



**ENEA GROUP  
CONDENSED  
CONSOLIDATED  
INTERIM FINANCIAL  
STATEMENTS**

for the period from 1 January  
to 31 March 2021

in compliance with EU IFRS

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These condensed consolidated interim financial statements are prepared in accordance with the requirements of IAS 34 *Interim Financial Reporting*, as endorsed by the European Union, and are approved by the Management Board of ENEA S.A.

### Members of the Management Board

**President of the Management Board**      **Paweł Szczeszek**

.....

**Member of the Management Board**      **Rafał Mucha**

.....

**Member of the Management Board**      **Tomasz Siwak**

.....

**Member of the Management Board**      **Tomasz Szczegielniak**

.....

**Member of the Management Board**      **Marcin Pawlicki**

.....

Prepared by:      Robert Kiereta

Head of Consolidated Reporting

.....

**Poznań, 27 May 2021**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the three-month period ended	
		31 March 2021 (unaudited)	31 March 2020 restated* (unaudited)
Revenue from sales	7	5 060 690	4 605 082
Excise duty		(19 421)	(18 041)
<b>Net revenue from sales</b>		<b>5 041 269</b>	<b>4 587 041</b>
Revenue from operating leases and subleases		4 505	5 041
<b>Revenue from sales and other income</b>		<b>5 045 774</b>	<b>4 592 082</b>
Other operating revenue		41 491	78 378
Change in provision for onerous contracts		(1 080)	24 347
Depreciation/amortisation		(371 171)	(381 084)
Employee benefit costs		(531 055)	(480 888)
Use of materials and raw materials and value of goods sold		(1 004 451)	(791 431)
Purchase of electricity and gas for sales purposes		(2 097 133)	(1 872 796)
Transmission services		(107 164)	(121 465)
Other third-party services		(224 402)	(205 011)
Taxes and fees		(119 835)	(131 717)
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		(12 203)	(14 777)
Impairment losses on non-financial non-current assets		(3 358)	-
Other operating costs		(67 438)	(61 140)
<b>Operating profit</b>		<b>547 975</b>	<b>634 498</b>
Finance costs		(58 796)	(92 065)
Finance income		22 482	12 340
Impairment of financial assets at amortised cost		(6 200)	(1 042)
Share of profit of associates and jointly controlled entities	11	(281)	1 368
<b>Profit before tax</b>		<b>505 180</b>	<b>555 099</b>
Income tax	8	(98 768)	(96 052)
<b>Net profit for the reporting period</b>		<b>406 412</b>	<b>459 047</b>
<b>Other comprehensive income</b>			
Subject to reclassification to profit or loss:			
- measurement of hedging instruments		52 727	(98 814)
- income tax	8	(10 000)	18 833
Not subject to reclassification to profit or loss:			
- other		(730)	-
<b>Net other comprehensive income</b>		<b>41 997</b>	<b>(79 981)</b>
<b>Comprehensive income for the reporting period</b>		<b>448 409</b>	<b>379 066</b>
<b>Including net profit:</b>			
attributable to shareholders of the Parent		385 564	444 597
attributable to non-controlling interests		20 848	14 450
<b>Including comprehensive income:</b>			
attributable to shareholders of the Parent		427 561	364 616
attributable to non-controlling interests		20 848	14 450
Net profit attributable to shareholders of the Parent		385 564	444 597
Weighted average number of ordinary shares		441 442 578	441 442 578
<b>Net profit attributable to the Parent's shareholders, per share (in PLN per share)</b>		<b>0.87</b>	<b>1.01</b>
<b>Diluted profit per share (in PLN per share)</b>		<b>0.87</b>	<b>1.01</b>

\* the presentation restatement of data for the comparative period is presented in note 5 to the financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 March 2021 (unaudited)	As at 31 December 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	18 862 354	18 903 722
Right-of-use assets		751 709	730 078
Intangible assets	10	349 833	359 365
Investment properties		20 995	21 239
Investments in associates and jointly controlled entities	11	133 366	133 647
Deferred income tax assets	8	1 335 271	1 296 061
Financial assets measured at fair value	20	70 318	97 957
Trade and other receivables		143 530	72 381
Costs related to the conclusion of agreements		12 916	11 256
Finance lease and sublease receivables		693	513
Funds in the Mine Decommissioning Fund		141 226	141 591
<b>Total non-current assets</b>		<b>21 822 211</b>	<b>21 767 810</b>
<b>Current assets</b>			
CO2 emission allowances		2 167 957	2 529 059
Inventories	12	1 213 898	1 129 975
Trade and other receivables		2 312 839	2 132 191
Costs related to the conclusion of agreements		12 780	13 428
Assets arising from contracts with customers	14	449 908	322 446
Finance lease and sublease receivables		1 192	975
Current income tax receivables		11 797	10 470
Financial assets measured at fair value	20	56 570	41 894
Debt financial assets at amortised cost	21	61	61
Cash and cash equivalents	15	2 916 568	1 941 554
<b>Total current assets</b>		<b>9 143 570</b>	<b>8 122 053</b>
<b>TOTAL ASSETS</b>		<b>30 965 781</b>	<b>29 889 863</b>

The consolidated statement of financial position should be analysed in conjunction with the additional information and explanations, which constitute an integral part of the condensed consolidated interim financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 March 2021 (unaudited)	As at 31 December 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Equity attributable to shareholders of the parent</b>			
Share capital		588 018	588 018
Share premium		3 632 464	3 632 464
Revaluation reserve - measurement of financial instruments		741	(16 295)
Revaluation reserve - measurement of hedging instruments		(62 807)	(105 534)
Retained earnings		8 305 960	7 938 162
<b>Total equity attributable to shareholders of the parent</b>		<b>12 464 376</b>	<b>12 036 815</b>
Non-controlling interests		1 078 386	1 057 538
<b>Total equity</b>		<b>13 542 762</b>	<b>13 094 353</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Credit facilities, loans and debt securities	17	6 497 273	6 607 756
Trade and other payables		323 422	132 793
Liabilities arising from contracts with customers	14	4 233	10 833
Lease liabilities		532 383	529 140
Accounting for subsidies and road lighting modernisation services	19	279 779	261 162
Deferred income tax provision	8	453 738	445 094
Employee benefit liabilities		1 107 479	1 097 643
Financial liabilities measured at fair value		40 827	75 131
Provisions for other liabilities and other charges	18	870 350	849 990
<b>Total non-current liabilities</b>		<b>10 109 484</b>	<b>10 009 542</b>
<b>Current liabilities</b>			
Credit facilities, loans and debt securities	17	1 234 012	1 224 061
Trade and other payables		2 328 734	2 037 926
Liabilities arising from contracts with customers	14	327 760	246 629
Lease liabilities		24 459	25 172
Accounting for subsidies and road lighting modernisation services	19	13 844	13 308
Current income tax liabilities		13 163	73 500
Employee benefit liabilities		440 609	497 483
Liabilities concerning the equivalent for rights to free purchase of shares		281	281
Financial liabilities measured at fair value		75 473	70 987
Provisions for other liabilities and other charges	18	2 855 200	2 596 621
<b>Total current liabilities</b>		<b>7 313 535</b>	<b>6 785 968</b>
<b>Total liabilities</b>		<b>17 423 019</b>	<b>16 795 510</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>30 965 781</b>	<b>29 889 863</b>

The consolidated statement of financial position should be analysed in conjunction with the additional information and explanations, which constitute an integral part of the condensed consolidated interim financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### (a) Q1 2021 (unaudited)

	Equity attributable to shareholders of the parent								
	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of financial instruments	Revaluation reserve - measurement of hedging instruments	Retained earnings	Non-controlling interests	Total equity
<b>As at 1 January 2021</b>	441 443	146 575	588 018	3 632 464	(16 295)	(105 534)	7 938 162	1 057 538	13 094 353
Net profit for the reporting period	-	-	-	-	-	-	385 564	20 848	406 412
Net other comprehensive income	-	-	-	-	17 036	42 727	(17 766)	-	41 997
<b>Net comprehensive income recognised in the period</b>	-	-	-	-	17 036	42 727	367 798	20 848	448 409
Other	-	-	-	-	-	-	-	-	-
<b>As at 31 March 2021</b>	441 443	146 575	588 018	3 632 464	741	(62 807)	8 305 960	1 078 386	13 542 762

### (b) Q1 2020 (unaudited)

	Equity attributable to shareholders of the parent								
	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of financial instruments	Revaluation reserve - measurement of hedging instruments	Retained earnings	Non-controlling interests	Total equity
<b>As at 1 January 2020</b>	441 443	146 575	588 018	3 632 464	(16 295)	(17 356)	10 268 882	1 024 058	15 479 771
Net profit for the reporting period	-	-	-	-	-	-	444 597	14 450	459 047
Net other comprehensive income	-	-	-	-	309	(80 290)	-	-	(79 981)
<b>Net comprehensive income recognised in the period</b>	-	-	-	-	309	(80 290)	444 597	14 450	379 066
Other	-	-	-	-	138	-	-	-	138
<b>As at 31 March 2020</b>	441 443	146 575	588 018	3 632 464	(15 848)	(97 646)	10 713 479	1 038 508	15 858 975

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the three-month period ended	
		31 March 2021 (unaudited)	31 March 2020 (unaudited)
<b>Cash flows from operating activities</b>			
Net profit for the reporting period		406 412	459 047
Adjustments:			
Income tax in profit or loss	8	98 768	96 052
Depreciation/amortisation		371 171	381 084
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		12 203	14 777
Impairment losses on non-financial non-current assets		3 358	–
(Gain)/loss on sale of financial assets		(1 742)	17 704
Interest income		(6 229)	(2 656)
Interest costs		35 345	59 946
Gain on measurement of financial instruments		(12 125)	(91 994)
Impairment of financial assets at amortised cost		6 200	1 042
Share of profit of associates and jointly controlled entities		281	(1 368)
Other adjustments		(6 277)	(10 235)
<b>Total adjustments</b>		<b>500 953</b>	<b>464 352</b>
Paid income tax		(211 471)	(25 782)
Changes in working capital:			
CO2 emission allowances		361 102	363 464
Inventories		(77 243)	194
Trade and other receivables		(346 445)	(1 008 361)
Trade and other payables		753 039	(323 787)
Employee benefit liabilities		(47 038)	(55 160)
Accounting for subsidies and road lighting modernisation services		19 110	2 940
Provisions for other liabilities and charges		263 927	37 152
<b>Total changes in working capital</b>		<b>926 452</b>	<b>(983 558)</b>
<b>Net cash flows from operating activities</b>		<b>1 622 346</b>	<b>(85 941)</b>
<b>Cash flows from investing activities</b>			
Purchase of non-current property, plant and equipment and intangible assets and right-of-use assets		(530 530)	(639 403)
Proceeds from sale of non-current property, plant and equipment and intangible assets and right-of-use assets		436	8 118
Proceeds from sale of financial assets		53 136	–
Purchase of associates and jointly controlled entities		–	(177)
Inflows/(outflows) concerning funds held at Mine Decommissioning Fund bank account		365	(12)
Interest received		14	1 244
Other inflows from investing activities		10	50
<b>Net cash flows from investing activities</b>		<b>(476 569)</b>	<b>(630 180)</b>
<b>Cash flows from financing activities</b>			
Repayment of credit and loans		(35 939)	(15 527)
Bond buy-back		(78 055)	(956 255)
Repayment of lease liabilities		(28 657)	(4 871)
Interest paid		(26 810)	(48 880)
Other (outflows)/inflows from financing activities		(1 302)	194
<b>Net cash flows from financing activities</b>		<b>(170 763)</b>	<b>(1 025 339)</b>
<b>Total net cash flows</b>		<b>975 014</b>	<b>(1 741 460)</b>
Cash at the beginning of reporting period		1 941 554	3 761 947
<b>Cash at the end of reporting period</b>		<b>2 916 568</b>	<b>2 020 487</b>
including restricted cash		300 410	552 967



## ADDITIONAL INFORMATION AND EXPLANATIONS

### General information

#### 1. General information on the Parent

<b>Name:</b>	ENEA Spółka Akcyjna
<b>Legal form:</b>	spółka akcyjna (joint-stock company)
<b>Country of registration:</b>	Poland
<b>Registered office:</b>	Poznań, Poland
<b>Address:</b>	ul. Górecka 1, 60-201 Poznań
<b>Location of business:</b>	Poland
<b>KRS:</b>	0000012483
<b>Telephone number:</b>	(+48 61) 884 55 44
<b>Fax number:</b>	(+48 61) 884 59 59
<b>E-mail:</b>	enea@enea.pl
<b>Website:</b>	www.enea.pl
<b>REGON number:</b>	630139960
<b>NIP number:</b>	777-00-20-640

ENEA S.A. ("Company," "Parent") is the parent entity for ENEA Group ("Group").

As at 31 March 2021, the Parent's shareholding structure was as follows:

	Poland's State Treasury	Other shareholders	Total
<b>As at 31 March 2021</b>	51.50%	48.50%	100.00%

As at 31 March 2021, the Parent's highest-level controlling entity was the State Treasury.

As at 31 March 2021, ENEA S.A.'s statutory share capital amounted to PLN 441 443 thousand (PLN 588 018 thousand after restatement to EU IFRS, taking into account hyperinflation and other adjustments) and was divided into 441 442 578 shares.

The Parent's duration is indefinite.

Its activities are conducted on the basis of relevant concessions issued for the Parent and for specific Group companies.

The Group's condensed consolidated interim financial statements cover the three-month period ended 31 March 2021 and contain comparative data for the three-month period ended 31 March 2020 and the year ended 31 December 2020.

#### 2. Group composition

At 31 March 2021, ENEA Group consisted of the parent - ENEA S.A., 14 subsidiaries, 10 indirect subsidiaries, 2 associates and 2 jointly controlled entities.

ENEA Group's principal business activities are as follows:

- production of electric and thermal energy (ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A., Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. w Obornikach, Miejska Energetyka Ciepła Piła Sp. z o.o., ENEA Ciepło Sp. z o.o., ENEA Nowa Energia Sp. z o.o.);
- trade of electricity (ENEA S.A., ENEA Trading Sp. z o.o.);
- distribution of electricity (ENEA Operator Sp. z o.o.);
- distribution of heat (Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o. w Obornikach, Miejska Energetyka Ciepła Piła Sp. z o.o., ENEA Ciepło Sp. z o.o.);

– mining and enriching of hard coal (LW Bogdanka S.A.)

Company name	Activity	Registered office	ENE A S.A.'s stake in total number of voting rights as at 31 March 2021	ENE A S.A.'s stake in total number of voting rights as at 31 December 2020
<b>SUBSIDIARIES</b>				
1. ENEA Operator Sp. z o.o.	distribution	Poznań	100%	100%
2. ENEA Wytwarzanie Sp. z o.o.	generation	Świerże Górne	100%	100%
3. ENEA Elektrownia Połaniec S.A.	generation	Połaniec	100%	100%
4. ENEA Oświetlenie Sp. z o.o.	other activity	Szczecin	100%	100%
5. ENEA Trading Sp. z o.o.	trade	Świerże Górne	100%	100%
6. ENEA Serwis Sp. z o.o.	distribution	Lipno	100%	100%
7. ENEA Centrum Sp. z o.o.	other activity	Poznań	100%	100%
8. ENEA Pomiar Sp. z o.o.	distribution	Poznań	100%	100%
9. ENERGO-TOUR Sp. z o.o. w likwidacji	other activity	Poznań	100% <sup>6</sup>	100% <sup>6</sup>
10. ENEA Innowacje Sp. z o.o.	other activity	Warsaw	100%	100%
11. Lubelski Węgiel BOGDANKA S.A.	mining	Bogdanka	65.99%	65.99%
12. ENEA Ciepło Sp. z o.o.	generation	Białystok	99.94%	99.94%
13. ENEA Ciepło Serwis Sp. z o.o.	generation	Białystok	100%	100%
14. ENEA Nowa Energia Sp. z o.o.	generation	Radom	100%	100%
<b>INDIRECT SUBSIDIARIES</b>				
15. ENEA Logistyka Sp. z o.o.	distribution	Poznań	100% <sup>5</sup>	100% <sup>5</sup>
16. ENEA Bioenergia Sp. z o.o.	generation	Połaniec	100% <sup>1</sup>	100% <sup>1</sup>
17. ENEA Połaniec Serwis Sp. z o.o.	generation	Połaniec	100% <sup>1</sup>	100% <sup>1</sup>
18. Przedsiębiorstwo Energetyki Ciepłej Sp. z o.o.	generation	Oborniki	99.93% <sup>2</sup>	99.93% <sup>2</sup>
19. Miejska Energetyka Ciepła Piła Sp. z o.o.	generation	Piła	71.11% <sup>2</sup>	71.11% <sup>2</sup>
20. EkoTRANS Bogdanka Sp. z o.o.	mining	Bogdanka	65.99% <sup>3</sup>	65.99% <sup>3</sup>
21. RG Bogdanka Sp. z o.o.	mining	Bogdanka	65.99% <sup>3</sup>	65.99% <sup>3</sup>
22. MR Bogdanka Sp. z o.o.	mining	Bogdanka	65.99% <sup>3</sup>	65.99% <sup>3</sup>
23. Łęczyńska Energetyka Sp. z o.o.	mining	Bogdanka	58.53% <sup>3</sup>	58.53% <sup>3</sup>
24. ENEA Badania i Rozwój Sp. z o.o.	other activity	Świerże Górne	100% <sup>4</sup>	100% <sup>4</sup>
<b>JOINTLY CONTROLLED ENTITIES</b>				
25. Polska Grupa Górnicza S.A.	-	Katowice	7.66%	7.66%
26. Elektrownia Ostrołęka Sp. z o.o.	-	Ostrołęka	50%	50%
<b>ASSOCIATES</b>				
27. Polimex – Mostostal S.A.	-	Warsaw	16.48%	16.48%
28. ElectroMobility Poland S.A.	-	Warsaw	25%	25%

<sup>1</sup> – indirect subsidiary through stake in ENEA Elektrownia Połaniec S.A.

<sup>2</sup> – indirect subsidiary through stake in ENEA Wytwarzanie Sp. z o.o.

<sup>3</sup> – indirect subsidiary through stake in Lubelski Węgiel BOGDANKA S.A.

<sup>4</sup> – indirect subsidiary through stake in ENEA Innowacje Sp. z o.o.

<sup>5</sup> – indirect subsidiary through stake in ENEA Operator Sp. z o.o.

<sup>6</sup> – on 30 March 2015 the company's extraordinary general meeting adopted a resolution on the dissolution of the company following a liquidation proceeding; the resolution entered into force on 1 April 2015. An application for the company to be removed from the National Court Register was filed on 5 November 2015. At the date on which these condensed consolidated interim financial statements were prepared, procedural activities connected with removing the entity from the National Court Register were in progress.

### 3. Changes in composition of the Parent's Management Board and Supervisory Board

#### Management Board

	As at 31 March 2021	As at 31 December 2020
President of the Management Board	Paweł Szczeszek	Paweł Szczeszek
Member of the Management Board, responsible for finance	Rafał Mucha	Rafał Mucha
Member of the Management Board, responsible for trade	Tomasz Siwak	Tomasz Siwak
Member of the Management Board, responsible for corporate affairs	Tomasz Szczegieliński	Tomasz Szczegieliński
Member of the Management Board, responsible for operations	Marcin Pawlicki	Marcin Pawlicki

#### Supervisory Board

	As at 31 March 2021	Appointment	As at 31 December 2020	Resignation
Chairperson of the Supervisory Board	Rafał Włodarski	7 January 2021	Izabela Felczak-Poturnicka	5 January 2021
Deputy Chairperson of the Supervisory Board	Roman Stryjski		Roman Stryjski	
Secretary of the Supervisory Board	Michał Jaciubek		Michał Jaciubek	
Member of the Supervisory Board	Dorota Szymanek	7 January 2021	Rafał Włodarski	
Member of the Supervisory Board	Maciej Mazur		Maciej Mazur	
Member of the Supervisory Board	Piotr Mirkowski		Piotr Mirkowski	
Member of the Supervisory Board	Paweł Korobłowski		Paweł Korobłowski	
Member of the Supervisory Board	Ireneusz Kulka		Ireneusz Kulka	
Member of the Supervisory Board	Mariusz Pliszka		Mariusz Pliszka	
Member of the Supervisory Board	Mariusz Fistek		Mariusz Fistek	

On 4 January 2021, the Company received a letter of resignation from Mrs. Izabela Felczak-Poturnicka as Chairperson of the Supervisory Board and as Supervisory Board member, effective from 5 January 2021.

On 7 January 2021, an Extraordinary General Meeting of ENEA S.A. appointed Mr. Rafał Włodarski as Chairperson of ENEA S.A.'s Supervisory Board.

On 7 January 2021, the Company's Extraordinary General Meeting adopted a resolution appointing Mrs. Dorota Szymanek as member of ENEA S.A.'s Supervisory Board, effective from the same date.

### 4. Basis for preparing financial statements

These condensed consolidated interim financial statements are prepared in accordance with the requirements of IAS 34 *Interim Financial Reporting*, as endorsed by the European Union, and have been approved by the Management Board of ENEA S.A.

The Parent's Management Board used its best knowledge as to the application of standards and interpretations as well as methods and rules for the measurement of items in ENEA Group's condensed consolidated interim financial statements in accordance with EU IFRS as at 31 March 2021. The presented tables and explanations are prepared with due diligence. These condensed consolidated interim financial statements have not been reviewed by a statutory auditor. The accounting rules below are applied consistently across all of the presented periods unless stated otherwise.

These condensed consolidated interim financial statements are prepared on a going concern basis for the foreseeable future. There are no circumstances such as would indicate a threat to the Group's going concern.

These condensed consolidated interim financial statements should be read in conjunction with ENEA Group's consolidated financial statements for the financial year ended 31 December 2020.

## 5. Accounting rules (policy) and significant estimates and assumptions

These condensed consolidated interim financial statements are prepared in accordance with accounting rules that are consistent with those applied in preparing the most recent annual consolidated financial statements, for the financial year ended 31 December 2020.

Drafting condensed consolidated interim financial statements in accordance with IAS 34 requires the Management Board to adopt certain assumptions and make estimates that have an impact on the application of accounting rules and on amounts being presented in the condensed consolidated interim financial statements and explanatory notes to these statements. Such assumptions and estimates are based on the Management Board's best knowledge regarding current and future events and activities. However, actual results may differ from forecasts. The estimates used in preparing these condensed consolidated interim financial statements are consistent with the estimates used in preparing the consolidated financial statements for the most recent financial year. The estimated values presented in previous financial years do not have a material impact on the present interim period.

### Change in presentation of items in statement of comprehensive income

In these condensed consolidated interim financial statements, the Group changed the scope of presentation, within the statement of comprehensive income, for derivative transactions concerning CO<sub>2</sub> as well as electricity, gas and property rights, along with associated currency forward transactions. Results of the measurement of these transactions, previously presented as finance income or finance costs, were presented as other operating revenue or other operating costs. At the same time, the Group currently presents the results of these transactions on a net basis together with the results of other related derivatives transactions, previously presented as other operating revenue / other operating costs. According to the Group, this form of presentation reflects the Group's financial results better and more consistently because these transactions are related to the Group's operating activities.

For the three-month period ended 31 March 2020			
	Approved data	Change in presentation of derivative transactions	Restated data
Revenue from sales	4 605 082		4 605 082
Excise duty	(18 041)		(18 041)
<b>Net revenue from sales</b>	<b>4 587 041</b>		<b>4 587 041</b>
Revenue from operating leases and subleases	5 041		5 041
<b>Revenue from sales and other income</b>	<b>4 592 082</b>		<b>4 592 082</b>
Other operating revenue	53 165	25 213	78 378
Change in provision for onerous contracts	24 347		24 347
Depreciation/amortisation	(381 084)		(381 084)
Employee benefit costs	(480 888)		(480 888)
Use of materials and raw materials and value of goods sold	(791 431)		(791 431)
Purchase of electricity and gas for sales purposes	(1 872 796)		(1 872 796)
Transmission services	(121 465)		(121 465)
Other third-party services	(205 011)		(205 011)
Taxes and fees	(131 717)		(131 717)
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets	(14 777)		(14 777)
Other operating costs	(138 549)	77 409	(61 140)
<b>Operating profit</b>	<b>531 876</b>	<b>102 622</b>	<b>634 498</b>
Finance costs	(108 377)	16 312	(92 065)
Finance income	131 274	(118 934)	12 340
Impairment of financial assets at amortised cost	(1 042)		(1 042)
Share of results of associates and jointly controlled entities	1 368		1 368
<b>Profit before tax</b>	<b>555 099</b>		<b>555 099</b>
Income tax	(96 052)		(96 052)
<b>Net profit for the reporting period</b>	<b>459 047</b>		<b>459 047</b>

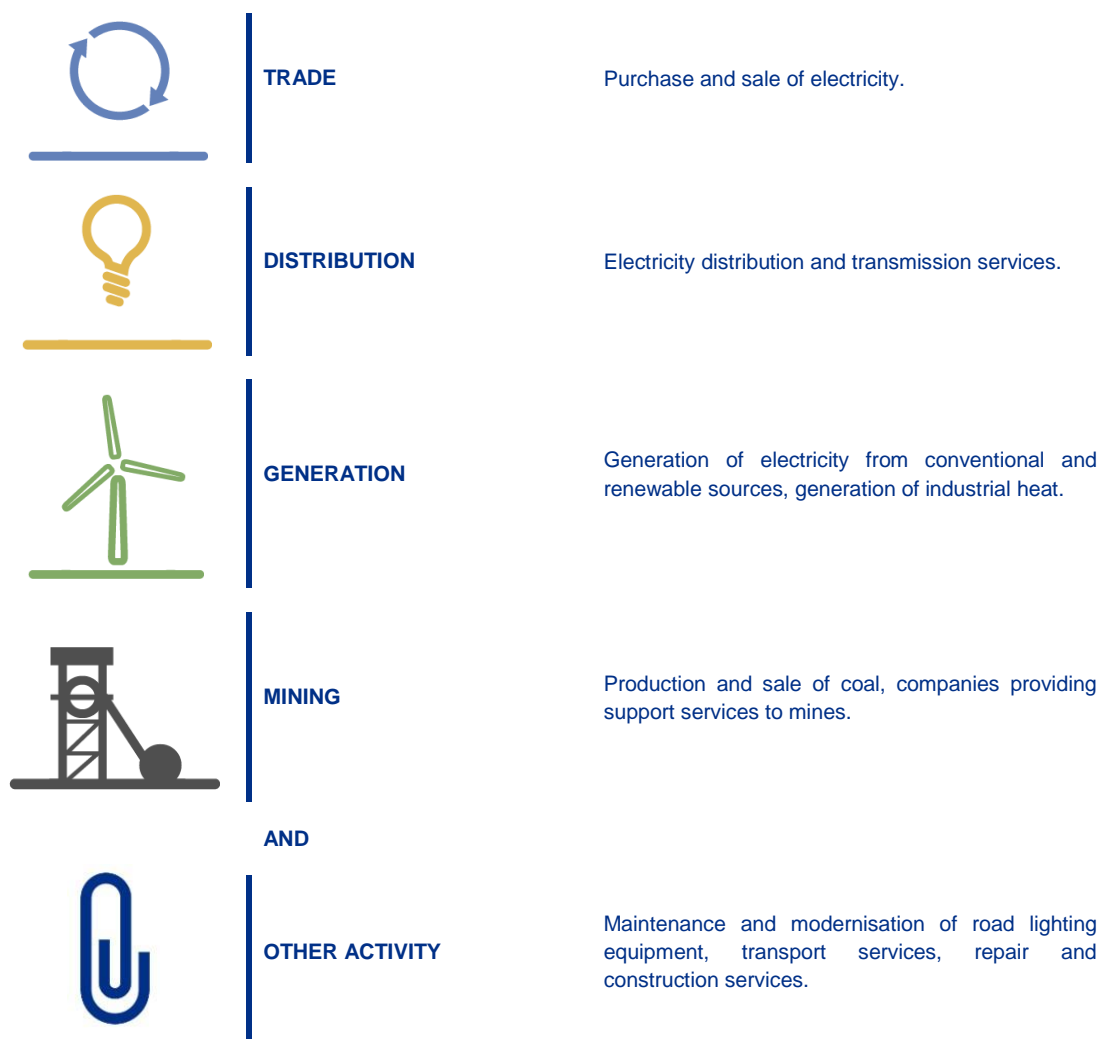
## 6. Functional currency and presentation currency

Items in the financial statements of individual Group entities are measured in the main currency of the economic setting in which the entity operates (in the functional currency).

The condensed consolidated interim financial statements are presented in PLN, which is the functional and presentation currency for all of the Group's entities. Items in financial statements are rounded to full thousands of zlotys (PLN 000s), unless otherwise stated.

## Operating segments

The Group presents segment information in accordance with IFRS 8 *Operating Segments*. Operating segments correspond to the reporting segments and are not aggregated. The Group's activities are managed in operating segments that are distinct in terms of products and services. ENEA Group reports four operating segments and other activity, as shown below.



Segment revenue is revenue generated from sales to external customers and transactions with other segments that can be directly attributed to the given segment. Segment costs include the cost of sales to external customers and costs of transactions with other segments within the Group that result from the operating activities of a given segment and can be directly attributed to the given segment. Market prices are applied to inter-segment transactions, which makes it possible for units to generate margins sufficient to independently operate on the market.

In analysing segment results, the Group especially focuses on EBITDA. EBITDA is defined as operating profit (calculated as result before tax adjusted by the share of results of associates and jointly controlled entities, impairment of financial assets at amortised cost, impairment of investments in jointly controlled entities, finance income, dividend income and finance costs) plus amortisation and impairment of non-financial non-current assets.

Rules for determining segment results and segment assets and liabilities are in compliance with the accounting rules used in preparing consolidated financial statements.

In the third quarter of 2020, ENEA Logistyka Sp. z o.o. became a subsidiary of ENEA Operator Sp. z o.o. According to the Parent's Management Board, shifting this company into the distribution segment more closely reflects the nature of its activities. This is why the revenue, costs, assets and liabilities of ENEA Logistyka Sp. z o.o. are presented in these condensed consolidated interim financial statements in the distribution segment rather than in the other activities segment. The comparative period in notes concerning segments was also appropriately restated.

**Segment results:**

Segment results for the period from 1 January to 31 March 2021 are as follows:



	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	2 001 050	830 069	2 074 733	106 496	28 921	-	5 041 269
Inter-segment sales	358 537	9 438	168 358	435 039	96 401	(1 067 773)	-
<b>Total net revenue from sales</b>	<b>2 359 587</b>	<b>839 507</b>	<b>2 243 091</b>	<b>541 535</b>	<b>125 322</b>	<b>(1 067 773)</b>	<b>5 041 269</b>
Revenue from operating leases and subleases	-	-	183	2 142	2 205	(25)	4 505
<b>Revenue from sales and other income</b>	<b>2 359 587</b>	<b>839 507</b>	<b>2 243 274</b>	<b>543 677</b>	<b>127 527</b>	<b>(1 067 798)</b>	<b>5 045 774</b>
Total costs	(2 313 466)	(635 242)	(1 975 826)	(471 620)	(122 933)	1 040 485	(4 478 602)
<b>Segment result</b>	<b>46 121</b>	<b>204 265</b>	<b>267 448</b>	<b>72 057</b>	<b>4 594</b>	<b>(27 313)</b>	<b>567 172</b>
Depreciation/amortisation	(864)	(164 494)	(99 751)	(91 510)	(19 171)		
Impairment losses on non-financial non-current assets	-	-	-	-	(3 358)		
<b>Segment result - EBITDA</b>	<b>46 985</b>	<b>368 759</b>	<b>367 199</b>	<b>163 567</b>	<b>27 123</b>		
<b>% of revenue from sales and other income</b>	<b>2.0%</b>	<b>43.9%</b>	<b>16.4%</b>	<b>30.1%</b>	<b>21.3%</b>		
Unallocated costs at Group level (administration expenses)							(19 197)
<b>Operating profit</b>							<b>547 975</b>
Finance costs							(58 796)
Finance income							22 482
Impairment of financial assets at amortised cost							(6 200)
Share of results of associates and jointly controlled entities							(281)
Income tax							(98 768)
<b>Net profit</b>							<b>406 412</b>
<b>Share of profit attributable to non-controlling interests</b>							<b>20 848</b>

**Segment results:**

Segment results for the period from 1 January to 31 March 2020 are as follows:



	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	1 762 347	799 083	1 928 817	69 166	27 628	-	4 587 041
Inter-segment sales	285 933	6 849	166 884	392 428	89 133	(941 227)	-
<b>Total net revenue from sales</b>	<b>2 048 280</b>	<b>805 932</b>	<b>2 095 701</b>	<b>461 594</b>	<b>116 761</b>	<b>(941 227)</b>	<b>4 587 041</b>
Revenue from operating leases and subleases	-	-	136	2 489	2 428	(12)	5 041
<b>Revenue from sales and other income</b>	<b>2 048 280</b>	<b>805 932</b>	<b>2 095 837</b>	<b>464 083</b>	<b>119 189</b>	<b>(941 239)</b>	<b>4 592 082</b>
Total costs	(1 938 286)	(649 625)	(1 764 549)	(410 863)	(112 501)	936 420	(3 939 404)
<b>Segment result</b>	<b>109 993</b>	<b>156 307</b>	<b>331 288</b>	<b>53 220</b>	<b>6 689</b>	<b>(4 819)</b>	<b>652 678</b>
Depreciation/amortisation	(319)	(149 929)	(140 970)	(76 165)	(17 755)		
<b>Segment result - EBITDA</b>	<b>110 312</b>	<b>306 236</b>	<b>472 258</b>	<b>129 385</b>	<b>24 444</b>		
<b>% of revenue from sales and other income</b>	<b>5.4%</b>	<b>38.0%</b>	<b>22.5%</b>	<b>27.9%</b>	<b>20,5%</b>		
Unallocated costs at Group level (administration expenses)							(18 180)
<b>Operating profit</b>							<b>634 498</b>
Finance costs							(92 065)
Finance income							12 340
Impairment of financial assets at amortised cost							(1 042)
Share of results of associates and jointly controlled entities							1 368
Income tax							(96 052)
<b>Net profit</b>							<b>459 047</b>
<b>Share of profit attributable to non-controlling interests</b>							<b>14 450</b>

Other information concerning segments as at 31 March 2021 and for the three-month period ended on that date is as follows:



	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	15 089	9 893 802	5 975 375	3 120 170	360 094	(511 522)	18 853 008
Trade and other receivables	1 615 731	365 042	753 585	318 488	100 179	(699 254)	2 453 771
Costs related to the conclusion of agreements	25 696	-	-	-	-	-	25 696
Assets arising from contracts with customers	198 069	258 798	73	-	253	(7 285)	449 908
<b>Total</b>	<b>1 854 585</b>	<b>10 517 642</b>	<b>6 729 033</b>	<b>3 438 658</b>	<b>460 526</b>	<b>(1 218 061)</b>	<b>21 782 383</b>
ASSETS excluded from segments							9 183 398
- including property, plant and equipment							9 346
- including trade and other receivables							2 598
<b>TOTAL ASSETS</b>							<b>30 965 781</b>
Trade and other payables	107 791	456 188	623 185	240 385	209 148	(360 893)	1 275 804
Liabilities arising from contracts with customers	381 088	294 670	-	1 741	140	(345 646)	331 993
<b>Total</b>	<b>488 879</b>	<b>750 858</b>	<b>623 185</b>	<b>242 126</b>	<b>209 288</b>	<b>(706 539)</b>	<b>1 607 797</b>
Equity and liabilities excluded from segments							29 357 984
- including trade and other payables							1 376 352
<b>TOTAL EQUITY AND LIABILITIES</b>							<b>30 965 781</b>
<b>for the three-month period ended 31 March 2021</b>							
Investment expenditures on property, plant and equipment and intangible assets	736	154 300	78 865	71 820	2 842	(1 091)	307 472
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							-
Depreciation/amortisation	864	164 494	99 751	91 510	19 171	(5 376)	370 414
Amortisation excluded from segments							757
Recognition/(reversal/use) of impairment losses on receivables	1 646	959	79	299	(49)	-	2 934
Recognition of impairment losses on non-financial non-current assets	-	-	-	-	3 358	-	3 358



Other information concerning segments as at 31 December 2020 and for the three-month period ended on 31 March 2020 is as follows:



	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 392	9 889 504	5 978 596	3 158 735	368 500	(515 537)	18 894 190
Trade and other receivables	1 421 069	313 950	735 455	268 999	93 293	(630 881)	2 201 885
Costs related to the conclusion of agreements	24 684	-	-	-	-	-	24 684
Assets arising from contracts with customers	127 988	206 426	18	-	311	(12 297)	322 446
<b>Total</b>	<b>1 588 133</b>	<b>10 409 880</b>	<b>6 714 069</b>	<b>3 427 734</b>	<b>462 104</b>	<b>(1 158 715)</b>	<b>21 443 205</b>
ASSETS excluded from segments							8 446 658
- including property, plant and equipment							9 532
- including trade and other receivables							2 687
<b>TOTAL ASSETS</b>							<b>29 889 863</b>
Trade and other payables	338 466	526 855	625 379	244 462	204 054	(351 012)	1 588 204
Liabilities arising from contracts with customers	324 455	222 155	-	1 329	1 689	(292 166)	257 462
<b>Total</b>	<b>662 921</b>	<b>749 010</b>	<b>625 379</b>	<b>245 791</b>	<b>205 743</b>	<b>(643 178)</b>	<b>1 845 666</b>
Equity and liabilities excluded from segments							28 044 197
- including trade and other payables							582 515
<b>TOTAL EQUITY AND LIABILITIES</b>							<b>29 889 863</b>
<b>for the three-month period ended 31 March 2020</b>							
Investment expenditures on property, plant and equipment and intangible assets	5	171 726	161 090	266 309	6 583	(10 549)	595 164
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							-
Depreciation/amortisation	319	149 929	140 970	76 165	17 755	(4 592)	380 546
Amortisation excluded from segments							538
Recognition/(reversal/use) of impairment losses on receivables	419	(1 498)	313	(1 745)	5	-	(2 506)

## Explanatory notes to the consolidated statement of comprehensive income

### 7. Revenue from sales

#### Net revenue from sales

	For the three-month period ended	
	31 March 2021	31 March 2020
Revenue from the sale of electricity	3 545 216	3 463 500
Revenue from the sale of distribution services	810 191	780 168
Revenue from the sale of goods and materials	25 367	19 697
Revenue from the sale of other products and services	42 777	43 165
Revenue from origin certificates	-	2 406
Revenue from the sale of industrial heat	152 290	117 403
Revenue from the sale of coal	96 119	59 659
Revenue from the sale of gas	156 357	101 043
Revenue from Capacity Market	212 952	-
<b>Total net revenue from sales</b>	<b>5 041 269</b>	<b>4 587 041</b>

The Group mainly classifies revenue by type of product/service. The key revenue groups are revenue from the sale of electricity (ENEA S.A., ENEA Wytwarzanie, ENEA Trading and ENEA Elektrownia Połaniec) and revenue from the sale of distribution services (ENEA Operator).

**Sale of electricity:** The Group recognises revenue when an obligation to provide a consideration by providing a promised good or service to the customer is performed (or is being performed). Revenue is recognised on the basis of prices specified in sale agreements, less estimated rebates and other deductions. The key groups of contracts include electricity sale contracts (including framework contracts) for retail, business, key and strategic customers. Under these contracts, service is provided in a continuous manner and the level of revenue depends on usage. Sales to the clearing-house Izba Rozliczeniowa Giełd Towarowych S.A. and the TGE power exchange also take place.

The standard payment deadline for invoices for the sale of electricity at ENEA S.A. is 14 days from VAT invoice date. In the case of business, key and strategic customers, payment deadlines may be negotiated.

Payment deadlines for invoices concerning electricity sales to IRGiT are 1-3 days from delivery and invoice issue. For sales to TGE, payment deadlines are governed by TGE's regulations.

**Sale of distribution services:** In the case of distribution services sales, ENEA Operator charges a fee that contains separate components: grid fee (variable component), quality fee, grid fee (fixed component), instalment fee, transition fee and renewables fee.

In the case of the quality fee, transition fee and renewables fee, ENEA Operator serves, as a rule, as entity collecting fees and providing this consideration to other market participants, e.g. to Polskie Sieci Elektroenergetyczne S.A. (PSE). These fees (quality fee, transition fee, renewables fee) constitute quasi-taxes collected on behalf of other entities. ENEA Operator acts as agent collecting fees for other energy market participants, including PSE. In consequence, revenue from the sale of distribution services is decreased by the amount of renewables fee, quality fee and transition fee collected. Costs related to the procurement of transmission services and costs related to invoices for renewables support and support for producers are subject to adjustment.

Revenue from the Capacity Market constitutes revenue from the performance of capacity contracts (obligations) executed as a result of the 2021 Auction. The Capacity Market is a market mechanism intended to ensure a stable supply of electricity to households and industry over the long term.

Presented below is revenue from sales, divided into categories that reflect how economic factors influence the amount, payment deadline and the uncertainty of revenue and cash flows.

	For the three-month period ended	
	31 March 2021	31 March 2020
Revenue from continuous services	4 724 716	4 344 711
Revenue from services provided at specified time	316 553	242 330
<b>Total</b>	<b>5 041 269</b>	<b>4 587 041</b>

## 8. Tax

### Deferred income tax

Changes in deferred income tax assets and provision (after offsetting assets and provision) are as follows:

	As at	
	31 March 2021	31 December 2020
<b>Net deferred income tax assets at the beginning of period, including:</b>	<b>850 967</b>	<b>155 977</b>
- deferred income tax assets at the beginning of period	1 296 061	569 369
- deferred income tax provision at the beginning of period	445 094	413 392
(Charge)/addition to profit or loss	40 566	659 551
(Charge)/addition to other comprehensive income	(10 000)	35 439
<b>Net deferred income tax assets at the end of period, including:</b>	<b>881 533</b>	<b>850 967</b>
- deferred income tax assets at the end of period	1 335 271	1 296 061
- deferred income tax provision at the end of period	453 738	445 094

In the 3-month period ended 31 March 2021, the Group's profit before tax was credited as a result of an increase in net deferred income tax assets by PLN 40 566 thousand (in the 3-month period ended 31 March 2020 the charge to the Group's profit before tax as a result of a decrease in net deferred income tax assets amounted to PLN 44 881 thousand).

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## Explanatory notes to the consolidated statement of financial position

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### 9. Property, plant and equipment

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In the 3-month period ending 31 March 2021 the Group purchased property, plant and equipment items for a total of PLN 302 962 thousand (in the 3-month period ending 31 March 2020: PLN 587 815 thousand). These amounts mainly concern the generation segment (PLN 78 471 thousand), mining (PLN 71 786 thousand) and distribution (PLN 140 704 thousand).

In the 3-month period ending 31 March 2021 the Group sold and liquidated property, plant and equipment items with total net book value of PLN 12 755 thousand (in the 3 months ended 31 March 2020: PLN 15 500 thousand).

In the 3-month period ended 31 March 2021, impairment losses on property, plant and equipment decreased by PLN 4 250 thousand on a net basis (in the 3-month period ended 31 March 2020 impairment of property, plant and equipment decreased by PLN 154 thousand on a net basis).

As at 31 March 2021, total impairment of property, plant and equipment amounted to PLN 4 842 517 thousand (as at 31 December 2020: PLN 4 846 767 thousand).

Future contract liabilities related to the purchase of property, plant and equipment incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 1 202 618 thousand as at 31 March 2021 (as at 31 December 2020: PLN 1 067 174 thousand).

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### 10. Intangible assets

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In the 3-month period ending 31 March 2021 the Group purchased intangible assets worth PLN 4 510 thousand (in the 3-month period ended 31 March 2020 the Group purchased intangible assets worth PLN 7 349 thousand).

In the 3-month period ending 31 March 2021 the Group did not sell or liquidate significant intangible assets (in the 3-month period ended 31 March 2020 the Group also did not sell or liquidate significant intangible assets).

Future contract liabilities related to the purchase of property, plant and equipment incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 33 345 thousand as at 31 March 2021 (as at 31 December 2020: PLN 29 173 thousand).

## 11. Investments in associates and jointly controlled entities

The following table shows key financial data concerning associates and jointly controlled entities consolidated using the equity approach:

As at 31 March 2021	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Polska Grupa Górnicza S.A.	ElectroMobility Poland S.A.	Total
<b>Stake</b>	<b>50.00%</b>	<b>16.48%</b>	<b>7.66%</b>	<b>25%</b>	
Current assets	23 508	1 131 063	1 655 095	17 537	2 827 203
Non-current assets	101 136	650 431	8 163 827	39 274	8 954 668
<b>Total assets</b>	<b>124 644</b>	<b>1 781 494</b>	<b>9 818 922</b>	<b>56 811</b>	<b>11 781 871</b>
Current liabilities	914 456	907 308	6 635 806	2 901	8 460 471
Non-current liabilities	-	201 354	2 828 150	17	3 029 521
<b>Total liabilities</b>	<b>914 456</b>	<b>1 108 662</b>	<b>9 463 956</b>	<b>2 918</b>	<b>11 489 992</b>
<b>Net assets</b>	<b>(789 812)</b>	<b>672 832</b>	<b>354 966</b>	<b>53 893</b>	<b>291 879</b>
<b>Share in net assets</b>	<b>-</b>	<b>110 883</b>	<b>27 190</b>	<b>13 473</b>	<b>151 546</b>
Goodwill	7 080	15 954	52 697	-	75 731
Impairment of goodwill	(7 080)	-	(52 697)	-	(59 777)
Elimination of unrealised gains/losses	-	(6 944)	2 697	-	(4 247)
Impairment of investments	-	-	(29 887)*	-	(29 887)
<b>Book value of equity-accounted investments at 31 March 2021</b>	<b>-</b>	<b>119 893</b>	<b>-</b>	<b>13 473</b>	<b>133 366</b>

The Group made a consolidation adjustment concerning margins on sales in transactions between the Group and Polimex - Mostostal S.A. and Polska Grupa Górnicza S.A.

\*

	Polska Grupa Górnicza S.A.
<b>Book value of equity-accounted investments at 31 December 2020</b>	<b>-</b>
Recognised share of loss	(99 321)
Revaluation of investments	99 321
<b>Book value of equity-accounted investments at 31 March 2021</b>	<b>-</b>

As at 31 December 2020	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Polska Grupa Górnicza S.A.	ElectroMobility Poland S.A.	Total
<b>Stake</b>	<b>50.00%</b>	<b>16.48%</b>	<b>7.66%</b>	<b>25%</b>	
Current assets	38 172	1 390 029	1 799 476	17 537	3 245 214
Non-current assets	95 229	673 930	9 080 500	39 274	9 888 933
<b>Total assets</b>	<b>133 401</b>	<b>2 063 959</b>	<b>10 879 976</b>	<b>56 811</b>	<b>13 134 147</b>
Current liabilities	912 443	1 175 007	6 568 576	2 901	8 658 927
Non-current liabilities	-	213 913	2 733 135	17	2 947 065
<b>Total liabilities</b>	<b>912 443</b>	<b>1 388 920</b>	<b>9 301 711</b>	<b>2 918</b>	<b>11 605 992</b>
<b>Net assets</b>	<b>(779 042)</b>	<b>675 039</b>	<b>1 578 265</b>	<b>53 893</b>	<b>1 528 155</b>
<b>Share in net assets</b>	<b>-</b>	<b>111 246</b>	<b>120 895</b>	<b>13 473</b>	<b>245 614</b>
Goodwill	7 080	15 954	52 697	-	75 731
Impairment of goodwill	(7 080)	-	(52 697)	-	(59 777)
Impairment of investments	-	-	(129 208)	-	(129 208)
Elimination of unrealised gains/losses	-	(7 026)	8 313	-	1 287
<b>Book value of equity-accounted investments at 31 December 2020</b>	<b>-</b>	<b>120 174</b>	<b>-</b>	<b>13 473</b>	<b>133 647</b>

### Change in investments in subsidiaries, associates and jointly controlled entities

	As at	
	31 March 2021	31 December 2020
<b>As at the beginning of period</b>	<b>133 647</b>	<b>373 016</b>
Change in the change in net assets	(281)	(110 161)
Impairment of investments in jointly controlled entities	-	(129 208)
<b>As at the reporting date</b>	<b>133 366</b>	<b>133 647</b>

### Implementation of project to build Elektrownia Ostrołęka C

At 31 March 2021, ENEA S.A. held 9 124 821 shares of Elektrownia Ostrołęka Sp. z o.o., with a nominal value of PLN 50 each and total nominal value of PLN 456 241 thousand.

On 13 February 2020, ENEA S.A. executed an agreement with ENERGA S.A. suspending financing by ENERGA S.A. and ENEA S.A. for the project to build Elektrownia Ostrołęka C. In the agreement, ENEA S.A. and ENERGA S.A. undertook to carry out analyses, especially concerning the project's technical, technological, economic and organisational parameters and further financing.

ENERGA S.A. and ENEA S.A. assumed that suspending financing for the project would result in the company having to suspend its contract executed on 12 July 2018 to build Elektrownia Ostrołęka C with capacity of approx. 1000 MW, along with a contract to convert rail infrastructure for Elektrownia Ostrołęka C of 4 October 2019.

On 14 February 2020, Elektrownia Ostrołęka Sp. z o.o. issued to the General Contractor for the contract to build Elektrownia Ostrołęka C with capacity of approx. 1000 MW of 12 July 2018 a notice to suspend all works related to that contract, effective 14 February 2020.

As part of the analytical work performed under the agreement, ENEA S.A. and ENERGA S.A. worked on updating business and technical assumptions as well as assumptions concerning the financing structure within the financial model. On ENERGA S.A.'s part, the results of this work were provided to Elektrownia Ostrołęka Sp. z o.o. on 14 May 2020, when the company received calculations concerning the Project's profitability in the coal fuel variant. These results were used by the company to perform a CGU test. The CGU test carried out at Elektrownia Ostrołęka Sp. z o.o. shows that completing the Project would generate a negative value, meaning that continuing the Project would be unjustified.

On 19 May 2020, ENEA S.A. received an electronic copy of Resolution no. 39/2020 of the Management Board of Elektrownia Ostrołęka Sp. z o.o. of 19 May 2020 regarding recognition of impairment losses on the book value of the Company's assets. As a result of an impairment test on non-current assets performed at Elektrownia Ostrołęka Sp. z o.o., which followed an update of business assumptions by Elektrownia Ostrołęka Sp. z o.o. regarding the construction of power plant Ostrołęka C based on coal technology, the Group's consolidated financial statements for 2019 include ENEA S.A.'s share of the net loss generated by Elektrownia Ostrołęka Sp. z o.o. Given the fact that it was higher than the value of the stake in this company, it was reduced to zero. At 31 March 2021, ENEA S.A.'s stake in Elektrownia Ostrołęka Sp. z o.o. was worth PLN 0.

On 2 June 2020 the Management Board of ENEA S.A. accepted a final report on analyses conducted in collaboration with ENERGA S.A. regarding the project's technical, technological, economic, organisational and legal aspects and further financing. Conclusions from these analyses do not justify continuing the project in its existing form, i.e. the construction of a power plant generating electricity in a process of hard coal combustion. This evaluation was driven by the following:

- 1) regulatory changes at the EU level and the credit policy of certain financial institutions, which show that there is far greater access to financing for energy projects based on gas than coal;  
and
- 2) the acquisition of control over Energa by PKN Orlen S.A., the strategy of which does not include investments in electricity generation based on coal combustion.

At the same time, technical analysis confirmed the viability of a variant in which the power plant would use gas ("Gas Project") at the current location of the coal-unit being built. As a result of the above, ENEA S.A.'s Management Board decided to continue building a generating asset in Ostrołęka and change the fuel source from coal to gas.

On 2 June 2020, a three-party agreement was executed between ENEA S.A., ENERGA S.A. and PKN Orlen S.A., spelling out the following key cooperation rules for the Gas Project:

- subject to the reservations expressed below, continue cooperation between ENEA S.A. and ENERGA S.A. via the existing special-purpose vehicle, i.e. Elektrownia Ostrołęka Sp. z o.o., and settle costs related to the Project between ENEA S.A. and ENERGA S.A., along with settlements with Project contractors, in accordance with the existing rules,
- take into account PKN Orlen S.A.'s potential role in the Gas Project as a new shareholder,
- ENEA S.A.'s participation in the Gas Project as a minority shareholder with an investment cap, as a result of which the Company will not be an entity co-controlling Elektrownia Ostrołęka Sp. z o.o.,
- subject to the essential corporate approvals, execute a new shareholders agreement regarding the Gas Project that incorporates the aforementioned cooperation rules,

- undertake activities intended to secure financing for the Gas Project by ENERGA S.A. together with PKN Orlen S.A.

From 2 June 2020, the parties to this agreement had been holding talks regarding a new investment agreement specifying rules for the further implementation of the Gas Project, including investment by each of the parties. At the same time, ENEA S.A. on its own evaluated the prospect of participating in the project.

On 22 December 2020 at the request of ENEA S.A.'s Management Board, ENEA S.A.'s Supervisory Board approved the following:

- ENEA S.A.'s withdrawal from investing in the construction of a gas-based unit as part of project Ostrołęka C, and
- arrangements with ENERGA regarding the settlement of costs pertaining to the project to build a coal-based unit as part of project Ostrołęka C.

In connection with the above, ENEA S.A. and the other parties involved in Project Ostrołęka C agreed that an organised part of enterprise related to the gas project will be spun off from Project Ostrołęka C (in accounting and organisational terms). From the spin-off date, investment costs related to settling the gas project will not be incurred by ENEA S.A.

Further, the following documents were signed on 22 December 2020:

- agreement between ENEA S.A., ENERGA S.A. and Elektrownia Ostrołęka Sp. z o.o. regarding cooperation on the division of Elektrownia Ostrołęka Sp. z o.o. (Division Agreement),
- agreement between the Company and ENERGA S.A. regarding cooperation on settling the coal-based project as part of Project Ostrołęka C (Settlement Agreement, Coal Project).

These agreements were signed in connection with a decision to change the source of power for the Elektrownia Ostrołęka C power plant being constructed with capacity of approx. 1000 MW from coal to gas, and ENEA S.A.'s decision to not participate in the Gas Project.

Both of the agreements include a statement by ENEA S.A. on withdrawal from further participation in the Gas Project. The reasons for withdrawing from further investment in the construction of the gas unit are especially related to ENEA Group's intention to intensify investing activity in the area of renewable energy sources as well as to invest in the conversion of coal-based sources to gas-based across ENEA S.A.'s existing generating assets that are fully owned by ENEA S.A.

Reaching these agreements also serves to confirm that in light of ENEA S.A.'s withdrawal from the Gas Project the remaining parties will not be seeking any claims from ENEA S.A. based on this decision.

In accordance with the Division Agreement, Elektrownia Ostrołęka Sp. z o.o. will be divided through a spin-off (in the meaning of the Polish Commercial Companies Code) of the assets and liabilities (rights and obligations) and other elements that make up the Gas Project. The process of dividing this company is expected to be completed in the second quarter of 2021.

The Settlement Agreement is essential to the performance of the Division Agreement, which requires cooperation by the shareholders of Elektrownia Ostrołęka Sp. z o.o., including the settlement of costs related to the Coal Project. In accordance with the Settlement Agreement, costs related to the Coal Project will be settled based on the existing arrangements between the company and ENERGA S.A. and ENEA S.A.

On 31 December 2020, in accordance with the Settlement Agreement (which amended the loan agreement of 23 December 2019 in this regard), ENEA S.A. bought from ENERGA S.A. half of ENERGA S.A.'s receivables due from Elektrownia Ostrołęka Sp. z o.o. for a price equal to the nominal value of the receivables being sold, i.e. PLN 170 000 thousand, plus interest accrued from 31 December 2020, amounting to PLN 11 617 thousand.

Impairment of loans issued to Elektrownia Ostrołęka Sp. z o.o. as at 31 March 2021 amounted to PLN 215 985 thousand, together with interest (the value of these loans was written off to zero).

Furthermore, in reference to a settlement proposal presented by the General Contractor on 23 June 2020, with regard to an investment consisting of the construction of coal-fired power plant Ostrołęka C, in 2020 grounds were identified for recognising a PLN 222 200 thousand provision (this amount was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2020 under "Impairment of interests in subsidiaries, associates and jointly-controlled entities") for future investment liabilities toward Elektrownia Ostrołęka Sp. z o.o. Due to considerable uncertainty as to the final amounts of claims, the amount of this provision is the best possible estimate, based on the General Contractor's proposals, among other things. The amounts required to settle the Coal Project are currently being analysed in detail by Elektrownia Ostrołęka Sp. z o.o. and agreed with the General Contractor.

On 26 February 2021 ENEA S.A. and ENERGA S.A. executed with Elektrownia Ostrołęka Sp. z o.o. Annex 1 to the PLN 340 million loan agreement of 23 December 2019 and Annex 6 to the PLN 58 million loan agreement of 17 July 2019. Pursuant to the provisions of the aforementioned annexes, Elektrownia Ostrołęka Sp. z o.o. undertook to make a one-off loan repayment to ENEA S.A. of PLN 170 million and PLN 29 million, respectively, together with interest, by 30 June 2021.

ENEA S.A.'s commitment to provide funding for Elektrownia Ostrołęka Sp. z o.o. resulting from the existing agreements (especially the agreements dated 28 December 2018 and 30 April 2019 and the Settlement Agreement) that is still outstanding amounts to PLN 620 million. ENEA S.A. does not have sufficient information on any potential additional contributions or their potential deadlines, aside from those above.



## 12. Inventories

### Inventories

	As at	
	31 March 2021	31 December 2020
Materials	802 264	785 407
Semi-finished products and production in progress	741	1 237
Finished products	61 979	28 144
Energy origin certificates	381 043	350 664
Goods	13 509	10 230
<b>Gross value of inventory</b>	<b>1 259 536</b>	<b>1 175 682</b>
Impairment of inventory	(45 638)	(45 707)
<b>Net value of inventory</b>	<b>1 213 898</b>	<b>1 129 975</b>

In the 3-month period ended 31 March 2021, impairment losses on inventory decreased by PLN 69 thousand (in the 3-month period ended 31 March 2020 impairment of inventory increased by PLN 9 thousand).

## 13. Energy origin certificates

### Energy origin certificates

	As at	
	31 March 2021	31 December 2020
<b>Net value at the beginning of period</b>	<b>345 776</b>	<b>430 571</b>
Internal manufacture	67 060	282 693
Purchase	11 694	130 752
Depreciation	(48 102)	(491 718)
Sale	(273)	(7 788)
Change in impairment	-	1 266
<b>Net value at the reporting date</b>	<b>376 155</b>	<b>345 776</b>

## 14. Assets and liabilities arising from contracts with customers

### Assets and liabilities arising from contracts with customers

	Assets arising from contracts with customers	Liabilities arising from contracts with customers
<b>As at 1 January 2020</b>	<b>330 447</b>	<b>115 701</b>
Transfer from contract assets to receivables	(8 018)	-
Increase due to prepayments	-	150 064
Liabilities resulting from sales adjustments	-	(8 303)
Impairment	17	-
<b>As at 31 December 2020</b>	<b>322 446</b>	<b>257 462</b>
Change in non-invoices receivables	127 527	-
Increase due to prepayments	-	75 021
Liabilities resulting from sales adjustments	-	(490)
Impairment	(65)	-
<b>As at 31 March 2021</b>	<b>449 908</b>	<b>331 993</b>

The balance of assets arising from contracts with customers mainly covers uninvoiced electricity sales, while the balance of liabilities arising from contracts with customers mainly covers advances received from connection fees.

## 15. Restricted cash

As at 31 March 2021, the Group's restricted cash amounted to PLN 300 410 thousand (as at 31 December 2020: PLN 754 321 thousand). This mainly included cash for deposits for electricity and CO<sub>2</sub> emission allowance transactions (mainly cash for collateral in settlements with clearinghouse IRGiT), funds in a VAT account (split payment), collateral paid to suppliers and cash withholding as collateral for proper performance of work.

## 16. Profit allocation

A decision on how to cover the 2020 loss will be made by shareholders at the 2021 Ordinary General Meeting. The Management Board of ENEA S.A. has proposed to use retained earnings and supplementary capital to cover the loss for the financial year covering the period 1 January 2020 to 31 December 2020.

On 30 July 2020 an Ordinary General Meeting of ENEA S.A. adopted resolution no. 6 concerning the allocation of net profit for the financial year covering the period from 1 January 2019 to 31 December 2019, pursuant to which 100% of the 2019 net profit was transferred to reserve capital, intended to finance investments.

## 17. Debt-related liabilities

### Credit facilities, loans and debt securities

	As at	
	31 March 2021	31 December 2020
Bank credit	1 654 078	1 686 985
Loans	43 897	46 717
Bonds	4 799 298	4 874 054
<b>Long-term</b>	<b>6 497 273</b>	<b>6 607 756</b>
Bank credit	209 990	208 339
Loans	11 697	11 723
Bonds	1 012 325	1 003 999
<b>Short-term</b>	<b>1 234 012</b>	<b>1 224 061</b>
<b>Total</b>	<b>7 731 285</b>	<b>7 831 817</b>

In the 3-month period ended 31 March 2021, the book value of credit facilities, loans and debt securities decreased by PLN 100 532 thousand on a net basis (3-month period ended 31 March 2020: down by PLN 949 803 thousand).

In accordance with ENEA S.A.'s financing model, in order to secure funding for ENEA Group companies' on-going operations and investment needs, ENEA executes agreements with external financial institutions concerning bond issue programs and/or credit agreements.

## Credit facilities and loans

Presented below is a list of the Group's credit facilities and loans:

No.	Company	Lender	Contract date	Total contract amount	Debt at 31 March 2021	Debt at 31 December 2020	Interest	Contract period
1.	ENEA S.A.	EIB	18 October 2012 (A) and 19 June 2013 (B)	1 425 000	1 005 816	1 013 543	Fixed interest rate or WIBOR 6M + margin	17 June 2030
2.	ENEA S.A.	EIB	29 May 2015 (C)	946 000	853 667	878 500	Fixed interest rate or WIBOR 6M + margin	15 September 2032
3.	ENEA S.A.	PKO BP	28 January 2014, Annex 2 of 4 December 2019	300 000	-	-	WIBOR 1M + margin	31 December 2022
4.	ENEA S.A.	Pekao S.A.	28 January 2014, Annex 2 of 4 December 2019	150 000	-	-	WIBOR 1M + margin	31 December 2022
5.	ENEA S.A.	BGK	7 September 2020	250 000	-	-	WIBOR 1M +margin	7 September 2022
6.	ENEA Ciepło Sp. z o.o.	National Fund for Environmental Protection and Water Management (NFOŚiGW)	22 December 2015	60 075	39 645	41 327	Interest based on WIBOR 3M, no less than 2%	20 December 2026
7.	Other	-	-	-	18 767	20 385	-	-
<b>TOTAL</b>				<b>3 131 075</b>	<b>1 917 895</b>	<b>1 953 755</b>		
Transaction costs and effect of measurement using effective interest rate					1 767	9		
<b>TOTAL</b>				<b>3 131 075</b>	<b>1 919 662</b>	<b>1 953 764</b>		

Presented below is a short description of ENEA Group's significant credit and loan agreements:

### ENEA S.A.

ENEA S.A. currently has credit agreements with the European Investment Bank (EIB) for a total amount of PLN 2 371 000 thousand (Agreement A PLN 950 000 thousand, Agreement B PLN 475 000 thousand and Agreement C PLN 946 000 thousand). Funds from the EIB were used to finance a multi-year investment plan aimed at modernising and expanding ENEA Operator Sp. z o.o.'s power network. Funds from Agreements A, B and C were fully used. Interest on credit facilities may be fixed or variable. ENEA S.A. also has an overdraft agreement with Bank Gospodarstwa Krajowego (BGK). The credit limit amounted to PLN 250 000 thousand. The funds obtained from BGK will be used to finance the borrower's on-going operations. In the 3-month period ended on 31 March 2021, ENEA S.A. did not execute new credit agreements.

### ENEA Ciepło Sp. z o.o.

Loan from NFOŚiGW - agreement executed on 22 December 2015 for the period from 1 April 2016 to 20 December 2026, with a PLN 60 075 thousand limit. The loan has annual interest based on WIBOR 3M of no less than 2%. The loan was transferred (together with an organised part of enterprise) from ENEA Wytwarzanie Sp. z o.o. to ENEA Ciepło Sp. z o.o. on 30 November 2018.

The total loan-related debt of ENEA Ciepło Sp. z o.o. as at 31 March 2021 amounted to PLN 39 645 thousand (at 31 December 2020: PLN 41 327 thousand).

## Bond issue programs

Presented below is a list of bonds issued by ENEA S.A.

No.	Bond issue program name	Program start date	Program amount	Value of outstanding bonds as at 31 March 2021	Value of outstanding bonds as at 31 December 2020	Interest	Buy-back deadline
1.	Bond issue program agreement with PKO BP S.A., Bank PEKAO S.A., Santander BP S.A., Citi BH S.A.	21 June 2012	3 000 000	2 140 000	2 140 000	WIBOR 6M + margin	One-off buy-back for each series from June 2020 to June 2022
2.	Bond issue program agreement with BGK	15 May 2014	1 000 000	680 000	720 000	WIBOR 6M + margin	Buy-back in tranches, last tranche due in December 2026
3.	Bond issue program agreement with PKO BP S.A., Bank PEKAO S.A. and mBank S.A.	30 June 2014	5 000 000	2 500 000	2 500 000	WIBOR 6M + margin	One-time buy-back of each series; PLN 878 million bought back in February 2020, next series in September 2021 and June 2024
4.	Bond issue program agreement with BGK	3 December 2015	700 000	494 724	532 779	WIBOR 6M + margin	Buy-back in tranches, last tranche due in September 2027
<b>TOTAL</b>			<b>9 700 000</b>	<b>5 814 724</b>	<b>5 892 779</b>		
Transaction costs and effect of measurement using effective interest rate				(3 101)	(14 726)		
<b>TOTAL</b>			<b>9 700 000</b>	<b>5 811 623</b>	<b>5 878 053</b>		

In the 3-month period ended on 31 March 2021, ENEA S.A. did not execute new bond issue program agreements.

On 11 May 2021, the Management Board of ENEA S.A. decided on a partial buy-back of series ENEA0921 bonds before maturity in order to redeem them, with principal amounting to PLN 350 000 thousand, plus interest due and premium for the bondholders. The series ENEA0921 bonds were issued on 16 September 2015 in the amount of PLN 500 000 thousand on the basis of the "Program Agreement for Bond Issue Program up to PLN 5 000 000 thousand of 30 June 2014," as amended. The outstanding portion of the series ENEA0921 bonds, with a nominal value of PLN 150 000 thousand, continues to be held by bondholders until maturity, i.e. 16 September 2021.

## Interest rate hedges and currency hedges

In the 3-month period ending 31 March 2021 ENEA S.A. did not execute interest rate swaps. The total bond and credit exposure hedged with IRSs as at 31 March 2021 amounted to PLN 3 814 304 thousand. Moreover, ENEA S.A. has fixed-rate credit agreements totalling PLN 655 454 thousand. These transactions have material impact on the predictability of expense flows and finance costs. The Company presents the measurement of these instruments in the item: Financial liabilities measured at fair value. Derivative instruments are treated as cash flow hedges, which is why they are recognised and accounted for using hedge accounting rules. As at 31 March 2021, financial liabilities at fair value concerning IRSs amounted to PLN 94 825 thousand (31 December 2020: PLN 139 673 thousand).

In the 3-month period ending 31 March 2021 the Company executed FX forward transactions for a total volume of EUR 1 116 thousand. The last transaction's settlement date is in December 2021. Measurement of these instruments as at 31 March 2021 was PLN 66 thousand (PLN 0 thousand as at 31 December 2020).

## Financing terms - covenants

Financing agreements require ENEA S.A. and ENEA Group to maintain certain financial ratios. As at 31 March 2021 and the date on which these condensed consolidated interim financial statements were prepared and in the course of 2021 the Group did not breach any credit agreement provisions such as would require early re-payment of long-term debt.

## 18. Provisions

In the 3-month period ended 31 March 2021, provisions for other liabilities and charges increased by a net amount of PLN 278 939 thousand (in the 3-month period ended 31 March 2020, provisions for other liabilities and charges increased by PLN 36 025 thousand).

### Change in provisions for liabilities and other charges in the period ended 31 March 2021:

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO <sub>2</sub> emission allowance purchases	Mine liquidation	Other	Total
<b>As at January 2021</b>	<b>239 833</b>	<b>262 221</b>	<b>116 898</b>	<b>175 429</b>	<b>1 895 156</b>	<b>201 463</b>	<b>555 611</b>	<b>3 446 611</b>
Reversal of discount and change of discount rate	-	-	-	-	-	755	-	755
Increase in existing provisions	231	15 189	715	145 791	547 068	-	27 750	736 744
Use of provisions	(5 297)	(210)	(10)	(48 012)	(400 214)	-	(2 967)	(456 710)
Reversal of unused provision	(31)	(571)	(172)	(46)	-	(1 020)	(10)	(1 850)
<b>As at 31 March 2021</b>	<b>234 736</b>	<b>276 629</b>	<b>117 431</b>	<b>273 162</b>	<b>2 042 010</b>	<b>201 198</b>	<b>580 384</b>	<b>3 725 550</b>
<i>Long-term</i>								870 350
<i>Short-term</i>								2 855 200

### Change in provisions for other liabilities and charges in the period ended 31 December 2020

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO <sub>2</sub> emission allowance purchases	Mine liquidation	Other	Total
<b>As at 1 January 2020</b>	<b>210 087</b>	<b>230 706</b>	<b>91 280</b>	<b>197 555</b>	<b>1 233 325</b>	<b>162 972</b>	<b>364 528</b>	<b>2 490 453</b>
Reversal of discount and change of discount rate	(7 199)	-	186	-	-	3 504	-	(3 509)
Increase in existing provisions	41 380	44 912	25 649	136 556	1 933 376	34 987	321 343	2 538 203
Use of provisions	(3 615)	(10 930)	-	(158 524)	(1 271 545)	-	(129 984)	(1 574 598)
Reversal of unused provision	(820)	(2 467)	(217)	(158)	-	-	(276)	(3 938)
<b>As at 31 December 2020</b>	<b>239 833</b>	<b>262 221</b>	<b>116 898</b>	<b>175 429</b>	<b>1 895 156</b>	<b>201 463</b>	<b>555 611</b>	<b>3 446 611</b>
<i>Long-term</i>								849 990
<i>Short-term</i>								2 596 621

A description of material claims and conditional liabilities is presented in note 25.

### Provision for other claims

In the 3-month period ending 31 March 2021 ENEA S.A. created a PLN 5 171 thousand provision for potential claims related to the termination by ENEA S.A. of agreements to purchase energy origin certificates for renewables, and the value of this provision as at 31 March 2021 was PLN 144 635 thousand (this provision is included in the table above in the column "Provision for other claims" and detailed information on this provision are presented in note 25.6).

**Other provisions** mainly concern:

- potential liabilities related to grid assets resulting from differences in the interpretation of regulations PLN 180 237 thousand (as at 31 December 2020: PLN 178 172 thousand); it is difficult to determine when this provision will be performed, however in these financial statements it is assumed that it will not happen within 12 months,
- costs to use forest land managed by State Forests PLN 66 152 thousand (as at 31 December 2020: PLN 64 421 thousand); it is difficult to determine when this provision will be performed, however in these financial statements it is assumed that it will not happen within 12 months,
- future investment liabilities toward Elektrownia Ostrołęka Sp. z o.o. and ENERGA S.A. PLN 220 200 thousand (PLN 222 200 thousand as at 31 December 2020), detailed information on this provision is available in note 11,
- onerous contracts PLN 51 901 thousand (as at 31 December 2020: PLN 50 821 thousand); this provision will be performed in 2021.

## 19. Accounting for subsidies and road lighting modernisation services

### Accounting for income from subsidies and road lighting modernisation services

	As at	
	31 March 2021	31 December 2020
<b>Long-term</b>		
Accounting for deferred revenue - subsidies	185 851	168 473
Accounting for deferred revenue - road lighting modernisation services	93 928	92 689
<b>Total non-current deferred revenue</b>	<b>279 779</b>	<b>261 162</b>
<b>Short-term</b>		
Accounting for deferred revenue - subsidies	9 650	9 326
Accounting for deferred revenue - road lighting modernisation services	4 194	3 982
<b>Total current deferred revenue</b>	<b>13 844</b>	<b>13 308</b>

### Schedule for accounting for deferred revenue

	As at	
	31 March 2021	31 December 2020
Up to one year	13 844	13 308
From one to five years	53 859	52 448
Over five years	225 920	208 714
<b>Total deferred revenue</b>	<b>293 623</b>	<b>274 470</b>

In the 3-month period ended 31 March 2021, the book value of accounting for grants and road lighting modernisation services increased by PLN 19 153 thousand on a net basis (in the 3-month period ended 31 March 2020, the book value of accounting for grants and road lighting modernisation services increased by a net amount of PLN 3 348 thousand).

The item 'deferred revenue concerning subsidies' includes mainly EU subsidies and subsidies from the NFOŚiGW for the development of electricity and heating infrastructure.

Road lighting modernisation services, i.e. improving the quality and efficiency of road lighting, are services provided on an on-going basis. Revenue from improving the quality and efficiency of road lighting is recognised proportionally over the economic period of use for the tangible assets created.

## Financial instruments

### 20. Financial instruments and fair value

The following table contains a comparison of fair values and book values:

	As at 31 March 2021		As at 31 December 2020	
	Book value	Fair value	Book value	Fair value
<b>FINANCIAL ASSETS</b>				
<b>Long-term</b>	<b>353 011</b>	<b>70 318</b>	<b>308 797</b>	<b>97 957</b>
Financial assets measured at fair value	70 318	70 318	97 957	97 957
Trade and other receivables	140 774	(*)	68 736	(*)
Finance lease and sublease receivables	693	(*)	513	(*)
Funds in the Mine Decommissioning Fund	141 226	(*)	141 591	(*)
<b>Short-term</b>	<b>5 388 940</b>	<b>56 570</b>	<b>3 886 756</b>	<b>41 894</b>
Financial assets measured at fair value	56 570	56 570	41 894	41 894
Debt financial assets at amortised cost	61	(*)	61	(*)
Assets arising from contracts with customers	449 908	(*)	322 446	(*)
Trade and other receivables	1 964 641	(*)	1 579 826	(*)
Finance lease and sublease receivables	1 192	(*)	975	(*)
Cash and cash equivalents	2 916 568	(*)	1 941 554	(*)
<b>TOTAL FINANCIAL ASSETS</b>	<b>5 741 951</b>	<b>126 888</b>	<b>4 195 553</b>	<b>139 851</b>
<b>FINANCIAL LIABILITIES</b>				
<b>Long-term</b>	<b>7 393 905</b>	<b>6 599 771</b>	<b>7 344 820</b>	<b>6 749 538</b>
Credit facilities, loans and debt securities	6 497 273	6 558 944	6 607 756	6 674 407
Lease liabilities	532 383	(*)	529 140	(*)
Trade and other payables	323 422	(*)	132 793	(*)
Financial liabilities measured at fair value	40 827	40 827	75 131	75 131
<b>Short-term</b>	<b>3 412 981</b>	<b>1 309 485</b>	<b>2 900 566</b>	<b>1 295 048</b>
Credit facilities, loans and debt securities	1 234 012	1 234 012	1 224 061	1 224 061
Lease liabilities	24 459	(*)	25 172	(*)
Trade and other payables	2 043 595	(*)	1 548 057	(*)
Liabilities arising from contracts with customers	35 442	(*)	32 289	(*)
Financial liabilities measured at fair value	75 473	75 473	70 987	70 987
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>10 806 886</b>	<b>7 909 256</b>	<b>10 245 386</b>	<b>8 044 586</b>

(\*) book value is close to fair value measured in accordance with level 2 in the following hierarchy.

Financial instruments are fair-value measured according to a hierarchy.

	As at 31 March 2021			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>	<b>19 250</b>	<b>106 563</b>	<b>1 075</b>	<b>126 888</b>
Derivative instruments used in hedge accounting	-	163	-	163
Call options (at fair value through profit or loss)	-	25 316	-	25 316
Other derivative instruments at fair value through profit or loss	-	81 084	-	81 084
Interests at fair value through profit or loss	19 250	-	1 075	20 325
<b>Total</b>	<b>19 250</b>	<b>106 563</b>	<b>1 075</b>	<b>126 888</b>
<b>Financial liabilities measured at fair value</b>	<b>-</b>	<b>(116 300)</b>	<b>-</b>	<b>(116 300)</b>
Derivative instruments at fair value through profit or loss	-	(21 475)	-	(21 475)
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	(94 825)	-	(94 825)
<b>Credit facilities, loans and debt securities</b>	<b>-</b>	<b>(7 792 956)</b>	<b>-</b>	<b>(7 792 956)</b>
<b>Total</b>	<b>-</b>	<b>(7 909 256)</b>	<b>-</b>	<b>(7 909 256)</b>

	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>	<b>15 000</b>	<b>69 910</b>	<b>54 941</b>	<b>139 851</b>
Equity instruments at fair value through other comprehensive income	-	-	53 866	53 866
Call options (at fair value through profit or loss)	-	15 982	-	15 982
Other derivative instruments at fair value through profit or loss	-	53 928	-	53 928
Interests at fair value through profit or loss	15 000	-	1 075	16 075
<b>Total</b>	<b>15 000</b>	<b>69 910</b>	<b>54 941</b>	<b>139 851</b>
<b>Financial liabilities measured at fair value</b>	<b>-</b>	<b>(146 118)</b>	<b>-</b>	<b>(146 118)</b>
Derivative instruments at fair value through profit or loss	-	(6 445)	-	(6 445)
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	(139 673)	-	(139 673)
<b>Credit facilities, loans and debt securities</b>	<b>-</b>	<b>(7 898 468)</b>	<b>-</b>	<b>(7 898 468)</b>
<b>Total</b>	<b>-</b>	<b>(8 044 586)</b>	<b>-</b>	<b>(8 044 586)</b>

Financial assets and financial liabilities at fair value include:

- shares and interests in unrelated entities where the stake is below 20%; If interests in unrelated entities are listed on the Warsaw Stock Exchange, then their fair value is based on quoted prices;
- Polimex-Mostostal S.A. call options;
- derivative instruments, which include the measurement of interest rate swaps; the fair value of derivative instruments is established by calculating the net present value based on two yield curves, i.e. a curve to determine discount factors and a curve used to estimate future variable reference rates;
- forward contracts for the purchase of electricity and gas and property rights

Non-current debt financial assets at amortised cost cover loans maturing in over one year.

Current debt financial assets at amortised cost cover loans maturing in under one year. The item 'other short-term investments' includes deposits with maturity over 3 months.

The fair value of bank credit, loans and debt securities is calculated for financial instruments that are based on a fixed rate of interest, based on current WIBOR.

The table above contains an analysis of financial instruments at fair value, grouped into a three-level hierarchy, where:

**Level 1** - fair value is based on (unadjusted) market prices quoted for identical assets or liabilities on active markets

**Level 2** - fair value is determined on the basis of values observed on the market, which are not a direct market quote (e.g. they are established by direct or indirect reference to similar instruments on a market),

**Level 3** - fair value is determined using various measurement techniques that are not, however, based on observable market data.

No transfers between the levels were made in the three-month period ended 31 March 2021.

As at 31 March 2021, financial assets at fair value included call options for Polimex-Mostostal S.A. shares, among other things. Pursuant to a call option agreement for Polimex-Mostostal S.A. shares of 18 January 2017, as amended, ENEA S.A. holds 22 call options from Towarzystwo Finansowe Silesia Sp. z o.o. to purchase 6 937 500 shares, with a nominal value of PLN 2 each. The contractual share allocation date is at the end of each calendar quarter from September 2021



to December 2026. Fair value measurement of the call options was conducted using the Black-Scholes model. The book value of these options as at 31 March 2021 was PLN 25 316 thousand (at 31 December 2020: PLN 15 982 thousand).

Moreover, the Group's financial assets at fair value include the measurement of derivative contracts for the purchase of electricity and gas and concerning property rights not used for the Group's own purposes worth PLN 81 084 thousand (as at 31 December 2020: PLN 53 928 thousand). The nominal value of contracts for the purchase and sale of electricity, gas and property rights maturing in 2021-2023, presented as financial assets and liabilities at fair value, amounts to PLN 1 106 711 thousand (PLN 573 020 thousand concerns procurement contracts and PLN 533 691 thousand concerns sales contracts).

## 21. Debt financial assets at amortised cost

### Debt financial assets at amortised cost

	As at	
	31 March 2021	31 December 2020
<b>Current debt financial assets at amortised cost</b>		
Loans granted	61	61
<b>Total current debt financial assets at amortised cost</b>	<b>61</b>	<b>61</b>
<b>Non-current debt financial assets at amortised cost</b>		
Loans granted	-	-
<b>Total non-current debt financial assets at amortised cost</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>61</b>	<b>61</b>

Impairment of financial assets at amortised cost (concerns loans granted) as at 31 March 2021 amounted to PLN 216 284 thousand. The total impairment loss on loans issued and recognised in the 3-month period ended 31 March 2021 was PLN 6 200 thousand, and this amount was recognised in the consolidated statement of comprehensive income under "Impairment of financial assets at amortised cost."

## 22. Impairment of trade and other receivables

### Impairment of trade and other receivables

	As at	
	31 March 2021	31 December 2020
<b>Impairment at the beginning of period</b>	<b>139 595</b>	<b>157 844</b>
Created	6 408	18 633
Reversed	(751)	(26 424)
Used	(2 723)	(10 458)
<b>Impairment at the reporting date</b>	<b>142 529</b>	<b>139 595</b>

In the 3-month period ended 31 March 2021, impairment of trade and other receivables increased by PLN 2 934 thousand (in the 3-month period ended 31 March 2020 impairment declined by PLN 2 506 thousand).

Impairment losses are mainly recognised on trade receivables. Impairment of other receivables is negligible.

At 31 March 2021, the Company carried out an additional analysis of the COVID-19 pandemic's potential impact on receivables impairment. An individual approach was applied to a list of ENEA S.A.'s largest debtors, using assumptions for a model described in the Company's existing *Methodology for determining expected credit losses for non-current debt assets and similar items*. As regards the model's quantitative module - available reporting data from the debtors was used, while the qualitative module incorporated the existing (and predicted) situation in the national economy as well as the counterparty's market and financial position. Based on this overall evaluation, a rating was assigned and subsequently transposed onto the Probability of Default parameter (in accordance with the aforementioned Methodology). As regards the Loss Given Default parameter, a value equal to 10% was conservatively adopted (in reality far exceeding the actual levels of receivables losses recorded by the Company/Group). The above analysis generated an additional expected credit loss at a negligible level from the viewpoint of reporting.

For current trade receivables, expected credit losses are calculated based on historic data in a way that is described in *Rules for creating and recording impairment losses on trade receivables and other financial items at ENEA Group companies*. The impairment of receivables for 2021 is calculated on the basis of data from 2020. Therefore, the level of receivables impairment estimated as at 31 March 2021 reflects objective indications of impairment resulting from the situation and regulations arising from the COVID-19 pandemic.

### 23. Analysis of the age structure of assets arising from contracts with customers and trade and other receivables

Age structure of assets arising from contracts with customers and trade and other receivables constituting financial instruments:

	As at 31 March 2021		
	Nominal value	Impairment	Book value
<b>Trade and other receivables</b>			
Current	1 949 808	(8 870)	1 940 938
Overdue	298 136	(133 659)	164 477
0-30 days	102 550	(1 012)	101 538
31-90 days	19 143	(2 062)	17 081
91-180 days	9 831	(2 892)	6 939
over 180 days	166 612	(127 693)	38 919
<b>Total</b>	<b>2 247 944</b>	<b>(142 529)</b>	<b>2 105 415</b>
<b>Assets arising from contracts with customers</b>	<b>450 184</b>	<b>(276)</b>	<b>449 908</b>

	As at 31 December 2020		
	Nominal value	Impairment	Book value
<b>Trade and other receivables</b>			
Current	1 498 136	(8 817)	1 489 319
Overdue	290 021	(130 778)	159 243
0-30 days	100 033	(262)	99 771
31-90 days	15 417	(1 359)	14 058
91-180 days	9 215	(2 676)	6 539
over 180 days	165 356	(126 481)	38 875
<b>Total</b>	<b>1 788 157</b>	<b>(139 595)</b>	<b>1 648 562</b>
<b>Assets arising from contracts with customers</b>	<b>322 657</b>	<b>(211)</b>	<b>322 446</b>

#### Other explanatory notes

### 24. Related-party transactions

Group companies execute transactions with the following related parties:

- Group companies - these transactions are eliminated at the consolidation stage;
- Transactions between the Group and members of the Group's corporate authorities, which are divided into two categories:
  - resulting from being appointed as Supervisory Board members,
  - resulting from other civil-law contracts.
- transactions with State Treasury related parties.

Transactions with members of the Group's corporate authorities:

Item	For the three-month period ended			
	Company's Management Board		Company's Supervisory Board	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Remuneration under management contracts	937*	1 984**	-	-
Remuneration under appointment to management or supervisory bodies	-	-	201	166
<b>TOTAL</b>	<b>937</b>	<b>1 984</b>	<b>201</b>	<b>166</b>

\* This remuneration includes a non-compete clause for former Management Board members, amounting to PLN 82 thousand

\*\* This remuneration covers bonuses for 2018 of PLN 1 294 thousand.

In the 3-month period ended 31 March 2021, no loans were made to Supervisory Board members from the Company Social Benefit Fund (PLN 0 thousand for the 3-month period ended 31 March 2020).

Other transactions resulting from civil-law contracts executed between the Parent and members of the Parent's corporate

authorities mainly concern the use of company cars by members of ENEA S.A.'s Management Board for private purposes.

### Transactions with State Treasury related parties

The Group also executes commercial transactions with state and local administration units and entities owned by Poland's State Treasury.

The subject of these transactions mainly is as follows:

- purchases of coal, electricity, property rights resulting from energy origin certificates as regards renewable energy and energy produced in cogeneration with heat, transmission and distribution services that the Group provides to the State Treasury's subsidiaries,
- sale of electricity, distribution services, connection to the grid and other associated fees, as well as coal, that the Group provides for both state and local administration authorities (sale to end customers) and to the State Treasury's subsidiaries (wholesale and retail sale - to end customers).

These transactions are executed on market terms, and these terms do not differ from the terms applied in transactions with other entities. The Group does not keep records that would make it possible to aggregate the amounts of all transactions executed with all state institutions and the State Treasury's subsidiaries.

In addition, the Group identified financial transactions with State Treasury's related parties, i.e. with banks serving as guarantors for bond issue programmes. These entities include: PKO BP S.A., Pekao S.A. and Bank Gospodarstwa Krajowego. Detailed information on bond issue programs is presented in note 17.

## 25. Conditional liabilities, court proceedings and cases on-going before public administration organs

This section of explanatory notes includes conditional liabilities and on-going proceedings in courts, arbitration bodies or public administration bodies

### 25.1. Sureties and guarantees

The following table presents significant bank guarantees valid as of 31 March 2021 under an agreement between ENEA S.A. and PKO BP S.A. up to a limit specified in the agreement.

#### List of guarantees issued as at 31 March 2021

Guarantee issue date	Guarantee validity	Entity for which the guarantee was issued	Bank - issuer	Guarantee amount in PLN 000s
12 August 2018	16 May 2021	Górecka Projekt Sp. z o.o.	PKO BP S.A.	2 109
1 July 2020	30 June 2022	H. Świącicki Clinical Hospital in Poznań	PKO BP S.A.	1 281
<b>Total bank guarantees</b>				<b>3 390</b>

The value of other guarantees issued by the Group as at 31 March 2021 was PLN 7 066 thousand.

### 25.2. On-going proceedings in courts of general competence

#### Proceedings initiated by the Group

Proceedings in courts of general competence initiated by ENEA S.A. and ENEA Operator Sp. z o.o. concern receivables related to electricity supplies (electricity cases) and receivables related to other matters - illegal uptake of electricity, grid connections and other specialised services (non-electricity cases).

Proceedings in courts of general competences initiated by ENEA Wytwarzanie Sp. z o.o. mainly concern compensation for damages and contractual penalties from the company's counterparties.

At 31 March 2021, a total of 15 741 cases initiated by the Group were in progress before courts of general competence, worth in aggregate PLN 174 959 thousand (31 December 2020: 13 046 cases worth PLN 173 165 thousand).

The outcome of individual cases is not significant from the viewpoint of the Group's financial result.

#### Proceedings against the Group

Proceedings against the Group are initiated by both natural persons and legal entities. They concern issues such as: compensation for electricity supply disruptions, illegal uptake of electricity and compensation for the Group's use of properties on which power equipment is located. The Group considers cases related to non-contractual use of properties that are not owned by the Group as especially significant.

There are also claims concerning terminated agreements for the purchase of property rights (note 25.6).

Court proceedings against ENEA Wytwarzanie Sp. z o.o. concern compensation for damages and contractual penalties.

At 31 March 2021, a total of 2 823 cases against the Group were in progress before courts of general competence, worth in aggregate PLN 966 593 thousand (31 December 2020: 2 499 cases worth PLN 936 828 thousand). The outcome of individual cases is not significant from the viewpoint of the Group's financial result.

Provisions related to these court cases are presented in note 18.

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### 25.3. Other court proceedings

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Proceedings on-going before public administration courts involving Lubelski Węgiel Bogdanka S.A. mainly concern disputes with local government units regarding property tax. This stems from the fact that in preparing property tax declarations LWB (like other mining companies in Poland) did not take into account the value of underground mining excavations or the value of equipment located therein. These cases concern refunds of overpayments and the way in which property tax base is calculated.

In order to protect the Group from any potential consequences in the form of late interest on property tax - provided that the municipalities' decisions that include equipment and support structures located inside mining excavations are eventually upheld - LWB in mid-2019 decided to include the value of underground excavations and equipment in calculations regarding this tax (given the majority of case law involving tax on elements of mining excavations).

The Management Board of ENEA S.A. filed in December 2018 a response to a lawsuit brought by the Company's shareholder, Fundacja "CLIENTEARTH Prawnicy dla ziemi," based in Warsaw, to cancel, determine the non-existence or repeal resolution no. 3 of the Extraordinary General Meeting of ENEA S.A. of 24 September 2018 regarding directional approval to join the Construction Stage of the Ostrołęka C project, and demanded that the lawsuit be rejected in its entirety as unjustified, along with reimbursement of court representation costs. The first hearing in the case was held on 10 April 2019, with no witnesses called to the hearing. The Court requested that the Company provide the Investment Agreement within 14 days, at least as regards points 1 to 8 (especially point 8.6), subject to the trial consequences indicated in art. 233 § 2 of the Civil Procedure Code. ENEA's attorney filed a reservation to the protocol pursuant to art. 162 of the Civil Procedure Code. On 24 April 2019, the Company provided the Investment Agreement. The Court decided to postpone the hearing to 17 July 2019. On 31 July 2019, the District Court in Poznań allowed the main claim and declared the Resolution invalid. On 17 September 2018, an attorney for ENEA S.A. submitted an appeal against the ruling of 31 July 2019. The complainant submitted a response to the appeal, to which ENEA S.A.'s attorney replied. On 8 July 2020 the Appeals Court dismissed the Company's appeal against the District Court's ruling. As indicated in verbal major reasons for the ruling, the Appeals Court decided that the District Court's ruling complies with the law because the Resolution is invalid due to the fact that adopting the Resolution breached the division of competences between the organs of a commercial-law company. In consequence, the ruling by the District Court in Poznań invalidating the Resolution became final. The Group has assessed the impact of this event as neutral for the reported data.

The Management Board of ENEA S.A. filed in December 2018 a response to a lawsuit brought by Międzyzakładowy Związek Zawodowy Synergia Pracowników Grupy Kapitałowej ENEA, based in Poznań, to cancel, determine the non-existence or repeal resolution no. 3 of the Extraordinary General Meeting of ENEA S.A. of 24 September 2018 regarding directional approval to join the Construction Stage of the Ostrołęka C project, and demanded that the lawsuit be rejected in its entirety as unjustified, along with reimbursement of court representation costs. The hearing was scheduled for 8 May 2019. That hearing, and others scheduled for 30 July 2019 and 1 October 2019, did not take place. The hearing has been suspended until a final ruling is issued in a case instigated by a shareholder of the Company - Fundacja "CLIENTEARTH Prawnicy dla ziemi." Through a decision of 22 March 2021, the District Court in Poznań instigated proceedings in the case.

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### 25.4. Risk associated with legal status of properties used by the Group

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Risk associated with the legal status of properties used by the Group results from the fact that the Group does not have a legal title to use land for all of its facilities where its transmission grids and the associated equipment are located. In the future, the Group might be obligated to incur the costs of non-contractual use of property.

Rulings in these cases are significant because they have a considerable impact on the Group's approach to people raising pre-trial claims concerning equipment located on their properties in the past as well as the way in which the legal status of such equipment is addressed in the case of new investments.

The loss of assets in this case is highly unlikely. Having an unclear legal status for properties where power equipment is located does not constitute a risk for the Group of losing such assets, rather it gives rise to the threat of additional costs related to demands for compensation for the non-contractual use of land, rent, costs related to transmission easements and, exceptionally, in individual cases, demands related to a change in the object's location (return of land to original condition). The Group recognises adequate provisions.

The provision also applies to compensation for the non-contractual use by the Group of properties on which the Group's grid assets (power lines) are located, in connection with transmission corridors or transmission easements being

established for the Group.

At 31 March 2021, the Group recognised a provision for claims concerning non-contractual use of land amounting to PLN 234 736 thousand.

### 25.5. Cases concerning 2012 non-balancing

On 30 and 31 December 2014, ENEA S.A. submitted demands for settlement to:

	Demanded amount in PLN 000s
PGE Polska Grupa Energetyczna S.A.	7 410
PKP Energetyka S.A.	1 272
TAURON Polska Energia S.A.	17 086
TAURON Sprzedaż GZE Sp. z o.o.	1 826
<b>Total</b>	<b>27 594</b>

The subject of these demands is claims for the payment for electricity that was incorrectly settled on the balancing market in 2012. The companies receiving these demands obtained unjustified proceeds by not allowing ENEA S.A. to issue invoices for 2012.

Given a lack of an amicable resolution in this case, ENEA S.A. brought lawsuits against:

- TAURON Polska Energia S.A. – lawsuit of 10 December 2015,
- TAURON Sprzedaż GZE Sp. z o.o. – lawsuit of 10 December 2015,
- PKP Energetyka S.A. – lawsuit of 28 December 2015,
- PGE Polska Grupa Energetyczna S.A. – lawsuit of 29 December 2015.

Three of the aforementioned disputes are not yet resolved in first-instance courts. In the case ENEA S.A. v. Tauron Polska Energia S.A. and others (file no. XIII GC 600/15/AM), on 23 March 2021 the District Court in Katowice ruled to reject the claim in its entirety and awarded the costs of proceedings in favour of the defendant and the co-defendants. The ruling along with a written justification was delivered on 20 May 2021. In a case against PGE Polska Grupa Energetyczna S.A. (file no. XVI GC 525/20, previous file no. XX GC 1163/15) - through a ruling of 7 January 2021 the court suspended the proceeding at the mutual request of the parties.

No amounts concerning the above cases were recognised in the consolidated statement of financial position.

### 25.6. Dispute concerning prices for origin certificates for energy from renewable sources and terminated agreements for the purchase of property rights arising under origin certificates for energy from renewable sources

ENEA S.A. is a party to 8 court proceedings concerning agreements for the purchase of property rights arising under certificates of origin for energy from renewable sources, which includes:

- 5 proceedings for payment against ENEA S.A. concerning remuneration, contractual penalties or compensation;
- 2 proceedings for the voidance of ENEA S.A.'s termination or withdrawal from agreements to sell property rights, which took place on 28 October 2016, including 1 proceeding in which claims for payment are being sought at the same time;
- 1 proceeding for payment, in which ENEA S.A. seeks a claim concerning a contractual penalty.

ENEA S.A. offset a part of receivables due for these counterparties from ENEA S.A. for sold property rights with damages-related receivables due for ENEA S.A. from renewables producers. The damage caused to ENEA S.A. arose as a result of the counterparties' failure to fulfil a contractual obligation to participate, in good faith, in re-negotiating long-term agreements for the sale of property rights in accordance with an adaptation clause that is binding for the parties.

On 28 October 2016, ENEA S.A. submitted statements depending on the agreement: on termination or withdrawal from long-term agreements for the purchase by the Company of property rights resulting from certificates of origin for energy from renewable sources (green certificates) (Agreements).

The Agreements were executed in 2006-2014 with the following counterparties, which own renewable generation assets ("Counterparties"):

- Farma Wiatrowa Krzęcin Sp. z o.o., based in Warsaw;
- Megawind Polska Sp. z o.o., based in Szczecin;
- PGE Górnictwo i Energetyka Konwencjonalna S.A., based in Bełchatów;
- PGE Energia Odnawialna S.A., based in Warsaw;
- PGE Energia Natury PEW Sp. z o.o., based in Warsaw (currently PGE Energia Odnawialna S.A., based in Warsaw);
- "PSW" Sp. z o.o., based in Warsaw;

- in.ventus Sp. z o.o. EW Śniatowo Sp. k., based in Poznań (currently TEC1 Sp. z o.o. EW Śniatowo Sp. k., based in Katowice);
- Golice Wind Farm Sp. z o.o., based in Warsaw.

As a rule, the Agreements were terminated by the end of November 2016. The dates on which the respective Agreements were terminated depended on contractual provisions.

The reason for terminating/withdrawing from each of the Agreements by the Company was failure to engage in re-negotiations concerning adaptive clauses in each of the Agreements that would justify the adjustment of these Agreements in order to restore contractual balance and the equivalence of the parties' benefits following changes in the law.

Legal changes that occurred after the aforementioned Agreements were executed include in particular:

- Ordinance of the Minister of Economy of 18 October 2012 on a detailed scope of obligations to obtain and present for redemption origin certificates, pay substitute fees, purchase electricity and industrial heat generated from renewable sources and the obligation to validate data concerning the quantity of electricity generated from renewable sources (Polish Journal of Laws of 2012, item 1229);
- Act on renewable energy sources of 20 February 2015 (Polish Journal of Laws of 2015, item 478) and associated further legal changes and announced drafts of legal changes, including especially:
  - Act on amendment of the act on renewable energy sources and certain other acts dated 22 June 2016 (Polish Journal of Laws of 2016, item 925); and
  - draft Ordinance of the Minister of Energy concerning changes in the share of electricity resulting from redeemed origin certificates confirming production of electricity from renewable sources, which is to be issued based on an authorisation under art. 12 sec. 5 of the Act on amendment of the act on renewable energy sources and certain other acts dated 22 June 2016 and certain other acts,

caused an objective lack of possibilities to develop reliable models to forecast the prices of green certificates.

The Agreements were terminated with the intention for the Company to avoid losses constituting the difference between contractual and market prices of green certificates. Due to the changing legal conditions after termination of the Agreements in 2017, especially arising from the Act of 20 July 2017 on amendment of the act on renewable energy sources, the estimated value of future contract liabilities would have changed. In the current legal framework, this would be significantly lower in comparison to the amount estimated when the Agreements were being terminated, i.e. approx. PLN 1 187 million. This decline reflects a change in the way in which the substitute fee is calculated, which in accordance with the content of some of the Agreements constitutes the basis for calculating the contract price and indexing it to the market price. The Company created a PLN 144 635 thousand provision for potential claims resulting from the terminated Agreements in relation to submissions made by 31 March 2021 concerning transactions to sell property rights by the counterparties; the provision is presented in note 18.

In February 2020, ENEA S.A. executed an agreement with Megawind Polska Sp. z o.o., based in Szczecin, which had initiated three court proceedings, regarding an amicable resolution of these disputes, pursuant to which:

- 1) in case ref. IX GC 64/17, the proceeding was validly closed due to a court settlement being reached;
- 2) in case ref. IX GC 996/16, the proceeding was validly closed after ENEA S.A. withdrew its appeal against the ruling of 29 November 2019;
- 3) case IX GC 1167/16 was dismissed after Megawind Polska Sp. z o.o. withdrew the lawsuit and relinquished the claims.

In a case brought by Golice Wind Farm Sp. z o.o. against ENEA S.A., the court issued on 14 August 2020 a partial and preliminary ruling, in which it:

- 1) withdrew a claim seeking the voidance of ENEA S.A.'s termination of an agreement to sell property rights, which took place on 28 October 2016;
- 2) accepted a claim for the payment of consideration for property rights and ordered ENEA S.A. to pay PLN 6 042 thousand, together with interest;
- 3) considered the other parts of the claim for payment as justified in general.

This ruling is not final. ENEA S.A. has appealed part of the ruling, i.e. as regards points 2 and 3.

In cases brought by PGE Group companies, i.e.:

- PGE Energia Odnawialna S.A., based in Warsaw (file no. IX GC 1064/17) – through a ruling of 23 October 2020 r. the court suspended the proceeding at the parties' mutual request. The ruling is final;
- PGE Górnictwo i Energetyka Konwencjonalna S.A., based in Bełchatów (file no. IX GC 555/16) – on 15 April 2021, the court resumed the previously suspended proceeding;
- PGE Energia Odnawialna S.A., based in Warsaw (file no. IX GC 1011/17) – on 16 April 2021, the court resumed the previously suspended proceeding.

In a case brought by ENEA S.A. against PGE Górnictwo i Energetyka Konwencjonalna S.A. (file no. X GC 608/20) – on 26 October 2020, the court ruled to suspend the proceeding at the parties' mutual request. The ruling is final.

In a case brought by Hamburg Commercial Bank AG against ENEA S.A., in which Hamburg Commercial Bank AG is seeking claims arising under property rights sales contract no. ENEAWINDPARK ŚNIATOWO/PMOZE/2013 of 26 February 2014, executed between ENEA S.A. and Windpark Śniatowo Management GmbH EW Śniatowo Sp. k.

(currently TEC1 Sp. z o.o. EW Śniatowo Sp. k., based in Katowice), claiming their purchase under a debt assignment contract, the District Court in Poznań issued on 25 February 2021 a partial ruling, ordering ENEA S.A. to pay PLN 494 thousand, with statutory late interest for the period from 16 December 2016 to the payment date. This ruling is not final. ENEA S.A. has requested a written justification for the ruling, which makes it possible for ENEA S.A. to file an appeal. Within the remaining scope, i.e. concerning the claim extension of 17 January 2019 and claim extension of 20 August 2019, the proceeding is legally suspended under the order of the District Court in Poznań of 24 October 2019 until a final ruling is issued by this court in case no. IX GC 552/17.

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## 26. Participation in nuclear power plant build program

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On 15 April 2015 KGHM Polska Miedź S.A., PGE S.A., TAURON S.A. and ENEA S.A. executed an agreement to purchase shares in PGE EJ 1. KGHM Polska Miedź S.A., TAURON S.A. and ENEA S.A. purchased 10% stakes in PGE EJ 1 each from PGE (30% in total). ENEA paid PLN 16 million for its stake. ENEA S.A.'s overall expenditures on purchasing shares and increasing the company's share capital amounted to PLN 70 902 thousand.

On 1 October 2020, ENEA S.A., PGE S.A., KGHM Polska Miedź S.A. and TAURON S.A. signed a letter of intent with the State Treasury regarding purchase by the State Treasury of a 100% stake in PGE EJ 1. The letter of intent did not commit the parties to the transaction. The decision on the transaction depended on the outcome of negotiations and compliance with other conditions specified in the provisions of law or corporate documents.

On 26 March 2021 ENEA S.A., PGE S.A., TAURON S.A. and KGHM Polska Miedź S.A. executed an agreement with the State Treasury to sell 100% of shares in PGE EJ 1 to the State Treasury (Share Sale Agreement). Pursuant to the Share Sale Agreement, ownership of the PGE EJ 1 shares was transferred on 31 March 2021. ENEA sold 532 523 shares in PGE EJ 1, constituting 10% of share capital and representing 10% of general meeting votes, to the State Treasury. The sale price for the 100% stake was PLN 531 362 thousand, of which ENEA received PLN 53 136 thousand. The sale price will be adjusted based on PGE EJ 1's valuation on the closing date. According to ENEA S.A., any potential adjustment will not have a material impact on the final sale price.

Furthermore, on 26 March 2021, the shareholders executed an Annex to an Agreement of 15 April 2015 with PGE EJ 1 regarding PGE EJ 1's dispute with the WorleyParsons consortium (Agreement). Pursuant to the Annex, the shareholders' liability toward PGE EJ 1 arising from the Agreement as a result of the dispute with the WorleyParsons consortium is now amount-limited, and if the dispute is resolved in PGE EJ 1's favour, the shareholders are eligible to receive appropriate consideration from PGE EJ 1. Information on the dispute between PGE EJ 1 and the WorleyParsons consortium was disclosed by PGE in relevant current reports.

In connection with the State Treasury's purchase of a 100% stake in PGE EJ 1, the shareholders terminated the Shareholder Agreement of 3 September 2014, effective from 26 March 2021.

In connection with the sale of all PGE EJ 1 shares owned by ENEA to the State Treasury, ENEA is no longer a shareholder of PGE EJ 1.

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## 27. Impact of COVID-19 pandemic

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A state of epidemic caused by the SARS-Cov-2 coronavirus is in effect in Poland since 20 March 2020. The virus and its effects as well as the effects of actions taken by the state to combat the pandemic have influence over the condition of the domestic economy. The Group's activities have also been affected by the situation:

- Higher demand for coal is seen in the Mining segment (approx. 24% in comparison with the same period of 2020).
- The total electricity sales volume went up in the first quarter of 2021 by 652 GWh, or 12.5%, in comparison with the same period of 2020. The volume of gas fuel sales also increased on a year-to-year basis (by 84 GWh, or 21.2%). Revenue from electricity and gas sales increased in the first quarter of 2021 by PLN 162 million, or 10.0%, in comparison with the same period of 2020. Revenue increased in both the business and household customers segments.
- Electricity output in the Generation segment in the first quarter of 2021 was approx. 12% higher than in the same period of 2020. This translated into higher revenue in this segment (by approx. 7% y/y).
- In the Distribution segment, the Group recorded higher sales of distribution services to end customers in the first quarter of 2021 by 3% on a y/y basis, mainly driven by higher sales in tariff group G due to more widespread home office use.
- From the onset of the pandemic, the Company has been regularly carrying out additional analyses of the COVID-19 pandemic's potential impact on receivables impairment. Expected losses are verified on the basis of these analyses. The level of this additional impairment loss - from the start of these analyses - is negligible from a reporting viewpoint, nonetheless the Group assesses that if restrictions related to the COVID-19 pandemic are maintained and thus economic activity is further reduced, the receivables turnover ratio might deteriorate given a reduced payment capacity on the part of electricity customers.

- Due to work being re-organised and because of enhanced safety measures mandated by the state of epidemic and a temporary unavailability of contractors, the Group sees a risk of delays in completing scheduled repairs and modernisations of generation assets, including adaptations to BAT conclusions. The effects of this risk materialising would be visible over time and depend on the current market conditions, among other factors.

At the date on which these consolidated financial statements were prepared, it was difficult to predict how the situation would develop in 2021 and what the potential negative effects for the Parent's and the Group's operating and financing activities would be. Further spread of the virus may lead to additional restrictions and a decline in economic activity (currently numerous restrictions apply to: hotels, restaurants, coffee shops and shopping galleries). Moreover, a higher number of people with Covid at the Group could potentially elevate operational continuity risk at the Group's companies - interruptions could potentially have a negative impact on revenue from sales. The Group is taking preventive action to reduce this type of risk.

A crisis and coordination command, appointed by the Management Board, is operating at ENEA S.A., and all Group companies have appointed teams that coordinate tasks related to ensuring the continuity of ENEA Group companies' operations in the context of the coronavirus threat. The Management Board of ENEA S.A. is coordinating all activities in this area through the crisis coordination command. The command and teams engage in activities intended to protect the health of employees by providing personal protective equipment (face masks, anti-microbial gels, gloves), implementing safe work rules (including introducing, wherever possible, remote work, limited direct meetings in the workplace, disinfection of rooms, introducing a limit on the number of employees in a room, maintaining safe distances between employees). The precautions taken in order to prevent the spread of the coronavirus have an impact on operating costs, which together with changes in revenue will ultimately affect the consolidated net result.

The COVID-19 pandemic did not have as much impact on LWB's activities in the first quarter of 2021 as it did throughout 2020. Additionally, thanks to the crew's intensive efforts and the optimisation of longwall structuring and scheduling during a period of higher demand for coal, it was possible to achieve very good production results, which translated into improved financial results in Q1 2021.

Nonetheless, having regard to COVID-19 risks, LWB continues to apply appropriate measures and precautions to safeguard against the negative impact of COVID-19 on its operations and financial results. These especially include personal protective equipment, maintaining distance, appropriate work scheduling and use of shift-based work and remote work wherever possible, as well as appropriate technical measures for preventive purposes. LWB's Management Board is also hoping that the company will be allowed to participate in the state's workplace vaccination program (the company has declared willingness to participate in it).

At the date on which these condensed consolidated interim financial statements were prepared, the Group sees no going-concern risk.