35.7%
<b>EBITDA</b>	<b>-10,819</b>	<b>7,690</b>	<b>18,509</b>	<b>171.1%</b>
CAPEX <sup>1)</sup>	32	14	-18	-56.3%
Share of the area's sales revenue in the Group's net revenue from sales	40%	37%	-3 p.p.	-

<sup>1)</sup> Without equity investments of ENEA S.A.



### Q1 2020 EBITDA drivers

#### Adjusted first contribution margin

- (+) energy sales volume up by 1.8%
- (+) average energy sales price up by 11.1%
- (-) average energy purchase price up by 10.3%
- (-) costs of environmental obligations up by 5.3%
- (+) higher result on trade in gaseous fuel
- (+) lower costs of provisions for claims under terminated RES property rights contracts by PLN 2.3 million
- (+) partial remeasurement of CO<sub>2</sub> contracts<sup>2)</sup>

#### Own costs

- (-) direct selling costs up by PLN 3.9 million
- (-) costs of shared services up by PLN 1.8 million
- (-) general and administrative expenses up by PLN 0.9 million

#### Change in provisions related to onerous contracts related to onerous contracts

(+) in Q1 2019, the use of the provision for onerous contracts was posted in the amount of PLN 21.6 million, regarding the financial effects of the entry into force of the Act amending the Excise Duty Act and Certain Other Acts of 28 December 2018, while in Q1 2020 a portion of the provision in the amount of PLN 24.3 million, established in December 2019, was partly used in the costs for the loss on the G tariff approved by the Energy Regulatory Office in the amount of PLN 68.6 million.

#### Other drivers:

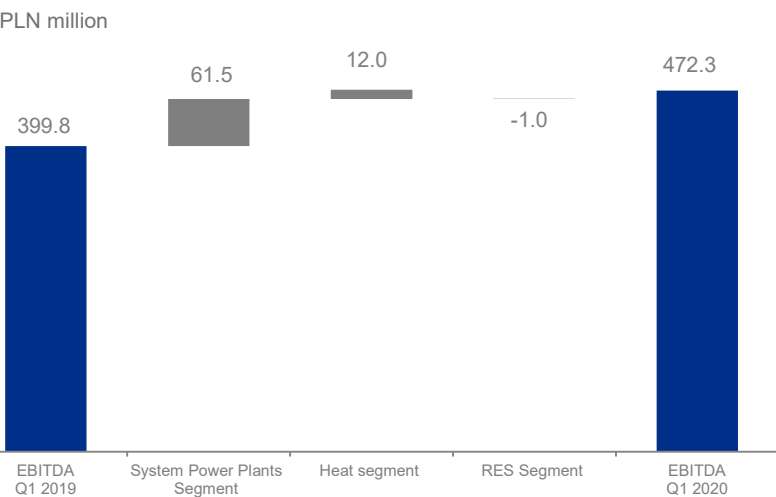
- (-) costs of provisions for anticipated losses and potential claims up by PLN 0.7 million
- (-) litigation costs up by PLN 4.1 million
- (-) donation costs up by PLN 1.0 million

<sup>2)</sup> The adjusted first contribution margin presents partial measurement of CO<sub>2</sub> emission rights presented in operating activity. However, it should be noted that the measurement of CO<sub>2</sub> in terms of realized and posted exchange differences is presented in financial activities and reduces the financial result in that part.

## Generation Area

[PLN 000s]	Q1 2019	Q1 2020	Change	% change
Net sales revenues	1,929,362	2,095,701	166,339	8.6%
<i>electricity</i>	1,727,261	1,875,749	148,488	8.6%
<i>certificates of origin</i>	69,763	95,437	25,674	36.8%
<i>heat</i>	122,348	114,991	-7,357	-6.0%
<i>other</i>	9,990	9,524	-466	-4.7%
Revenue from leases and operating subleases <sup>1)</sup>	34	136	102	300.0%
Revenue from sales and other income	1,929,396	2,095,837	166,441	8.6%
EBIT	262,569	331,288	68,719	26.2%
Amortization and depreciation	137,198	140,970	3,772	2.7%
<b>EBITDA</b>	<b>399,767</b>	<b>472,258</b>	<b>72,491</b>	<b>18.1%</b>
CAPEX	88,650	115,939	27,289	30.8%
Share of the area's sales revenue in the Group's net revenue from sales	35%	38%	3 p.p.	-

<sup>1)</sup>presentation change of data on revenue from leases and operating subleases for Q1 2019



### Q1 2020

#### EBITDA drivers:

##### System Power Plants Segment – up by PLN 61.5 million

- (+) trading and Balancing Market margin up by PLN 97.8 million
- (+) revenues from Regulatory System Services up by PLN 16.6 million
- (+) other drivers up by PLN 10.5 million
- (-) generation margin down by PLN 63.4 million

##### Heat segment – up by PLN 12.0 million

- (+) ENEA Ciepło up by PLN 11.1 million
  - (+) costs of consumption of materials and supplies down by PLN 11.0 million
  - (+) revenues from certificates of origin up by PLN 6.0 million
  - (+) other operating income up by PLN 4.2 million
  - (+) revenue from sales of electricity down by PLN 5.3 million
  - (-) revenue from sales of heat down by PLN 2.7 million
  - (-) employee benefit costs up by PLN 1.5 million
  - (-) costs of third-party services up by PLN 0.8 million
- (+) result of other companies in the segment (PEC Oborniki, MEC Piła, ENEA Elektrownia Połaniec, ENEA Ciepło Serwis) by PLN 0.9 million

##### RES Segment – down by PLN 1.0 million

- (-) Wind Area (PLN -9.9 million): revenue from certificates of origin down by PLN 7.5 million, result on other operating activities down by PLN 1.3 million, revenue from sales of electricity down by PLN 1.0 million, fixed costs up by PLN 0.1 million
- (-) Hydro Area (PLN -4.4 million): revenue from certificates of origin down by PLN 2.9 million, revenue from sales of electricity down by PLN 1.2 million, fixed costs up by PLN 0.3 million
- (-) Biogas Area (PLN -0.7 million): costs of consumption and transport of substrates up by PLN 0.7 million, revenue from certificates of origin down by PLN 0.4 million, revenue from sales of electricity down by PLN 0.3 million, result on other operating activities up by PLN 0.1 million
- (+) Biomass Area (Green Unit): PLN +14.0 million (of which PLN 1.5 million from ENEA Bioenergia Sp. z o.o.): margin on renewable energy generation up by PLN 23.7 million, Green Block's margin on sales/remeasurement of green certificate inventories up by PLN 10.8 million, fixed costs up by PLN 0.3 million

In the Generation area, the financial data of ENEA Wytwarzanie Sp. z o.o. are presented together with its subsidiaries, ENEA Ciepło Sp. z o.o., ENEA Ciepło Serwis Sp. z o.o., ENEA Elektrownia Połaniec S.A., ENEA Połaniec Serwis Sp. z o.o and ENEA Bioenergia Sp. z o.o.

ENEA Wytwarzanie owns, among others, 11 high-efficiency and modernized power units in the Koźienice Power Plant. ENEA Elektrownia Połaniec owns 7 coal-fired units with the total attainable capacity of 1,657 MW and the world's largest biomass-fired unit with the total installed gross capacity of 225 MW.

The annual production capacity in this area is approx. 38 TWh of electricity.



## Distribution Area

[PLN 000s]	Q1 2019	Q1 2020	Change	% change
Net sales revenues	704,502	793,081	88,579	12.6%
<i>distribution services to end users</i>	670,082	747,083	77,001	11.5%
<i>grid connection fees</i>	13,571	11,889	-1,682	-12.4%
<i>other</i>	20,849	34,109	13,260	63.6%
EBIT	111,726	157,645	45,919	41.1%
Amortization and depreciation	141,387	149,625	8,238	5.8%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	(4,279)	0	4,279	100.0%
<b>EBITDA</b>	<b>248,834</b>	<b>307,270</b>	<b>58,436</b>	<b>23.5%</b>
CAPEX	196,944	173,192	-23,752	-12.1%
Share of the segment's sales revenue in the Group's net revenue from sales	13%	14%	1 p.p.	-

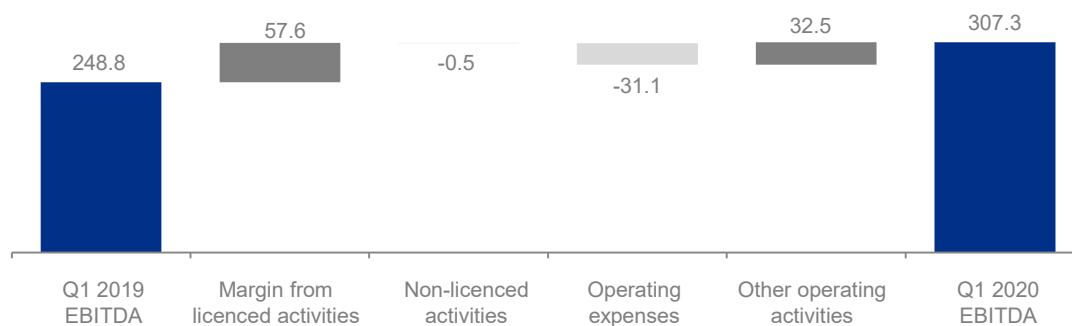
ENE Operator Sp. z o.o. is responsible for the distribution of electricity to 2.6 million Customers – in western and north-western Poland in the area of 58.2 thousand km<sup>2</sup>.

The key task of ENE Operator is to provide energy in a continuous and reliable manner, while maintaining appropriate quality parameters.

The Distribution Area includes financial data of the following companies:

- ENE Operator Sp. z o.o.
- ENE Serwis Sp. z o.o.
- ENE Pomiar Sp. z o.o.
- Annacond Enterprises Sp. z o.o.

PLN million



### Q1 2020

#### EBITDA drivers:

#### Margin from licenced activities

(+) revenue from sales of distribution services to end users up by PLN 77 million

(-) revenue from grid connection fees down by PLN 2 million

(-) costs of purchasing transmission and distribution services (balance) up by PLN 18 million

#### Operating expenses

(-) employee benefit costs up by PLN 18 million

(-) costs of taxes and charges up by PLN 12 million

(-) costs of third-party services up by PLN 1 million

#### Other operations

(+) change in provisions related to grid assets by PLN 22 million

(+) revenues from interferences up by PLN 9 million

(+) other income and expenses of PLN 1 million

## Mining Area

[PLN 000s]	Q1 2019	Q1 2020	Change	% change
Net sales revenues	540,818	461,594	-79,224	-14.6%
<i>coal</i>	526,308	450,560	-75,748	-14.4%
<i>other products and services</i>	8,778	7,672	-1,106	-12.6%
<i>goods and materials</i>	5,732	3,362	-2,370	-41.3%
Revenue from leases and operating subleases	0	2,489	2,489	100.0%
Revenue from sales and other income	540,818	464,083	-76,735	-14.2%
EBIT	138,834	53,220	-85,614	-61.7%
Amortization and depreciation	80,582	76,165	-4,417	-5.5%
<b>EBITDA</b>	<b>219,416</b>	<b>129,385</b>	<b>-90,031</b>	<b>-41.0%</b>
CAPEX	80,004	266,274	186,270	232.8%
Share of the area's sales revenue in the Group's net revenue from sales	10%	8%	-2 p.p.	-

### Q1 2020 EBITDA drivers:

- (-) a decrease in revenue from sales of coal: lower volume of sales (-447 thousand tons; -18.9%) and higher price
- (+) lower mining output (-765 thousand tons, -19.6%) – lower production costs
- (-) in Q1 2019, reversal of the provision for claims under the dispute with ZUS (PLN 16.4 million)

There are differences in the way depreciation is presented in financial reports of the ENEA Group and the LW Bogdanka Group

The Mining Area presents the financial results of the LW Bogdanka Group with the parent company - Lubelski Węgiel Bogdanka S.A. and its subsidiaries.

LW Bogdanka divides its product range into energy-rich fine coal, which accounts for 99% of its output, pea and nut coal.

The main buyers are commercial and industrial energy sectors.

## Other Activities Area

[PLN 000s]	Q1 2019	Q1 2020	Change	% change
Net sales revenues	155,171	146,706	-8,465	-5.5%
Revenue from leases and operating subleases <sup>1)</sup>	2,529	2,428	-101	-4.0%
Revenue from sales and other income	157,700	149,134	-8,566	-5.4%
EBIT	12,915	5,351	-7,564	-58.6%
Amortization and depreciation	13,515	18,059	4,544	33.6%
<b>EBITDA</b>	<b>26,430</b>	<b>23,410</b>	<b>-3,020</b>	<b>-11.4%</b>
CAPEX	16,400	6,482	-9,918	-60.5%
Share of the segment's sales revenue in the Group's sales revenue	3%	3%	-	-

<sup>1)</sup> presentation change of data on revenue from leases and operating subleases for Q1 2019

The Other Activities Area consists of companies from the following areas:

- activities supporting other Group companies:

ENEA Centrum Sp. z o.o. – the Shared Services Centre in the Group in the field of accounting, human resources, ITC and customer service

ENEA Logistyka Sp. z o.o. – a company specializing in logistics, warehousing and procurement

ENEA Innowacje Sp. z o.o. – deals with ventures that offer a chance to become, in the future, innovative and modern products offered by the Group

ENEA Badanie i Rozwój Sp. z o.o. – responsible for research and experimental development on other natural sciences and engineering

- accompanying activities:

ENEA Oświetlenie Sp. z o.o. – a company specializing in indoor and outdoor lighting; it designs and builds road lighting, illumination for urban spaces, illumination for historic and public buildings, provides services of construction and comprehensive operation of photovoltaic power plants.

## Ratio analysis <sup>2)</sup>

	Q1 2019	Q1 2020
<b>Profitability ratios</b>		
ROE – return on equity	7.3%	11.6%
ROA – return on assets	3.7%	5.8%
Net profitability	7.0%	10.0%
Operating profitability	11.0%	11.6%
EBITDA profitability	19.9%	19.9%
<b>Liquidity and financial structure ratios</b>		
Current liquidity ratio	1.2	1.5
Coverage of non-current assets with equity	65.2%	65.8%
Total debt ratio	49.1%	50.3%
Net debt / EBITDA	2.60	2.11
<b>Economic activity ratios</b>		
Current receivables turnover in days <sup>3)</sup>	47	54
Trade and other payables turnover in days <sup>4)</sup>	57	52
Inventory turnover in days	35	39

<sup>2)</sup> Definitions of the ratios are presented on page 58

<sup>3)</sup> Trade receivables – trade receivables, assets under contracts with customers and costs of concluding contracts

<sup>4)</sup> Trade payables – trade payables, liabilities under contracts with customers

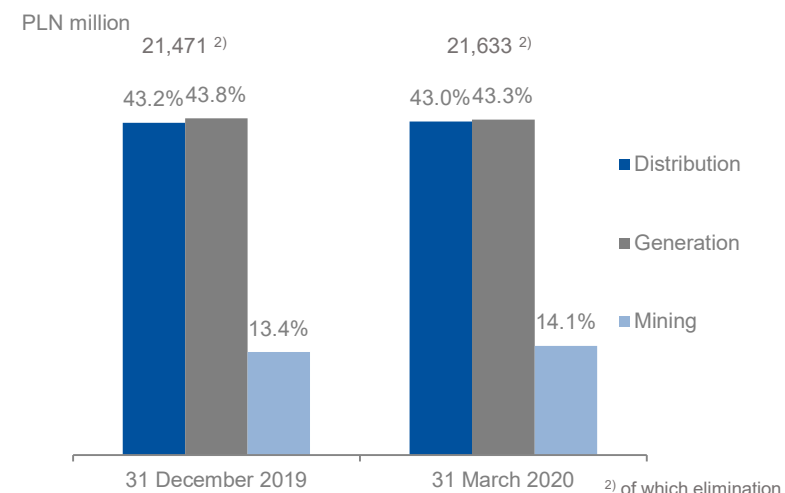


## Financial position – structure of assets and liabilities of the ENEA Group

Assets [PLN 000s]	As at:			
	31 December 2019	31 March 2020	Change	% change
<b>Non-current assets</b>	<b>23,792,019</b>	<b>24,099,116</b>	<b>307,097</b>	<b>1.3%</b>
Property, plant and equipment	21,470,804	21,633,061	162,257	0.8%
Right-to-use asset <sup>1)</sup>	719,948	719,829	-119	0.0%
Intangible assets	379,024	373,054	-5,970	-1.6%
Investment property	23,109	22,828	-281	-1.2%
Investments in associates and jointly controlled entities	373,016	374,384	1,368	0.4%
Deferred tax assets	569,369	566,524	-2,845	-0.5%
Financial assets at fair value	40,172	44,774	4,602	11.5%
Debt financial assets measured at amortized cost	48,649	0	-48,649	-100.0%
Trade and other receivables	20,862	217,552	196,690	942.8%
Costs incurred to obtain a contract	12,749	12,887	138	1.1%
Receivables under leases and finance subleases <sup>1)</sup>	319	213	-106	-33.2%
Funds accumulated in the Mine Liquidation Fund	133,998	134,010	12	0.0%
<b>Current assets</b>	<b>9,051,835</b>	<b>7,795,903</b>	<b>-1,255,932</b>	<b>-13.9%</b>
CO <sub>2</sub> emission allowances	1,375,128	1,011,664	-363,464	-26.4%
Inventories	1,376,295	1,381,644	5,349	0.4%
Trade and other receivables	2,123,567	2,802,769	679,202	32.0%
Costs incurred to obtain a contract	12,646	12,351	-295	-2.3%
Assets arising from contracts with customers	330,447	428,685	98,238	29.7%
Receivables under leases and finance subleases <sup>1)</sup>	950	1,037	87	9.2%
Current income tax receivables	59,746	30,908	-28,838	-48.3%
Financial assets at fair value	7,056	52,900	45,844	649.7%
Debt financial assets measured at amortized cost	3,576	52,976	49,400	1381.4%
Other short-term investments	477	482	5	1.0%
Cash and cash equivalents	3,761,947	2,020,487	-1,741,460	-46.3%
<b>Total Assets</b>	<b>32,843,854</b>	<b>31,895,019</b>	<b>-948,835</b>	<b>-2.9%</b>

<sup>1)</sup> New balance sheet items resulting from the adoption of IFRS 16 as of 1 January 2019

## Structure of property, plant and equipment



### Change drivers for non-current assets (up by PLN 307 million):

- increase in trade and other receivables by PLN 197 million – mainly in the value of initial deposits related to the contracting of CO<sub>2</sub> emission allowances
- increase in property, plant and equipment by PLN 162 million, of which: an increase in fixed assets by PLN 499 million, with a concurrent increase in accumulated depreciation by PLN 337 million
- decrease in debt financial assets measured at amortized cost by PLN 49 million – reclassification of non-current assets to current assets

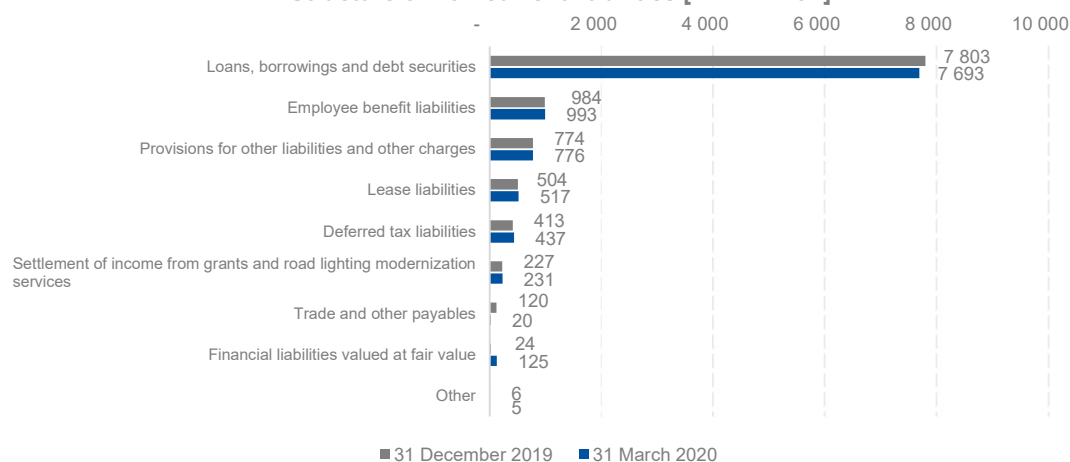
### Change drivers for current assets (down by PLN 1,256 million):

- decrease in cash and cash equivalents by PLN 1,741 million – chiefly the bond issue of PLN 2 billion in 2019, followed by its partial repayment in 2020 (PLN 956 million) and a change in collateral margins on the market for CO<sub>2</sub> emission allowances
- decrease in the value of CO<sub>2</sub> emission allowances by PLN 362 million – including: PLN -415 million in redemption of allowances for 2019, PLN -3 million in sales of allowances, PLN 54 million in purchase of allowances for 2020
- increase in trade and other receivables by PLN 679 million – mainly due to a change in the value of initial deposits related to the contracting of CO<sub>2</sub> emission allowances
- increase in debt financial assets measured at amortized cost by PLN 49 million – chiefly due to reclassification of non-current assets to current assets

## Financial position – structure of assets and liabilities of the ENEA Group

Equity and liabilities [PLN 000s]	As at:		Change	% change
	31 December 2019	31 March 2020		
<b>Total equity</b>	<b>15,479,771</b>	<b>15,858,975</b>	<b>379,204</b>	<b>2.4%</b>
Share capital	588,018	588,018	-	-
Share premium	3,632,464	3,632,464	-	-
Revaluation reserve – measurement of financial instruments	-16,295	-15,848	447	2.7%
Revaluation reserve – measurement of hedging instruments	-17,356	-97,646	-80,290	-462.6%
Retained earnings	10,268,882	10,713,479	444,597	4.3%
Non-controlling interest	1,024,058	1,038,508	14,450	1.4%
<b>Total liabilities</b>	<b>17,364,083</b>	<b>16,036,044</b>	<b>-1,328,039</b>	<b>-7.6%</b>
Non-current liabilities	10,855,419	10,797,494	-57,925	-0.5%
Current liabilities	6,508,664	5,238,550	-1,270,114	-19.5%
<b>Total equity and liabilities</b>	<b>32,843,854</b>	<b>31,895,019</b>	<b>-948,835</b>	<b>-2.9%</b>

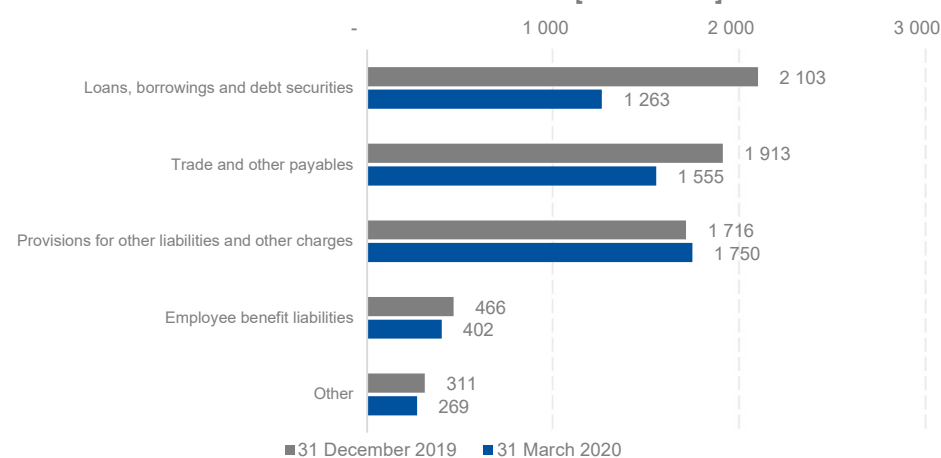
Structure of non-current liabilities [PLN million]



### Change drivers for non-current liabilities (down by PLN 58 million)

- decrease in the loans, borrowings and other debt securities item by PLN 110 million – redemption of bonds and reclassification of non-current liabilities to current liabilities
- decrease in trade and other payables by PLN 100 million – chiefly a PLN 80 million liability to Energa S.A. on account of the assumption of a loan granted to Elektrownia Ostrołęka Sp. z o.o. – reclassification to the current portion
- increase in financial liabilities measured at fair value by PLN 101 million – remeasurement of IRS financial instruments hedging against an increase in costs caused by changes in interest rates
- increase in deferred tax liabilities by PLN 24 million
- increase in lease liabilities by PLN 13 million
- increase in employee benefit liabilities by PLN 9 million

Structure of current liabilities [PLN million]



### Change drivers for current liabilities (down by PLN 1,270 million)

- decrease in the loans, borrowings and other debt securities item by PLN 840 million – redemption of bonds and reclassification of non-current liabilities to current liabilities
- decrease in trade payables by PLN 358 million: PLN -110 million decrease in liabilities on the purchase of property, plant and equipment and intangibles, PLN -242 million decrease in trade liabilities, PLN -35 million decrease in tax liabilities (excluding income tax)
- decrease in employee benefit liabilities by PLN 64 million
- decrease in lease liabilities by PLN 16 million
- increase in provisions for other liabilities and other charges by PLN 34 million – mainly an increase in the provision for the purchase of CO<sub>2</sub> emission allowances with a concurrent decrease in provisions related to onerous contracts (use, in Q1 2020, of a PLN 24.3 million portion of the provision established in December 2019 to cover the PLN 68.6 million loss in the G tariff)

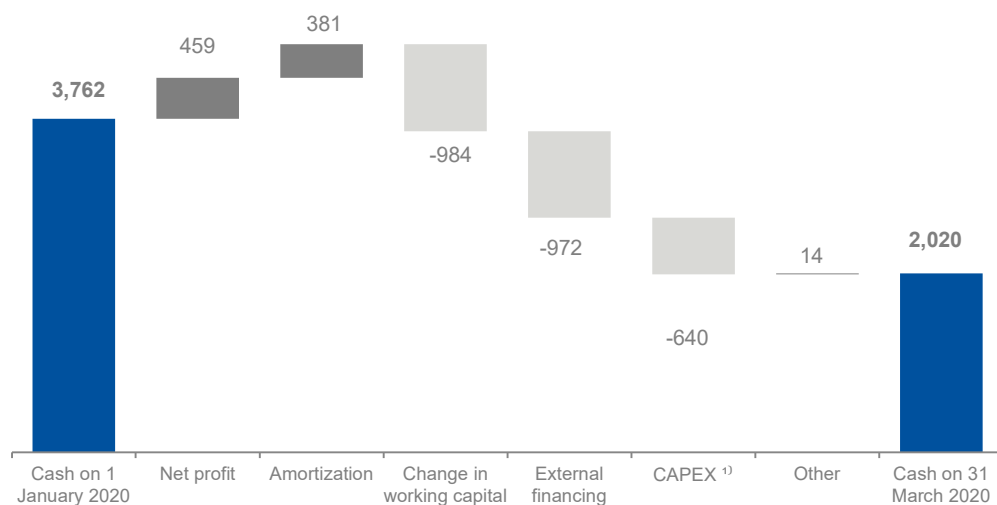


## Cash position of ENEA Group

Statement of cash flows [PLN 000s]	Q1 2019	Q1 2020	Change	% change
Net cash flow from operating activities	453,590	(85,941)	-539,531	-118.9%
Net cash flow from investing activities	(832,492)	(630,180)	202,312	24.3%
Net cash flow from financing activities	(147,848)	(1,025,339)	-877,491	-593.5%
Net increase / (decrease) in cash	(526,750)	(1,741,460)	-1,214,710	-230.6%
Cash at the beginning of reporting period	2,650,838	3,761,947	1,111,109	41.9%
Cash at the end of reporting period	<b>2,124,088</b>	<b>2,020,487</b>	<b>-103,601</b>	<b>-4.9%</b>

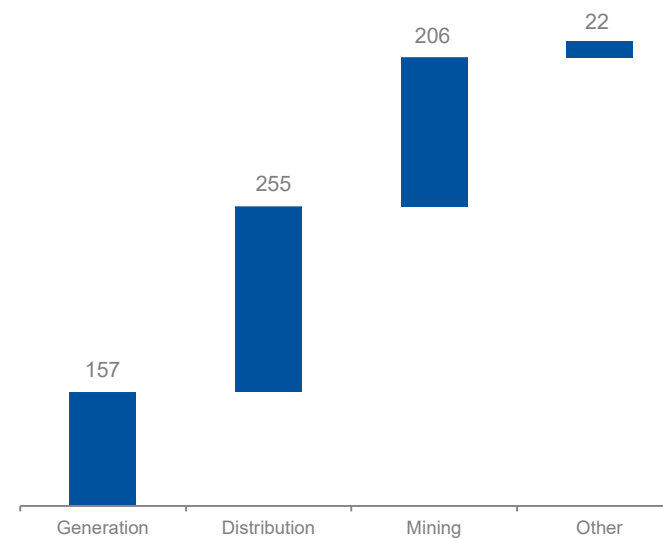
### Cash flows Q1 2020

PLN million



### ENEA Group's Q1 2020 capital expenditures <sup>1)</sup>

PLN million



<sup>1)</sup> Purchase of property, plant and equipment and intangible assets and purchase of subsidiaries, associates and jointly controlled entities, adjusted by acquired cash

## 4. Shares and shareholding structure

### 4.1. Equity and shareholding structure

The share capital of ENEA S.A. as at 31 March 2020 and the date of this report was PLN 441,442,578, divided into 441,442,578 ordinary bearer shares with a par value of PLN 1 each. The total number of votes resulting from all outstanding shares of the Issuer corresponds to the number of shares, translating into 441,442,578 votes.

All shares in the Company are book-entry bearer shares registered in the National Depository of Securities.

Since the date of publication of the previous periodic report, no changes have been made to the Issuer's shareholding structure.

The table below presents the shareholding structure of ENEA S.A. as at the date of the periodic report for Q1 2020.

Shareholder	Number of shares / number of votes at the Shareholder Meeting	Interest in the share capital / share in the total number of votes
State Treasury	227,364,428	51.5%
Others	214,078,150	48.5%
<b>TOTAL</b>	<b>441,442,578</b>	<b>100.0%</b>

The following table presents data on the Company's shares in Q1 2020.

Data	Q1 2020
Number of shares	441,442,578
Minimum [PLN]	3.87
Maximum [PLN]	8.06
Stock price at the end of the period [PLN]	4.734
Stock price at the end of the previous period [PLN]	7.915
Average trading volume [PLN]	596,087

### 4.2. ENEA S.A. stock prices on the Warsaw Stock Exchange

ENEA S.A. stock has been listed on the Warsaw Stock Exchange (WSE) since 17 November 2008.

In Q1 2020, the ENEA S.A. stock price declined from PLN 7.915 to PLN 4.734, that is by PLN 3.181, or 40.2%. The highest closing price of ENEA S.A. stock in the period under analysis was recorded on 3 January 2020 (PLN 8.06), while the lowest price was recorded on 12 March 2020 (PLN 3.87).

Share of the Company's stock in stock exchange indices as at 31 March 2020:



## 5. Company authorities

### 5.1. Composition of the ENEA S.A. Management Board

During Q1 2020 and until the date of this report, the Company's Management Board was composed of the following persons:

- Mirosław Kowalik – President of the Management Board,
- Jarosław Ołowski – Management Board Member for Financial Matters,
- Piotr Adamczak – Management Board Member for Commercial Matters,
- Zbigniew Piętka – Management Board Member for Corporate Matters.

On 4 June 2020 Mr. Mirosław Kowalik tendered his resignation from the position of President of the ENEA S.A. Management Board and from membership in the Company's Management Board effective as of 5 June 2020.

On the same date, the Company's Supervisory Board adopted a resolution to second, starting 6 June 2020, Mr. Paweł Szczeszek, Supervisory Board Member, to temporarily perform the duties of the President of the ENEA S.A. Management Board until the appointment of a new President of the Company's Management Board, but no longer than for a period of three months from the date of his secondment.

Considering the above, as at the date of this report, the Company's Management Board consisted of the following:

- Paweł Szczeszek – Acting President of the Management Board
- Jarosław Ołowski – Management Board Member for Financial Matters,
- Piotr Adamczak – Management Board Member for Commercial Matters,
- Zbigniew Piętka – Management Board Member for Corporate Matters.



## 5.2. Composition of the ENEA S.A. Supervisory Board

As at 1 January 2020, the Supervisory Board was composed of the following persons:

- Stanisław Kazimierz Hebda – Supervisory Board Chairman
- Michał Dominik Jaciubek – Supervisory Board Secretary
- Paweł Koroblowski – Supervisory Board Member
- Ireneusz Kulka – Supervisory Board Member
- Maciej Mazur – Supervisory Board Member
- Piotr Mirkowski – Supervisory Board Member
- Mariusz Pliszka – Supervisory Board Member
- Roman Stryjski – Supervisory Board Member.

On 3 February 2020, the Company received a statement from the Minister of State Assets that the Minister of State Assets has exercised its powers to appoint a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. In accordance with these powers, Mr. Bartosz Nieścior was appointed to the Company's Supervisory Board as of 3 February 2020.

On 6 February 2020, Mr. Mariusz Pliszka tendered his resignation as Deputy Chairman of the ENEA S.A. Supervisory Board.

On 6 February 2020, the Supervisory Board elected Mr. Bartosz Nieścior to serve as Deputy Chairman of the ENEA S.A. Supervisory Board.

On 6 February 2020, Mr. Stanisław Hebda tendered his resignation as a Member of the ENEA S.A. Supervisory Board, effective as of the same date.

On 19 March 2020, the Extraordinary General Meeting of the Company appointed, effective as of 19 March 2020, Ms. Izabela Felczak-Poturnicka, who was appointed Chairwoman of the Supervisory Board, and Mr. Mariusz Fistek.

On 27 May 2020, the Company received statements from the Minister of State Assets that the Minister of State Assets has exercised its powers to appoint and dismiss a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. According to the said statements, the Minister of State Assets, in exercise of the powers conferred on him, dismissed, effective as of 27 May 2020, Mr. Bartosz Nieścior from the Company's Supervisory Board and, at the same time, appointed Mr. Paweł Szczeszek to the Company's Supervisory Board.

On 4 June, the Company's Supervisory Board elected Mr. Roman Stryjski to serve as Deputy Chairman of the ENEA S.A. Supervisory Board.

On 4 June, the Company's Supervisory Board adopted a resolution to second, starting 6 June 2020, Mr. Paweł Szczeszek, Supervisory Board Member, to temporarily perform the duties of the President of the ENEA S.A. Management Board until the appointment of a new President of the Company's Management Board, but no longer than for a period of three months from the date of his secondment.

As at the date of publication of this report, the Company's Supervisory Board is composed of ten members and operates in the following composition:

- Izabela Felczak-Poturnicka – Supervisory Board Chairwoman
- Roman Stryjski – Supervisory Board Member Deputy Chairman
- Michał Dominik Jaciubek – Supervisory Board Secretary
- Mariusz Fistek – Supervisory Board Member
- Paweł Korobłowski – Supervisory Board Member
- Ireneusz Kulka – Supervisory Board Member
- Maciej Mazur – Supervisory Board Member
- Piotr Mirkowski – Supervisory Board Member
- Mariusz Pliszka – Supervisory Board Member
- Paweł Szczeszek – Supervisory Board Member delegated to temporarily perform the duties of the President of the ENEA S.A. Management Board.

In accordance with the provisions of the Rules and Regulations of the Supervisory Board, the following standing committees operate within the Supervisory Board: the Audit Committee and the Nominations and Remuneration Committee.

The composition of the Audit Committee is as follows:

Audit Committee	
Full name	Function
Ireneusz Kulka <sup>1) 2) 3)</sup>	For the Council
Maciej Mazur	Member
Piotr Mirkowski <sup>1) 3)</sup>	Member
Mariusz Pliszka <sup>3)</sup>	Member
Roman Stryjski <sup>1)</sup>	Member

<sup>1)</sup> An independent member within the meaning of Article 129(3) of the Act of 11 May 2017 on certified auditors, auditing firms and public supervision and within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2016.

<sup>2)</sup> A member having knowledge and skills in the area of accounting or auditing financial statements,

<sup>3)</sup> A member having knowledge and skills in the industry in which the Company operates.

The composition of the Nominations and Remuneration Committee is as follows:

Nominations and Remuneration Committee	
Full name	Function
Izabela Felczak-Poturnicka	Member
Michał Dominik Jaciubek	Member
Paweł Korobłowski	Member
Piotr Mirkowski <sup>1)</sup>	Member

<sup>1)</sup> An independent member within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2016.

### 5.3. Number of shares and rights to shares held by members of the Management Board and Supervisory Board

Full name	Function	Number of shares	
		in ENEA S.A. as at 4 June 2020	in ENEA S.A. as at 18 June 2020
Michał Dominik Jaciubek	Supervisory Board member	5,020	5,020
Mariusz Pliszka	Supervisory Board member	3,880	3,880

As at the date of this report, other members of the Management Board and Supervisory Board hold no shares in ENEA S.A. As at the date of this report, no members of the Management Board or Supervisory Board hold any rights to shares in ENEA S.A. As at the date of this report, no members of the Management Board or Supervisory Board hold any rights to shares in any ENEA S.A. subsidiaries.

## 6. Other information relevant to evaluation of the issuer's standing and factors that the Issuer believes will affect its performance.

### 6.1. Regulatory environment

The business of ENEA S.A. and its subsidiaries is conducted in an environment that is subject to special legal regulation, both at the national level and at European Union level (regulated economic activity). A number of legal regulations applicable to utility companies have been enacted based on decisions of a political nature. For this reason, these regulations are subject to frequent amendments that the Company is unable to foresee or predict their effects on its business. This notwithstanding, ENEA S.A. and its subsidiaries ("ENEA Group") are subject to legal regulation in the field of tax system, competition and consumer protection, employee law and environmental protection. It cannot be ruled out that changes in these areas arising from specific legislation or individual interpretations related to significant areas of the ENEA Group's business may become a source of potential risks for this economic activity.

#### 6.1.1. Internal electricity market

On 14 June 2019, Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity entered into force. This regulation is part of the "Winter Package" and forms the basic legal act forcing the introduction of new solutions pertaining to electricity markets and system services, both in Poland and in other Member States of the European Union. The main changes in national legal systems include the need to align the principles of operation of the national Balancing Market. In the last quarter of 2019, a concept of changes in the Balancing Market was presented by Polskie Sieci Elektroenergetyczne S.A. as a Transmission System Operator responsible for the operation of the Balancing Market. A detailed description of the planned changes in the operation of the Balancing Market was presented by the Transmission System Operator in the document entitled "Concept of changes in the principles of operation of the balancing market in Poland", published on the Operator's website at: <https://www.pse.pl/konsultacje-aktywne/konsultacje-dotyczace-koncepcji-zmian-zasad-funkcjonowania-ryнку-bilansujacego>. At the same time, work was also initiated on amendments to the Capacity Market Act of 8 December 2017, aligning Poland's capacity market mostly to Article 22(4) and (5) of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity, which provisions require that support from the capacity market may be provided for generating units that fail to meet the so-called 550 g CO<sub>2</sub>/kWh emission standard, but leave intact the support from the capacity market for units that fail to meet this emission standard if such support results from capacity contracts entered into before 31 December 2019.

At the end of 2018 (on 21 December 2018), Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council, entered into force. This regulation has introduced the requirement to develop a National Plan for Energy and Climate within the framework of implementation of the Energy Union comprising the following 5 dimensions: energy security, internal energy market, energy efficiency, reduction of emissions and research, innovation and competitiveness. The main purpose of the Energy Union management mechanism is to enable achievement of the Energy Union goals, in particular the climate and energy policy goals by 2030 in terms of reducing greenhouse gas emissions, generating renewable energy and improving energy efficiency. The National Plan for Energy and Climate was submitted to the European Commission at the end of 2019, thereby fulfilling the requirement imposed on Poland in this respect. The document was prepared on the basis of national development strategies, taking into account the draft Polish Energy Policy until 2040. It sets the following climate and energy goals for 2030: 7% reduction in greenhouse gas emissions in non-ETS sectors compared to 2005, 21-23% share of renewable energy sources in final gross energy consumption (with 23% of the goal considered achievable if additional EU funds are allocated to Poland, including those allocated to equitable transformation), energy efficiency up by 23% compared to PRIMES2007 forecasts, share of coal in electricity generation down to 56-60%.

#### 6.1.2. Demand for electricity

According to the forecasts included in the document entitled "Update of the fuel and energy requirements until 2030", demand for electricity in the coming years will grow in all sectors of the economy. As stated in this document, net electricity production in Poland will increase to 193.3 TWh by 2030.



At the same time, according to the document entitled “Conclusions from forecasting analyses for the power sector”<sup>1)</sup> forming an attachment to the draft “Polish Energy Policy until 2040”, domestic demand for electricity will reach nearly 200 TWh in 2030 and 230 TWh in 2040. At the same time, the total increase in demand for in 2020-2040 will reach 40.4%. The peak demand for electricity will increase 35.5% during this period.

### **6.1.3. Amendments of the RES Act**

On 29 August 2019, the Act amending the Act on Renewable Energy Sources (RES Act) and Certain Other Acts came into force. It has introduced a change to the RES Act and the Energy Law from ‘prosumer’ to ‘renewable energy prosumer’. Currently, a renewable energy prosumer may be any end user generating electricity exclusively from renewable energy sources for own needs in a micro-installation (with an installed electrical capacity of at most 50 kW or a maximum available thermal capacity in cogeneration of at most 150 kW), provided that, in the case of end users who are not a household electricity consumer, such generation does not constitute their prevailing economic activity, as determined in accordance with the regulations issued under Article 40(2) of the Public Statistics Act of 29 June 1995.

The definition of and rules of settlement with energy cooperatives have been changed – currently, settlements with energy cooperatives will be carried out in the same manner as those with renewable energy prosumers, but by applying the ratio of electricity fed into the grid to energy taken from the grid of 1:0.6.

The amendment to the RES Act will also permit larger installations to benefit from public support mechanisms. The amendment has extended the maximum time limit for starting up energy generation from wind farms covered by support from 24 to 33 months, and for solar farms – from 18 to 24 months. To other technologies, the period of 42 months will apply, instead of 36 months before the amendment to the RES Act.

The Act has imposed on utility companies the obligation to align the provisions of their contracts with renewable energy prosumers to the amended provisions of the RES Act and contracts with renewable energy prosumers and electricity producers in renewable energy installations with the amended provisions of the Energy Law, within 3 months from the date of entry into force of the amending Act, that is by 29 November 2019.

The amendment to the RES Act has introduced provisions for the FIP guaranteed tariff, according to which the upper capacity limit for renewable energy installations eligible for the FIP tariff has been increased from 1 MW to 2.5 MW, however these provisions will not apply before the date of a positive decision of the European Commission on the compatibility of public aid provided for in these regulations with the internal market or recognition by the European Commission that the amendments to these provisions do not constitute new public aid.

### **6.1.4. Tariff for electricity distribution services in 2020**

The President of the Energy Regulatory Office (ERO) approved the “Tariff for electricity distribution services” of ENEA Operator. The decision was published in the ERO Industry Bulletin “Energia Elektryczna” (Electricity) No. 304 (2939) of 17 December 2019. The new tariff has been approved for application until 31 December 2020. The tariff will result in an average increase in distribution fees for all tariff groups by 4.6%, while for consumers from the G tariff groups a smaller increase is anticipated at 4.0%. The tariff has been in force since 1 January 2020.

### **6.1.5. Financial markets (EMIR Refit)**

On 17 June 2019, Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 648/2012 as regards the clearing obligation, the suspension of the clearing obligation, the reporting requirements, the risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty, the registration and supervision of trade repositories and the requirements for trade repositories (EMIR Refit), entered into force. As a result of the introduced amendments, the duty has been introduced to report OTC derivative transactions (albeit, providing for an exception to this rule for intragroup derivative transactions, in the form of a possible waiver of the reporting obligation).

### **6.1.6. Capacity market**

Detailed information on the capacity market is provided in Chapter 10 of the “Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2019”.

<sup>1)</sup> [https://www.gov.pl/documents/33372/436746/Wnioski\\_z\\_analiz\\_do\\_PEP2040\\_2018-11-23.pdf/1481a6a9-b87f-a545-4ad8-e1ab467175cf](https://www.gov.pl/documents/33372/436746/Wnioski_z_analiz_do_PEP2040_2018-11-23.pdf/1481a6a9-b87f-a545-4ad8-e1ab467175cf)

### **6.1.7. REMIT**

REMIT – Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency. In accordance with this regulation, the electricity market is subject to specific restrictive rules governing the publication and disclosure of all information that may affect the prices of energy products on the wholesale energy market, including an absolute prohibition of any market manipulation. REMIT requires that every market participant be registered in the national register of market participants. Market participants are required to report data on the transactions they execute on wholesale energy markets, including any orders they place. Basic data on the capacity and use of generating infrastructure are subject to reporting. REMIT requires that inside information be published in the form of public disclosure. REMIT prohibits manipulation or attempts to manipulate the market and prohibits the use of inside information. REMIT equips regulatory authorities with powers to conduct investigations and enforce the provisions of the regulation.

### **6.1.8. Electromobility and Alternative Fuels Act**

“The Electromobility and Alternative Fuels Act of 11 January 2018 imposes an obligation on selected townships to build on their land publicly available charging stations for vehicles with alternative drive systems. If this obligation is not fulfilled by the end of 2019, it is passed on to distribution system operators, in accordance with their area of activity. Due to the fact that this obligation was not fulfilled by local governments, the company is currently under the obligation to build nearly 450 publicly available charging points in 5 urban areas: Poznań, Szczecin, Bydgoszcz, Gorzów Wielkopolski and Zielona Góra. This number is the difference between the minimum number of publicly available charging points, which according to the Act should be built in the territory of the said 5 municipalities, and the existing and planned number of such points to be built by private investors. For this reason, ENEA Operator is currently carrying out a project entitled “Implementation of ENEA Operator’s statutory obligations related to electromobility”.

### **6.1.9 Impact of the electricity tariff for Tariff Group G**

On 30 December 2019, the President of the Energy Regulatory Office (“ERO President”) made a decision to approve the electricity tariff for Tariff Group G for the period from 14 January to 31 March 2020 (“Tariff”). The ERO President approved the ENEA S.A. electricity sales price for Tariff Group G consumers at the level that did not cover the costs incurred by the Company.

Considering the above and acting in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Company recognized a provision for onerous contracts in the amount of PLN 68.6 million as at 31 December 2019. In Q1 2020, the Company used PLN 24.3 million of the provision for onerous contracts.

### **6.1.10. Operating reserve**

Detailed information on the operating reserve mechanism embedded in the concessions is provided in Chapter 10 of the “Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2019”.

### **6.1.11. Increase in the number of customers exercising their right to change the seller**

As at the end of March 2020, the number of business customers (tariff groups A, B, C) which changed their energy seller was 213,661, having increased by 3,726 (or 1.8%) since the end of 2019. As regards customers in the household segment (tariff group G), the number was 671,781, having increased by 14,558, or 2.2%, since the end of 2019. These figures indicate a relatively small number of customers who decided to change their electricity seller in Q1 2020.

### **6.1.12. Exemption from the duty to submit household tariffs for approval**

Pursuant to Article 49 of the Energy Law, the President of the Energy Regulatory Office may exempt a utility company from the duty to submit tariffs for approval if the ERO President considers the company to operate in a competitive environment. An optional exemption from the duty to submit tariffs for approval may have a favorable impact on the energy sales margin in the future.

### **6.1.13. Significant trends in the Distribution area**

The provisions of EU law, in particular those of the energy regulations called Clean Energy for All Europeans, have an increasing impact on ENEA Operator's business. These regulations contribute to the achievement of the EU's goals of achieving a more competitive, secure and sustainable energy system and reducing greenhouse gas emissions by 2030. Commitments in this respect provide for a reduction of emissions by at least 40% compared to 1990 levels while increasing energy efficiency by 32.5% and increasing the share of energy generation from renewable sources to 32% of final consumption. A consequence of the pursuit of these commitments will be a steady, as has already been observed, increase in installed capacity from renewable energy sources, which has created room for new energy market participants and has changed the roles of existing participants, including DSOs.

The rapid development of distributed energy sources combined with new technologies, including ICT technologies, has had a significant impact on the distribution network, while shaping the new role of DSOs on the energy market. New challenges in this area for ENEA Operator include: the new role of DSOs as entities supporting market development (local markets in particular), tapping into the flexibility of distributed energy sources, data management, cooperation with TSOs/DSOs, new IT and ICT technologies, development of smart grids, activation of customers, emergence of energy communities (energy clusters and cooperatives), cyber security and development of research and development and innovation activities.

Innovations form a significant growth factor, which is why ENEA Operator has adopted a framework enabling external entities to suggest and jointly execute various pilot and innovative projects. The pursuit of such initiatives will provide the opportunity to jointly develop or test innovative solutions in real-life conditions.

For more information, please visit: <https://www.operator.enea.pl/innowacje>

### **6.1.14. Key Service Operator**

According to the provisions of the Act of 5 July 2018 on the National Cybersecurity System, members of the ENEA Group, namely ENEA S.A., ENEA Operator Sp. z o.o., ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A., ENEA Ciepło Sp. z o.o. and MEC Piła Sp. z o.o., have been recognized as Key Service Operators. ENEA Operator joined a project initiated by the Ministry of Energy and signed an agreement on cooperation in the power sector to improve the country's cybersecurity. The project calls for concerted action toward improving the IT security of the energy distribution area and protecting it against potential external attacks. The agreement was signed by: ENEA Operator, Tauron Dystrybucja, PGE Dystrybucja and Energa Operator.

### **6.1.15. Quality regulation model**

Detailed information on the quality regulation model is provided in Chapter 10 of the "Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2019".

### **6.1.16. Rating**

On 19 March 2020, Fitch Ratings affirmed ENEA S.A.'s long-term foreign- and local-currency issuer default ratings at 'BBB' with a stable outlook. The affirmation reflects ENEA S.A.'s business profile as an integrated utility with large electricity generation and distribution businesses, and moderate financial leverage. The ENEA S.A.'s ratings are supported by a high proportion of regulated and quasi-regulated income from electricity distribution and capacity payments, respectively. The main risk factors are close-to-full reliance on coal in electricity generation as well as exposure to higher-risk mining and supply divisions.

### **6.1.17. General Data Protection Regulation (GDPR)**

The GDPR (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC) is a piece of EU legislation that has been in force since 25 May 2018 in all Member States. It has introduced new rules for processing personal data and imposed new obligations on data controllers. In its business, the ENEA Group observes the requirements of these new regulations, also by ensuring an appropriate level of security for the personal data it processes, paying particular attention to the protection of the rights and freedoms of data subjects.

## 6.1.18. Court and administrative proceedings

As at the date of this report, there are no proceedings are in progress regarding payables or receivables to which ENEA S.A. or any of its subsidiaries would be a party. A detailed description of the proceedings is provided in Note 25 to the condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to 31 March 2020.

## 6.1.19. Litigation related to actions for annulment or revocation of shareholder meeting resolutions

The Company is a party to three proceedings related to actions for annulment or derogation of shareholder meeting resolutions. The following is a summary of information on each of these proceedings.

Plaintiff	Subject of the statement of claim (literal wording)	Status of the proceedings
Synergia Inter-Company Trade Union of ENEA Group Employees	Statement of claim for annulment of a resolution of the Company's shareholder meeting or, alternatively, for revocation of a resolution of the Company's shareholder meeting with a petition for an injunction <sup>1)</sup>	<ol style="list-style-type: none"> <li>1. By decision of 20 June 2018, the Regional Court in Poznań dismissed the petition for an injunction (by decision of 7 August 2018, the Court of Appeals in Poznań dismissed the plaintiff's complaint against the decision to dismiss the petition for an injunction.)</li> <li>2. By judgment of 26 March 2019, the Regional Court in Poznań dismissed the statement of claim.</li> <li>3. On 15 May 2019, the plaintiff appealed against the judgment of 26 March 2019 through the Regional Court in Poznań.</li> <li>4. On 3 December 2019, the plaintiff's appeal was delivered to the defendant (the extension of the inter-instance proceedings resulted from the need for the court to examine the plaintiff's petition for a waiver of the appeal fee).</li> <li>5. On 17 December 2019, the defendant filed a reply to the appeal to the Court of Appeals in Poznań.</li> <li>6. The case is currently pending before the court of second instance (Court of Appeals in Poznań).</li> </ol>
"CLIENTEARTH Lawyers for the Earth" Foundation	Statement of claim for annulment or, alternatively, ascertainment of non-existence or, alternatively, revocation of a resolution of the Shareholder Meeting of a Joint Stock Company <sup>2)</sup>	On 31 July 2019, the Regional Court in Poznań issued a judgment stating that Resolution No. 3 of the Extraordinary Shareholder Meeting of the defendant ENEA S.A. with its registered office in Poznań of 24 September 2018 to express a directional consent to proceed with the construction stage under the Ostrołęka C project is invalid. On 17 September 2019, the attorney representing ENEA S.A. appealed against the judgment issued by the Regional Court in Poznań. The case is currently pending before the court of second instance, i.e. the Court of Appeals in Poznań.
Synergia Inter-Company Trade Union of ENEA Group Employees <sup>2)</sup>	Statement of claim for annulment of a resolution of the Company's shareholder meeting or, alternatively, for revocation of a resolution of the Company's shareholder meeting <sup>2)</sup>	Proceedings before the court of first instance – suspended

<sup>1)</sup> concerns Resolution No. 5 of the Extraordinary Shareholder Meeting of ENEA S.A. of 28 May 2018 to adopt amendments to § 23 of the ENEA S.A. Articles of Association

<sup>2)</sup> concerns Resolution No. 3 of the Extraordinary Shareholder Meeting of ENEA S.A. of 24 September 2018 to express a directional consent to proceed with the Construction Stage under the Ostrołęka C project

### **6.1.20. Collective disputes**

As at the date of publication of this report, no collective disputes are in progress.

### **6.1.21. Headcount**

As at 31 March 2020, the ENEA Group had 17,277 staff under an employment contract. As at 31 March 2020, ENEA S.A. had 408 staff under an employment contract.

### **6.1.22. Analyses of the transmission and collection of gaseous fuel from the transmission grid by ENEA Wytwarzanie**

ENEA Wytwarzanie Sp. z o.o. is in the process of negotiation with GAZ-SYSTEM S.A. of an agreement to establish the terms of transmission and collection of gaseous fuel from the transmission grid by ENEA Wytwarzanie, enabling the feeding of gas-fired equipment and installations located in the area directly adjacent to ENEA Wytwarzanie. Analyses are underway regarding the possible use of existing coal-fired installations for operation based on the consumption of gaseous fuel.

On 11 February 2020, ENEA Wytwarzanie Sp. z o.o. and GAZ-SYSTEM S.A. signed an agreement to design the connection of Koziencice Power Plant to the GAZ-SYSTEM transmission network. The agreement will open the process of designing a gas connection for the Koziencice Power Plant. Expansion of the transmission system by GAZ-SYSTEM will increase its capacity to supply higher volumes of natural gas throughout Poland. This will increase the capacity for connecting industrial plants as well as individual customers to the network.

### **6.1.23. Participation in the nuclear power plant construction program**

On 15 April 2015, KGHM, PGE, TAURON and ENEA entered into a Share Purchase Agreement in PGE EJ 1. KGHM, TAURON and ENEA purchased from PGE a stake of 10% each (a combined stake of 30%) in PGE EJ 1. ENEA paid PLN 16 million for the purchased shares. In accordance with the Shareholders' Agreement, the financial exposure of ENEA S.A. in the initial phase of the Project (Development Stage) it will not exceed approx. PLN 107 million. ENEA S.A.'s total expenditure resulting from the purchase of the shares and the increase in the company's share capital have to date reached PLN 32.5 million.

### **6.1.24. Interest in ElectroMobility Poland S.A.**

On 19 October 2016, PGE Polska Grupa Energetyczna S.A., Energa S.A., ENEA S.A. and Tauron Polska Energia S.A. founded a company by the name of ElectroMobility Poland S.A. The company's business is intended to contribute to the execution of a program aimed at building a Polish electric vehicle, marketing it on a mass sale and creating an electromobility system in Poland. Each of the founding companies of ElectroMobility Poland acquired a 25% stake, thereby obtaining 25% of votes at the company's shareholder meeting.

Currently, the company's share capital is PLN 70 million.

### **6.1.25. Research program**

ENEA and the Electric Power Research Institute (EPRI) signed an agreement under which the ENEA Group will participate in research projects concerning energy storage and distributed generation.

The cooperation between the two entities will cover challenges related to energy storage, integration of storage facilities with dispersed energy sources and micro networks as well as the creation of new services based on energy storage units.

Owing to its participation in the program, the ENEA Group will have the opportunity to acquire professional knowledge from EPRI and exchange experience with other research participants. Joint research will help identify and assess the benefits of energy storage, learn new energy storage technologies and draw conclusions from implementation and integration projects in the United States and other countries.

The Group's participation in the research program will improve its internal capacity to implement and use energy storage solutions in the ENEA Group. The research program encompasses and integrates a variety of activities, including technology assessment, economic and technical modeling, to support the planning and operation of the distribution grid and technology demonstrations. The Group's participation in the program will also provide it with access to numerous tools and research results enabling the assessment of costs, values and limitations of various energy storage technologies.

These technologies will provide benefits to the power system, including improvements in energy quality, operational efficiency and greater integration with renewable energy sources.

### **6.1.26. Rules for the preparation of financial statements**

The condensed financial statements of ENEA S.A. and the ENEA Group included in the extended consolidated report of ENEA S.A. for the period of Q1 2020 have been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting', as endorsed by the European Union.

These condensed financial statements have been prepared based on the assumption that the Company will continue its business activity as a going concern in the foreseeable future. The Company's Management Board has not ascertained, as at the date of signing the condensed financial statements, any facts or circumstances that would indicate a threat to the Company's ability to continue its business activity as a going concern over the 12 months following the balance sheet date as a result of an intentional or induced discontinuation or a material curtailment of its existing activity. Unless indicated otherwise, the financial data presented in the said financial statements are expressed in thousands of Polish zloty (PLN).

### **6.1.27. Projected financial results**

The ENEA S.A. Management Board did not publish any financial forecasts for 2020.

### **6.1.28. Execution of the construction project of Ostrołęka Power Plant C**

Detailed information on the implementation of the Ostrołęka C Power Plant construction project are described in the Extended Consolidated Quarterly Report of the ENEA Group for Q1 2020 in Note no. 11.

### **6.1.29. Impact of the COVID-19 epidemic on the activity of the ENEA Group**

At the end of 2019, information began to emerge from China about a threat of a virus called SARS-CoV-2 causing a disease dubbed COVID-19 ("coronavirus"). The first instances of COVID-19 appeared in Poland in mid-March 2020. The occurrence and effects of the virus as well as the consequences of actions taken by the state to counteract the pandemic have had a significant impact on the condition of the economy both domestically and across the globe. This situation has also affected the Group's business.

As at the of preparation of consolidated financial statements, it is difficult to predict how the situation will develop in the future and what negative effects it may exert on the operations and financial standing of the Company and the Group. The further spread of the virus may cause reduced business activity (at present, numerous restrictions affect the business of hotels, restaurants, cafes, shopping centers), lower demand for electricity and consequently lower production, which may affect the Group's revenue from sales. In connection with the reorganization of work and increased security measures caused by the state of epidemic, some of the scheduled overhauls and modernizations of the generating units may be delayed, including those required to ensure compliance with BAT conclusions. According to the Group's projections, it cannot be ruled out that the receivables turnover ratio will deteriorate as a result of the harsh economic reality and reduced payment capacity of electricity buyers. Also, fluctuations on global markets are translating into significant changes in the prices of electricity, CO2 emission allowances and raw materials as well as significant variation on capital markets. The Group is in the process of analyzing these trends and verifying the assumptions applied to impairment tests carried out on its assets.

As at the date of preparation of consolidated financial statements, a decline in demand for coal was recorded in the Mining segment [by approx. 19% compared to Q1 2019], driven down by a slowdown of the domestic economy and weaker demand for electricity. Two factors affected the performance of the Generation segment: lower electricity generation from bituminous coal in Q1 2020 [by approx. 15% compared to Q1 2019] and higher sales of electricity in trading, the combined effect of which was an increase in revenues [by approx. 9% compared to Q1 2019].

The ENEA S.A. Management Board has established the ENEA Group Crisis Management and Coordination Center for preventing, counteracting and combating COVID-19. All Group companies have appointed Teams to coordinate continuity assurance tasks for ENEA Group companies in the context of the coronavirus threat. Management Board ENEA S.A. coordinates all activities in this respect acting through the Center.

The precautions taken to prevent coronavirus infections have translated into shifts in operating expenses, which, along with changes in the level of revenues, will ultimately affect the Group's consolidated financial result.

### **6.1.30. Implementation of the potential investment in offshore wind farm projects**

On 3 June 2020, the Company signed a letter of intent with Iberdrola Eólica Marina S.A. regarding the Company's potential investment in offshore wind farm projects to be developed in the Polish exclusive economic zone of the Baltic Sea. In connection with the signing of the Letter of Intent, the parties have entered into exclusive negotiations aimed at assessing the feasibility of execution of a joint capital expenditure project by the Company and Iberdrola in the said wind farm projects with a total capacity of up to approx. 3.3 GW and their shared preparation, construction and operation. The degree of the Company's involvement in these offshore wind farm projects will be determined at a later stage of the negotiations, yet at the time of signing of the letter of intent, the parties assume a minority shareholding on the part of the Company. In accordance with the letter of intent, the parties expect to develop a term sheet to define key parameters of the potential transaction.



## 6.2. Natural environment

### 6.2.1. Curtailing emissions of air pollutants

In accordance with the applicable EU regulations, in particular Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions – IED (integrated pollution prevention and control), new and more stringent environmental protection standards have been in force since 1 January 2016. Accordingly, all electricity generators in Poland, who predominantly use high-emission coal-firing technologies, are required to adapt their power units to the new environmental requirements. The law, with a view to accommodating some of the problems faced by commercial undertakings, provides for the possibility of using certain derogation mechanisms. The relaxation of certain IED requirements by way of derogation has permitted commercial undertakings to gain additional time to adapt their generating units to the stricter air emissions standards. On 17 August 2017, the so-called ‘BAT conclusions’ for large-scale power combustion facilities (Commission Implementing Decision (EU) 2017/1442 of 31 July 2017 establishing best available techniques (BAT) conclusions for large-scale power combustion facilities under Directive 2010/75/EU of the European Parliament and of the Council) were published in the Official Journal of the European Union. The BAT conclusions have introduced more stringent (than in IED) requirements for pollutants such as sulfur dioxide, nitrogen oxides and dust. The BAT-associated emission levels (BAT-AELs) also apply to other substances, such as: mercury, hydrogen chloride, hydrogen fluoride and ammonia. The BAT conclusions will apply from 18 August 2021, following the 4-year adjustment period.



#### Kozienice Power Plant – units 1-10

Years	SO <sub>2</sub>			NO <sub>x</sub>			Dust			CO <sub>2</sub>		Gross electricity generation [MWh]
	SO <sub>2</sub> emissions [Mg]	SO <sub>2</sub> emission factor [kg/MWh]	SO <sub>2</sub> emission fee [PLN thousand]	NO <sub>x</sub> emissions [Mg]	NO <sub>x</sub> emission factor [kg/MWh]	NO <sub>x</sub> emission fee [PLN thousand]	Dust emissions [Mg]	Dust emission factor [kg/MWh]	Dust emission fee [PLN thousand]	CO <sub>2</sub> emissions [Mg]	CO <sub>2</sub> emission factor [kg/MWh]	
Q1 2020	1,523.4	0.579	837.9	1,856.1	0.705	1,020.8	80.0	0.030	29.6	2,225,589.2	846	2,631,364.5
Q1 2019	1,506.9 <sup>1)</sup>	0.633 <sup>1)</sup>	813.7	1,600.5	0.672	864.3	34.3	0.014	12.3	2,028,969.8	852	2,381,235.8
% change	1.09	-8.53	2.97	15.97	4.91	18.11	133.62	111.29	140.65	9.69	-0.70	10.50

<sup>1)</sup> The change from the information provided in 2019 results from a typographical error.

In 2020, the emission fee rates increased:

SO<sub>2</sub>: PLN 0.54 per kg in 2019 » PLN 0.55 per kg in 2020

NO<sub>x</sub>: PLN 0.54 per kg in 2019 » PLN 0.55 per kg in 2020

Dust: PLN 0.36 per kg in 2019 » PLN 0.37 per kg in 2020



#### Kozienice Power Plant – unit 11 vs. units 1-10

Years	SO <sub>2</sub>			NO <sub>x</sub>			Dust			CO <sub>2</sub>		Gross electricity generation [MWh]
	SO <sub>2</sub> emissions [Mg]	SO <sub>2</sub> emission factor [kg/MWh]	SO <sub>2</sub> emission fee [PLN thousand]	NO <sub>x</sub> emissions [Mg]	NO <sub>x</sub> emission factor [kg/MWh]	NO <sub>x</sub> emission fee [PLN thousand]	Dust emissions [Mg]	Dust emission factor [kg/MWh]	Dust emission fee [PLN thousand]	CO <sub>2</sub> emissions [Mg]	CO <sub>2</sub> emission factor [kg/MWh]	
Q1 2020 Unit 11 <sup>1)</sup>	368.7	0.337	202.8	473.8	0.433	260.6	18.0	0.016	6.7	819,444.5	750	1,093,153.7
Q1 2019 Unit 11 <sup>1)</sup>	475.0	0.279	256.5	617.8	0.363	333.6	25.6	0.015	9.2	1,256,608.9	738	1,703,351.0
Q1 2020 Units 1-10	1,523.4	0.579	837.9	1,856.1	0.705	1,020.8	80.0	0.030	29.6	2,225,589.2	846	2,631,364.5
Q1 2019 Units 1-10	1,506.9 <sup>2)</sup>	0.633 <sup>2)</sup>	813.7	1,600.5	0.672	864.3	34.3	0.014	12.3	2,028,969.7	852	2,381,235.8

<sup>1)</sup> Data for unit 11 include emissions and fees for the start-up boiler house.

<sup>2)</sup> The change from the information provided in 2019 results from a typographical error.



### ENEA Elektrownia Połaniec

Years	SO <sub>2</sub>			NO <sub>x</sub>			Dust			CO <sub>2</sub>		Gross electricity generation [MWh]
	SO <sub>2</sub> emissions [Mg]	SO <sub>2</sub> emission factor [kg/MWh]	SO <sub>2</sub> emission fee [PLN thousand]	NO <sub>x</sub> emissions [Mg]	NO <sub>x</sub> emission factor [kg/MWh]	NO <sub>x</sub> emission fee [PLN thousand]	Dust emissions [Mg]	Dust emission factor [kg/MWh]	Dust emission fee [PLN thousand]	CO <sub>2</sub> emissions [Mg]	CO <sub>2</sub> emission factor [kg/MWh]	
Q1 2020	1,309.28	0.681	720.10	1,371.18	0.713	754.15	87.19	0.045	32.26	1,204,067.76	626.0	1,923,477.0
Q1 2019	1,455.58	0.634	786.02	1,519.71	0.662	820.64	120.16	0.052	43.26	1,690,574.71	736.5	2,295,358.1
% change	-10.1	7.4	-8.4	-9.8	7.7	-8.1	-27.4	-13.5	-25.4	-28.8	-15.0	-16.2



### Białystok Combined Heat and Power Plant

Years	SO <sub>2</sub>			NO <sub>x</sub>			Dust			CO <sub>2</sub>		Gross electricity generation [MWh]
	SO <sub>2</sub> emissions [Mg]	SO <sub>2</sub> emission factor [kg/MWh]	SO <sub>2</sub> emission fee [PLN thousand]	NO <sub>x</sub> emissions [Mg]	NO <sub>x</sub> emission factor [kg/MWh]	NO <sub>x</sub> emission fee [PLN thousand]	Dust emissions [Mg]	Dust emission factor [kg/MWh]	Dust emission fee [PLN thousand]	CO <sub>2</sub> emissions [Mg]	CO <sub>2</sub> emission factor [kg/MWh]	
Q1 2020	52	0.10	28.4	123	0.24	67.5	21	0.04	7.7	114,800	222.7	148,845.267
Q1 2019	148	0.25	80.1	97	0.17	52.6	12	0.02	4.3	174,502	297.3	166,781.981
% change	-65	-60	-65	26	44	28	75	99	80	-34	-25	-11



### Białystok "Zachód" Heat Plant

Years	SO <sub>2</sub>			NO <sub>x</sub>			Dust			CO <sub>2</sub>		Gross electricity generation [MWh]
	SO <sub>2</sub> emissions [Mg]	SO <sub>2</sub> emission factor [kg/MWh]	SO <sub>2</sub> emission fee [PLN thousand]	NO <sub>x</sub> emissions [Mg]	NO <sub>x</sub> emission factor [kg/MWh]	NO <sub>x</sub> emission fee [PLN thousand]	Dust emissions [Mg]	Dust emission factor [kg/MWh]	Dust emission fee [PLN thousand]	CO <sub>2</sub> emissions [Mg]	CO <sub>2</sub> emission factor [kg/MWh]	
Q1 2020	4.0	-	2.2	3.3	-	1.8	0.4	-	0.1	6,575.0	-	-
Q1 2019	12.4	-	6.7	2.9	-	1.6	0.6	-	0.2	5,554.6	-	-
% change	- 67.7	-	- 67.2	13.8	-	12.5	- 33.3	-	-50.0	18.4	-	-

## 7. Corporate social responsibility

### Fight against COVID-19:

Nearly PLN 3.5 million (of which PLN 2.1 million in Q1 2020) was donated to medical centers fighting coronavirus through the ENEA Foundation, while PLN 760 thousand was donated by LW Bogdanka, which gives the total amount of PLN 4.2 million.

The financial assistance from the ENEA Foundation was provided to 25 medical centers operating in the territory covered by the ENEA Group's business and assistance from LW Bogdanka was provided to 5 centers. The funds have been spent – in accordance with the needs of each hospital – for medical equipment and sanitary and personal protection items.

Mission: Prevention. Protect yourself and others! The campaign was targeted at employees of the ENEA Group and involved the sewing and collection of reusable masks as well as the launch of a special account of the ENEA Foundation for fundraising purposes to support infectious disease hospitals in their fight against COVID-19. The ENEA Foundation added PLN 50,000 to the funds raised.

### Awards and events:

30 socially responsible activities of the ENEA Group were included in the latest, 18th edition of the report "Responsible business in practice. Best practices". Among them were projects in the areas of social involvement and local community development (16), labor market practices (7) and environmental practices (4). The awarded projects also included activities in the areas of organizational governance, human rights and consumer issues. CSR activities and best practices of the ENEA Group have been described in its annual reports since 2011.

In March, during the "Woman of Possibilities" Conference in Poznań, the ENEA Group held three activation zones on the philosophy of "zero waste", safety and health promotion. The conference, attended by Deputy Prime Minister Jadwiga Emilewicz, was aimed at enabling women of different ages to develop in both directions and demonstrating that being a mother does not interfere with the pursuit of a professional career.

"Energy That Saves Lives" – under this slogan, the ENEA Group held the ENEA Safety Zone in January with first aid demonstrations. The ENEA Special Safety Zone was part of a military historical picnic held on the occasion of the flag handing ceremony to the 12th Greater Poland Territorial Defense Brigade. The celebrations, attended by the Minister of National Defense, took place exactly on the 101st anniversary of the first oath taken by the Greater Poland Insurgents.





## Educational projects:

In January, the jury and site users selected the winners of the third edition of the ENEA Talent Academy program. Twenty students will receive scholarships of PLN 3,000 to develop their scientific, artistic and sporting talents. Moreover, owing to grants worth PLN 10,000, nine schools and youth organizations will carry out their extracurricular educational projects. A new feature in the third edition of the ENEA Talent Academy was an enlargement of the group of entities eligible for financial support. Students and schools were joined by organizations that actively work with talented young people and help develop their talents and interests. Financial support will be provided to the ENEA Talent Academy winners by the ENEA Foundation.

The ENEA Group has joined the partners of the nationwide contest for students called "Exempt from theory". Teams of several participants will execute various social projects in the field of science promotion and will be assisted by employees of the ENEA Group offering their knowledge and competences.

## Charitable campaigns

For the second time, the ENEA Foundation joined the international Shoebox campaign by encouraging people to donate their unused cosmetics for individuals who have found themselves in a difficult life situation. Employees in sixteen locations of the ENEA Group were involved in this activity, collecting a total of 378 kilograms of cosmetics – nearly 4 times more than last year. The cosmetics were given to single parents, seniors and people in need.

## Development of permanent CSR projects:

- "We have energy in our blood" – execution of a permanent blood donation campaign in the ENEA Group;
- Execution of a grant competition called The Power of Help

**AKADEMIA  
TALENTÓW**

TWOJE DZIECKO ENERGIĄ DLA ŚWIATA

**zwolnieni** <sup>z</sup>  
**teorii**



## 8. Appendices

### Appendix 1 – Statement of profit and loss of ENEA Operator Sp. z o.o. – Q1 2020

[PLN 000s]	Q1 2019	Q1 2020	Change	% change
Revenue from sales of distribution services to end users	662,305	732,199	69,894	10.6%
Revenue from additional fees	1,214	1,225	11	0.9%
Revenue from non-invoiced sale of distribution services	7,777	14,884	7,107	91.4%
Settlement of the balancing market	2,145	12,511	10,366	483.1%
Grid connection fees	13,571	11,889	-1,682	-12.4%
Revenue from illegal consumption of electricity	1,717	1,574	-143	-8.3%
Revenue from services	7,286	7,088	-198	-2.7%
Sales of distribution services to other entities	4,386	5,886	1,500	34.2%
Sales of goods and materials and other revenue	620	347	-273	-44.0%
<b>Net revenue from sales</b>	<b>701,021</b>	<b>787,603</b>	<b>86,582</b>	<b>12.4%</b>
Depreciation of fixed assets and amortization of intangible assets	139,534	147,948	8,414	6.0%
Employee benefit expenses	106,888	124,521	17,633	16.5%
Consumption of materials and supplies and cost of goods sold	8,136	8,347	211	2.6%
Purchase of energy for own needs and grid losses	84,194	94,414	10,220	12.1%
Costs of transmission services	97,812	117,090	19,278	19.7%
Other third-party services	66,526	67,216	690	1.0%
Taxes and fees	64,215	76,448	12,233	19.1%
<b>Tax-deductible expenses</b>	<b>567,305</b>	<b>635,984</b>	<b>68,679</b>	<b>12.1%</b>
Other operating income	8,531	24,709	16,178	189.6%
Other operating expenses	31,683	17,062	-14,621	-46.1%
Profit / (loss) on the sale and liquidation of property, plant and equipment	(2,624)	(975)	1,649	62.8%
<b>Operating profit / (loss)</b>	<b>107,940</b>	<b>158,291</b>	<b>50,351</b>	<b>46.6%</b>
Financial income	521	701	180	34.5%
Financial costs	18,356	21,591	3,235	17.6%
<b>Profit / (loss) before tax</b>	<b>90,105</b>	<b>137,401</b>	<b>47,296</b>	<b>52.5%</b>
Income tax	21,960	27,445	5,485	25.0%
<b>Net profit / (loss) for the reporting period</b>	<b>68,145</b>	<b>109,956</b>	<b>41,811</b>	<b>61.4%</b>
<b>EBITDA</b>	<b>247,474</b>	<b>306,239</b>	<b>58,765</b>	<b>23.7%</b>

#### Q1 2020

#### ENEA Operator Sp. z o.o. – EBITDA drivers (up by PLN 59 million):

- (+) higher revenue from sales of distribution services to end users by PLN 77 million were driven mainly by higher rates in the approved 2020 tariff
- (-) higher costs of purchasing transmission and distribution services (balance) by PLN 18 million resulted from higher rates in the approved 2020 tariff
- (-) revenue from grid connection fees down by PLN 2 million
- (-) higher operating costs by PLN 31 million resulting mainly from higher employee benefit costs and higher costs of taxes and charges
- (+) higher result on other operating activities by PLN 32 million resulting mainly from remeasurement of provisions for grid assets and higher revenue from fixing interferences

## Appendix 2 – Statement of profit and loss of ENEA Wytwarzanie Sp. z o.o – Q1 2020

[PLN 000s]	Q1 2019	Q1 2020	Change	% change
Revenue from sales of electricity	1,074,036	1,294,670	220,634	20.5%
<i>generation license</i>	999,069	1,046,282	47,213	4.7%
<i>trading license</i>	74,967	248,388	173,421	231.3%
Revenue from certificates of origin	10,875	15,143	4,268	39.2%
Revenue from sales of heat	357	330	-27	-7.6%
Revenue from sales of other products and services	2,504	1,493	-1,011	-40.4%
Revenue from sales of goods and materials	4,152	3,034	-1,118	-26.9%
<b>Net revenue from sales</b>	<b>1,091,924</b>	<b>1,314,670</b>	<b>222,746</b>	<b>20.4%</b>
Revenue from leases and operating subleases	34	89	55	161.8%
<b>Revenue from sales and other income</b>	<b>1,091,958</b>	<b>1,314,759</b>	<b>222,801</b>	<b>20.4%</b>
Depreciation of fixed assets and amortization of intangible assets	108,166	110,855	2,689	2.5%
Employee benefit expenses	60,377	66,095	5,718	9.5%
Consumption of materials and supplies and cost of goods sold	618,274	728,615	110,341	17.8%
Purchase of energy for subsequent sale	123,386	177,525	54,139	43.9%
Transmission services	158	162	4	2.5%
Other third-party services	29,707	31,883	2,176	7.3%
Taxes and fees	21,557	20,062	-1,495	-6.9%
<b>Tax-deductible expenses</b>	<b>961,625</b>	<b>1,135,197</b>	<b>173,572</b>	<b>18.0%</b>
Other operating income	6,851	18,181	11,330	165.4%
Other operating expenses	819	4,718	3,899	476.1%
Profit / (loss) on the sale and liquidation of property, plant and equipment	(111)	(180)	-69	-62.2%
<b>Operating profit / (loss)</b>	<b>136,254</b>	<b>192,845</b>	<b>56,591</b>	<b>41.5%</b>
Financial income	1,086	198	-888	-81.8%
Financial costs	35,477	35,051	-426	-1.2%
<b>Profit / (loss) before tax</b>	<b>101,863</b>	<b>157,992</b>	<b>56,129</b>	<b>55.1%</b>
Income tax	19,824	30,776	10,952	55.2%
<b>Net profit / (loss) for the reporting period</b>	<b>82,039</b>	<b>127,216</b>	<b>45,177</b>	<b>55.1%</b>
<b>EBITDA</b>	<b>244,420</b>	<b>303,700</b>	<b>59,280</b>	<b>24.3%</b>

### Q1 2020

#### ENEA Wytwarzanie Sp. z o.o. – EBITDA drivers (up by PLN 59 million):

#### Kozienice Power Plant (up by PLN 74 million):

(+) trading and Balancing Market margin up by PLN 98.8 million

(+) revenues from Regulatory System Services up by PLN 19.8 million

(+) revenue from certificates of origin by PLN 15.2 million

(+) an increase in other drivers by PLN 7.7 million, including an increase in the result on other operating activities by PLN 8.6 million

(-) generation margin down by PLN 59.4 million

(-) fixed costs up by PLN 7.8 million

#### RES Segment (down by PLN 15 million):

(-) Wind Area (PLN -9.9 million): revenue from certificates of origin down by PLN 7.5 million, result on other operating activities down by PLN 1.3 million, revenue from sales of electricity down by PLN 1.0 million, fixed costs up by PLN 0.1 million

(-) Hydro Area (PLN -4.4 million): revenue from certificates of origin down by PLN 2.9 million, revenue from sales of electricity down by PLN 1.2 million, fixed costs up by PLN 0.3 million

(-) Biogas Area (PLN -0.7 million): costs of consumption and transport of substrates up by PLN 0.7 million, revenue from certificates of origin down by PLN 0.4 million, revenue from sales of electricity down by PLN 0.3 million, result on other operating activities up by PLN 0.1 million

## Appendix 3 – Statement of profit and loss of ENEA Elektrownia Połaniec – Q1 2020

[PLN 000s]	Q1 2019	Q1 2020	Change	% change
Revenue from sales of electricity	612,664	545,842	-66,822	-10.9%
<i>generation license</i>	500,235	481,224	-19,011	-3.8%
<i>trading license</i>	99,802	55,638	-44,164	-44.3%
<i>Regulatory System Services</i>	12,627	8,980	-3,647	-28.9%
Revenue from certificates of origin	54,781	69,617	14,836	27.1%
Revenue from sales of heat	14,581	10,059	-4,522	-31.0%
Revenue from sales of other products and services	1,329	1,338	9	0.7%
Revenue from sales of goods and materials	0	1,019	1,019	-
Excise tax	16	14	-2	-12.5%
<b>Revenue from sales and other income</b>	<b>683,339</b>	<b>627,861</b>	<b>-55,478</b>	<b>-8.1%</b>
Depreciation of fixed assets and amortization of intangible assets	14,540	14,985	445	3.1%
Employee benefit expenses	15,388	16,808	1,420	9.2%
Consumption of materials and supplies and cost of goods sold	416,039	394,907	-21,132	-5.1%
Purchase of energy for subsequent sale	81,731	39,481	-42,250	-51.7%
Transmission services	87	113	26	29.9%
Other third-party services	53,874	55,997	2,123	3.9%
Taxes and fees	8,518	8,675	157	1.8%
<b>Tax-deductible expenses</b>	<b>590,177</b>	<b>530,966</b>	<b>-59,211</b>	<b>-10.0%</b>
Other operating income	4,638	425	-4,213	-90.8%
Other operating expenses	130	81	-49	-37.7%
<b>Operating profit / (loss)</b>	<b>97,670</b>	<b>97,239</b>	<b>-431</b>	<b>-0.4%</b>
Financial income	678	94	-584	-86.1%
Financial costs	337	1,132	795	235.9%
<b>Profit / (loss) before tax</b>	<b>98,011</b>	<b>96,201</b>	<b>-1,810</b>	<b>-1.8%</b>
Income tax	27,894	63,211	35,317	126.6%
<b>Net profit / (loss) for the reporting period</b>	<b>70,117</b>	<b>32,990</b>	<b>-37,127</b>	<b>-53.0%</b>
<b>EBITDA</b>	<b>112,210</b>	<b>112,224</b>	<b>14</b>	<b>0.0%</b>

### Q1 2020

#### ENEA Elektrownia Połaniec – EBITDA drivers (up by PLN 0.01 million):

#### System Power Plants Segment (EBITDA down by PLN 12.2 million):

- (-) generation margin down by PLN -4.0 million
- (-) trading and Balancing Market margin down by PLN -1.0 million
- (-) revenue from sales of Regulatory System Services down by PLN -3.2 million
- (-) fixed costs up by PLN -3.9 million

#### RES Segment (EBITDA up by PLN 12.5 million):

- (+) RES energy production margin up by PLN +23.7 million
- (-) Green Block's margin on sale/remeasurement of green certificate inventories down by PLN -10.8 million
- (-) fixed costs up by PLN -0.3 million

#### Heat Segment (EBITDA down by PLN 0.3 million)

- (-) margin on heat down by PLN -0.6 million due to a lower volume of heat generation by PLN -0.6 million
- (+) lower fixed costs by PLN +0.3 million



## 14. Glossary of terms and abbreviations

Below are the formulas for financial ratios and the list of industry terms and abbreviations used in this document.

Ratio	Formula
EBITDA	Operating profit/ (loss) + depreciation and amortisation + impairment losses on non-financial fixed assets
Return on equity (ROE)	$\frac{\text{Net profit/ (loss) for the reporting period}}{\text{Equity}}$
Return on assets (ROA)	$\frac{\text{Net profit/ (loss) for the reporting period}}{\text{Total assets}}$
Net profitability	$\frac{\text{Net profit/ (loss) for the reporting period}}{\text{Sales revenue and other income}}$
Operating profitability	$\frac{\text{Operating profit/ (loss)}}{\text{Sales revenue and other income}}$
EBITDA profitability	$\frac{\text{EBITDA}}{\text{Sales revenue and other income}}$
Current liquidity ratio	$\frac{\text{Current assets}}{\text{Short-term liabilities}}$
Coverage of non-current assets with equity	$\frac{\text{Equity}}{\text{Non-current assets}}$
Total debt ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Net debt / EBITDA	$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents}}{\text{LTM EBITDA}}$
Current receivables turnover in days	$\frac{\text{Average trade and other receivables} \times \text{number of days}}{\text{Sales revenue and other income}}$
Trade and other liabilities turnover in days	$\frac{\text{Average trade and other receivables} \times \text{number of days}}{\text{Cost of products, goods and materials sold}}$
Inventory turnover in days	$\frac{\text{Average inventory} \times \text{number of days}}{\text{Cost of products, goods and materials sold}}$
Cost of products, goods and materials sold	Consumption of materials and raw materials and value of goods sold; Purchase of energy for sale purposes; Transmission services; Other third party services, taxes and levies, excise tax
Net debt	loans, borrowings and non-current and current debt securities + non-current and current finance lease liabilities + non-current and current financial liabilities measured at fair value - cash and cash equivalents - non-current and current financial assets measured at fair value - non-current and current debt financial assets measured at amortized cost

Financial ratios	Item
CAPEX	Capital expenditures
EBITDA LTM	EBITDA for the last 12 months
EBIT	Operating profit (loss)
Operating expenses	Depreciation and amortization; Employee benefit costs Consumption of materials and supplies and cost of goods sold; Purchase of energy and gas for resale; Transmission services; Other third-party services; Taxes and charges
External financing	Sum of the following Statement of cash flows items: Loans and borrowings received, Issue of bonds, Repayment of loans and borrowings, Redemption of bonds
Fixed costs	Costs that are independent of the electricity production volume. In a power plant, these costs include: payroll costs and charges, depreciation and amortization, costs of consumption of materials and supplies, costs of third-party services, costs of taxes and charges and other fixed costs
Own costs	Direct and indirect selling costs of ENEA S.A. and ENEA Trading Sp. z o.o.
Margin on heat	Margin on the sales of heat calculated as the difference between revenue from sales of heat and its variable production costs
Margin on trading	Difference between revenue from sales of electricity purchased in trading operations and the costs of purchasing electricity incorporating the result on sales of CO <sub>2</sub>
Margin on RES energy production	Margin on the sales of energy and production of green certificates from the Green Unit, calculated as the difference between revenue from sales of energy and from the valuation of certificates produced and the variable costs of producing them
Margin on the balancing market	Difference between revenue from sales of electricity purchased on the balancing market and the costs of purchasing that electricity incorporating the result on CO <sub>2</sub> sales
Margin on generation	Difference between revenue from sales of electricity produced and revenue from certificates, and the variable costs related to production of that electricity
Margin from licensed activities	<p>Margin from licensed activities is a management indicator incorporating revenues and costs related to business activity involving distribution of electricity to customers located in a specified area. Those include primarily:</p> <ul style="list-style-type: none"> <li>– revenue from sales of distribution services to end users</li> <li>– costs of transmission and distribution services</li> <li>– costs of electricity purchased to cover the balancing difference and for own needs</li> <li>– revenue from grid connection fees</li> </ul> <p>ENEA Operator Sp. z o.o. holds a concession granted by the President of the Energy Regulatory Office until 1 July 2030.</p>
Green Block's margin on sale/remeasurement of green certificate inventories	Margin on the sale of green certificates from the Green Block calculated as a difference between revenue from sales and the cost of sales of the certificates, which takes into account the updated inventories of green certificates, i.e. the updated average weighted price of the inventory of certificates to market price in case their market price drops significantly.
Adjusted first contribution margin	Margin on retail trading of electricity and gaseous fuel earned by ENEA S.A., presented together with wholesale sales of ENEA Trading Sp. z o.o. adjusted for presentation by other conditional factors, such as costs of provisions for claims of terminated PMOZE agreements, revenues and costs from sales and purchases of CO <sub>2</sub> emission allowances, partial measurement of CO <sub>2</sub> emission allowances posted in operating activities. However, it should be noted that the measurement of CO <sub>2</sub> in terms of realized and posted exchange differences is presented in financial activities and affects the financial result in that part.
Result on other operating activities	Change in the following items: other operating income, other operating expenses, profit/loss on a change, sale and liquidation of property, plant and equipment
Change in working capital	An item from the statement of cash flows

Abbreviation/term	Full name/definition
AMI, Advanced Metering Infrastructure	Smart meters
Baseload price (BASE)	Contract price for delivery of the same volume of electricity in each hour of the day
BAT	Best Available Techniques – a document drawing conclusions on best available techniques for the installations concerned and indicating the emission levels associated with the best available techniques
Blockchain	A decentralized platform with a dispersed network infrastructure used to account for transactions, payments or accounting entries. Advantages of this technology include, among others, safety, which is ensured by the application of cryptographic algorithms, resilience to failures and transparency of transactions, while maintaining anonymity of users. The list of possible applications includes, among others, cryptocurrencies, the Internet of Things, exchange transactions without intermediaries and institutions, land and mortgage registers without notaries and mortgage courts, electricity trading between prosumers and buyers without intermediaries, accounting ledgers
Capacity auction	A mechanism introduced by the Capacity Market Act of 8 December 2017 (Journal of Laws 2020, Item 247). In capacity auctions, electricity producers offer the operator a capacity obligation for the duration of a delivery period, which means that they undertake to maintain readiness in the delivery period to deliver the specified electric power output to the system and to deliver the specified electric power output to the system in emergency periods
CO <sub>2</sub>	Carbon dioxide
CSR	Corporate Social Responsibility. Responsibility of an organization for the impact exerted by its decisions and actions on society and the environment; it is ensured by transparent and ethical conduct, which: <ul style="list-style-type: none"> <li>– contributes to sustainable development, including wellbeing and health of the society,</li> <li>– takes stakeholder expectations into account,</li> <li>– complies with the applicable law and consistent with international standards of conduct,</li> <li>– is integrated with the organization's activities and is practiced in its relations.</li> </ul>
DAM	Day-Ahead Market (DAM) has been operating since 2000. It is a spot electricity market in Poland. Since the beginning of quotation, DAM prices are a benchmark for energy prices in bilateral contracts in Poland. The DAM is intended for the companies that want to actively and safely close their electricity purchase/sales portfolios on an ongoing basis at particular hours of the day
Energy Law	Act of 10 April 1997 - Energy Law (Journal of Laws 2019 Item 755)
Energy Law Act	The Energy Law Act of 10 April 1997
ERO	Energy Regulatory Office
FDIR	Fault Detection, Isolation, Restoration, a system enabling automatic detection of faults, isolation of the damage site and restoration of power supply
GWh	Gigawatt hour
HCl	Hydrogen chloride
HF	Hydrogen fluoride
Hg	Mercury
HV	High voltage grid. An electric power transmission grid, in which the phase-to-phase voltage ranges from 60 to 200 kV (in Poland: 110 kV). This grid is used to transmit electricity over large distances
ICE	Intercontinental Exchange - Platform for trading CO <sub>2</sub> EU Emission Allowances (EUAs) and Certified Emission Reduction units (CERs) on the futures market
ICT	Information and Communication Technologies
Internet of Things	A concept according to which various items, such as household appliances, lighting and heating products, may directly or indirectly collect, process or exchange data via a power installation or a computer network. The purpose of this concept is to create smart cities, transport, products, buildings, power supply systems, health systems or daily life systems

Abbreviation/term	Full name/definition
LV	Low voltage grid supplying individual users with 50 Hz alternating current at 230 V phase voltage
Mg	Megagram, or a ton
MV	Medium voltage grid, in which the phase-to-phase voltage ranges from 1 kV to 60 kV
MWe	Megawatt of electrical power
MWh	Megawatthour (1 GWh = 1,000 MWh)
MWt	Megawatt of thermal power
NH3	Ammonia
Nm3	Normalized cubic meter of gas, i.e. the number of cubic meters that the gas would occupy in normal conditions
NOx	Nitrogen oxides
PMOZE	Property rights to certificates of origin for energy from renewable energy sources
“Green” property rights	Commonly used name of PMOZE instruments
PPE	Polish Power Exchange
PSCMI 1	Reflects the price level of class 20-23/1 thermal coal powder in sales to commercial and industrial energy sector
RAB	Regulatory Asset Base
RAB AMI	Regulatory Asset Base for AMI projects
RES	Renewable Energy Sources
SAIDI	System Average Interruption Duration Index - indicator of the average system duration of a long and very long break (expressed in minutes per Customer)
SAIFI	System Average Interruption Frequency Index - indicator of the average system frequency of long interruptions in energy supply (expressed in the number of breaks per Customer)
SCR installation	Catalytic flue gas denitrification installation
Selective catalytic reduction (SCR)	An installation for catalytic denitrification of exhaust gases. It operates based on the principle of reduction of nitrogen oxides to atmospheric nitrogen on the surface of a catalyst, using substances containing ammonia
Smart Grid	Smart electrical grids, which feature communication between all the participants on the energy market, in order to supply energy services at lower costs, enhance efficiency and integrate dispersed energy sources, including renewable energy sources
SO <sub>2</sub>	Sulfur dioxide
SPOT market	Cash (spot) market
Stakeholder	A person or group of persons interested in decisions or activities of an organization. A stakeholder is anyone who influences an organization and anyone influenced by it
Sustainable development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs and considers the expectations of the surrounding communities and societal, environmental and economic challenges. It enables permanent increase of the value of an organization and rational management of resources
Transmission System Operator	Polskie Sieci Elektroenergetyczne S.A., a company wholly-owned by the State Treasury, which owns highest voltage grids and therefore is the operator of the power transmission system
TSO	Transmission System Operator
TWh	Terawatt hour





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