ENEA Group CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from 1 January to 31 March 2023

in compliance with EU IFRS

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Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

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 Majewski**
Member of the Management Board	**Rafał Mucha**
Member of the Management Board	**Marcin Pawlicki**
Member of the Management Board	**Dariusz Szymczak**
Member of the Management Board	**Lech Żak**

ENEA Centrum Sp. z o.o.

Entity responsible for maintaining accounting

books and preparing financial statements — Robert Kiereta

ENEA Centrum Sp. z o.o. Pl. Władysława Andersa 7, 61-894 Poznań

KRS 0000477231, NIP 777-00-02-843, REGON 630770227

Poznań, 24 May 2023

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the 3-month period ended 31 March 2023 (unaudited)	For the 3-month period ended 31 March 2022 restated* (unaudited)
Revenue from sales	7	11 326 212	7 255 272
Excise duty		(20 466)	(13 809)
Net revenue from sales		**11 305 746**	**7 241 463**
Compensations	7	1 221 108	–
Revenue from operating leases and subleases		4 088	4 903
Revenue from sales and other income		**12 530 942**	**7 246 366**
Other operating revenue		102 870	10 416
Change in provision for onerous contracts	18	92 074	(50 994)
Depreciation/amortisation		(404 148)	(379 325)
Employee benefit costs		(714 261)	(586 440)
Use of materials and raw materials and value of goods sold		(3 962 761)	(1 962 395)
Purchase of electricity and gas for sales purposes		(5 354 660)	(3 121 420)
Transmission services		(192 074)	(113 505)
Other third-party services		(256 497)	(236 851)
Taxes and fees	28	(1 060 369)	(130 287)
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		(17 094)	(17 131)
Impairment losses on non-financial non-current assets		(28 669)	(50)
Other operating costs		(123 861)	(85 079)
Operating profit		**611 492**	**573 305**
Finance costs		(137 770)	(69 115)
Finance income		35 385	15 760
(Losses)/gains on currency derivative instruments not used in hedge accounting		(143 467)	106 649
Impairment of financial assets at amortised cost	21	(3 274)	(3 665)
Share of results of associates and jointly controlled entities	11	527	35 902
Profit before tax		**362 893**	**658 836**
Income tax	8	(111 617)	(110 941)
Net profit for the reporting period		**251 276**	**547 895**
Other comprehensive income			
Subject to reclassification to profit or loss:			
- measurement of hedging instruments		(47 313)	98 042
- income tax	8	8 989	(18 627)
Net other comprehensive income		**(38 324)**	**79 415**
Comprehensive income for the reporting period		**212 952**	**627 310**
Including net profit:			
attributable to shareholders of the Parent		202 213	494 982
attributable to non-controlling interests		49 063	52 913
Including comprehensive income:			
attributable to shareholders of the Parent		163 889	574 397
attributable to non-controlling interests		49 063	52 913
Net profit attributable to shareholders of the Parent		202 213	494 982
Weighted average number of ordinary shares		529 731 093	441 442 578
Net profit attributable to the Parent's shareholders, per share (in PLN per share)		**0.38**	**1.12**
Diluted profit per share (in PLN per share)		**0.38**	**1.12**

* the presentation restatement of data for the comparative period is presented in note 5 to these condensed consolidated interim financial statements.

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2023 (unaudited)	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	9	20 256 478	20 154 134
Right-of-use assets		822 758	827 430
Intangible assets	10	349 366	351 922
Investment properties		28 916	18 042
Investments in associates and jointly controlled entities	11	163 825	163 317
Deferred income tax assets	8	1 263 093	1 315 108
Financial assets measured at fair value	20	132 998	161 391
Trade and other receivables		12 239	12 213
Costs related to the conclusion of agreements		9 237	8 970
Finance lease and sublease receivables		1 074	1 168
Funds in the Mine Decommissioning Fund		152 980	147 925
Total non-current assets		**23 192 964**	**23 161 620**
Current assets			
CO_2 emission allowances		64 125	4 093 130
Inventories	12	2 749 126	1 979 850
Trade and other receivables		5 705 625	5 260 383
Costs related to the conclusion of agreements		10 566	11 006
Assets arising from contracts with customers	14	843 081	623 900
Finance lease and sublease receivables		1 232	1 304
Current income tax receivables		580 904	315 513
Financial assets measured at fair value	20	422 451	382 546
Debt financial assets at amortised cost	21	–	42 004
Cash and cash equivalents	15	1 755 218	1 563 716
Total current assets		**12 132 328**	**14 273 352**
Total assets		**35 325 292**	**37 434 972**

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

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2023 (unaudited)	31 December 2022
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent			
Share capital		676 306	676 306
Share premium		3 348 670	3 348 670
Revaluation reserve - measurement of hedging instruments		147 421	185 744
Retained earnings		10 866 163	10 663 950
Total equity attributable to shareholders of the parent		**15 038 560**	**14 874 670**
Non-controlling interests		1 320 504	1 271 441
Total equity		**16 359 064**	**16 146 111**
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	17	5 464 904	4 087 307
Trade and other payables		22 284	32 265
Liabilities arising from contracts with customers	14	22 421	15 822
Lease liabilities		596 865	625 120
Accounting for subsidies and road lighting modernisation services	19	519 313	493 904
Deferred income tax provision	8	569 978	536 255
Employee benefit liabilities		974 871	962 783
Financial liabilities measured at fair value		32 425	249
Provisions for other liabilities and other charges	18	949 812	946 088
Total non-current liabilities		**9 152 873**	**7 699 793**
Current liabilities			
Credit facilities, loans and debt securities	17	2 041 526	750 273
Trade and other payables		3 273 620	5 165 576
Liabilities arising from contracts with customers	14	541 334	348 590
Lease liabilities		33 357	31 338
Accounting for subsidies and road lighting modernisation services	19	22 117	20 381
Current income tax liabilities		38 509	12 706
Employee benefit liabilities		552 555	577 479
Liabilities concerning the equivalent for rights to free purchase of shares		281	281
Financial liabilities measured at fair value		677 087	494 596
Provisions for other liabilities and other charges	18	2 632 969	6 187 848
Total current liabilities		**9 813 355**	**13 589 068**
Total liabilities		**18 966 228**	**21 288 861**
TOTAL EQUITY AND LIABILITIES		**35 325 292**	**37 434 972**

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(a) Q1 2023 (unaudited)

	Equity attributable to shareholders of the parent						Non-controlling interests	Total equity
	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of hedging instruments	Retained earnings		
As at 1 January 2023	529 731	146 575	**676 306**	**3 348 670**	**185 744**	**10 663 950**	**1 271 441**	**16 146 111**
Net profit for the reporting period	-	-	-	-	-	202 213	49 063	251 276
Net other comprehensive income	-	-	-	-	(38 324)	-	-	(38 324)
Net comprehensive income recognised in the period	**-**	**-**	**-**	**-**	**(38 324)**	**202 213**	**49 063**	**212 952**
Other	-	-	-	-	1	-	-	1
As at 31 March 2023	529 731	146 575	**676 306**	**3 348 670**	**147 421**	**10 866 163**	**1 320 504**	**16 359 064**

(b) Q1 2022 (unaudited)

	Equity attributable to shareholders of the parent						Non-controlling interests	Total equity
	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of hedging instruments	Retained earnings		
As at 1 January 2022	441 443	146 575	**588 018**	**2 692 784**	**108 917**	**10 620 839**	**1 167 450**	**15 178 008**
Adjustment due to amendments to IAS 16	-	-	-	-	-	15 766	8 126	23 892
As at 1 January 2022, adjusted	441 443	146 575	**588 018**	**2 692 784**	**108 917**	**10 636 605**	**1 175 576**	**15 201 900**
Net profit for the reporting period	-	-	-	-	-	494 982	52 913	547 895
Net other comprehensive income	-	-	-	-	79 415	-	-	79 415
Net comprehensive income recognised in the period	**-**	**-**	**-**	**-**	**79 415**	**494 982**	**52 913**	**627 310**
Other	-	-	-	-	(28)	-	-	(28)
As at 31 March 2022	441 443	146 575	**588 018**	**2 692 784**	**188 304**	**11 131 587**	**1 228 489**	**15 829 182**

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

Consolidated statement of cash flows

	Note	For the three-month period ended 31 March 2023 (unaudited)	For the three-month period ended 31 March 2022 (unaudited)
Cash flows from operating activities			
Net profit for the reporting period		251 276	547 895
Adjustments:			
Income tax in profit or loss	8	111 617	110 941
Depreciation/amortisation		404 148	379 325
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		17 094	17 131
Impairment losses on non-financial non-current assets		28 669	50
Gain on sale of financial assets		(13 328)	(8 040)
Interest income		(20 024)	(7 501)
Interest costs		91 404	54 080
Loss/(gain) on measurement of financial instruments		169 439	(71 558)
Impairment of financial assets at amortised cost		3 274	3 665
Share of profit of associates and jointly controlled entities		(527)	(35 902)
Other adjustments		(16 120)	5 472
Total adjustments		**775 646**	**447 663**
Paid income tax		(376 249)	(135 982)
Changes in working capital:			
CO_2 emission allowances		4 029 005	(232 938)
Inventories		(766 630)	(230 264)
Trade and other receivables		(583 930)	(786 277)
Trade and other payables		(1 580 660)	(449 615)
Employee benefit liabilities		(11 616)	(30 267)
Accounting for subsidies and road lighting modernisation services		25 181	11 906
Provisions for other liabilities and charges		(3 545 651)	1 460 250
Total changes in working capital		**(2 434 301)**	**(257 205)**
Net cash flows from operating activities		**(1 783 628)**	**602 371**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(647 768)	(676 623)
Proceeds from sale of tangible and intangible assets		16 296	175
Purchase of financial assets		–	(250 265)
Proceeds from sale of financial assets		37 383	–
Purchase of associates and jointly controlled entities		(375)	(380)
Sale of associates and jointly controlled entities		394	–
(Outflows)/inflows concerning funds held at Mine Decommissioning Fund bank account		(5 056)	1 920
Received interest		20 513	1 521
Other inflows from investing activities		610	361
Net cash flows from investing activities		**(578 003)**	**(923 291)**
Cash flows from financing activities			
Credit and loans received		3 675 164	–
Repayment of credit and loans		(950 130)	(36 180)
Bond buy-back		(78 055)	(78 055)
Repayment of lease liabilities		(31 926)	(30 172)
Interest paid		(61 948)	(15 711)
Other inflows from financing activities		28	1 809
Net cash flows from financing activities		**2 553 133**	**(158 309)**
Total net cash flows		**191 502**	**(479 229)**
Cash at the beginning of reporting period		1 563 716	4 153 553
Cash at the end of reporting period		**1 755 218**	**3 674 324**
including restricted cash		614 495	395 312

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

ADDITIONAL INFORMATION AND EXPLANATIONS

General information

1. General information on the Parent

Name:	ENEA Spółka Akcyjna
Legal form:	spółka akcyjna (joint-stock company)
Country of registration:	Poland
Registered office:	Poznań, Poland
Address:	ul. Pastelowa 8, 60-198 Poznań
Location of business:	Poland
KRS:	0000012483
Telephone number:	(+48 61) 884 55 44
Fax number:	(+48 61) 884 59 59
E-mail:	enea@enea.pl
Website:	www.enea.pl
REGON number:	630139960
NIP number:	777-00-20-640

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

As at 31 March 2023, the Parent's shareholding structure was as follows:

	Poland's State Treasury	Other shareholders	Total
As at 31 March 2023	52.29%	47.71%	**100.00%**

As at 31 March 2023, the Parent's highest-level controlling entity was the State Treasury.

As at 31 March 2023, ENEA S.A.'s statutory share capital amounted to PLN 529 731 thousand (PLN 676 306 thousand after restatement to EU IFRS, taking into account hyperinflation and other adjustments) and was divided into 529 731 093 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 2023 and contain comparative data for the three-month period ended 31 March 2022 and the year ended 31 December 2022.

2. Group composition

At 31 March 2023, the Group consisted of the parent - ENEA S.A., 31 subsidiaries, including 8 indirect subsidiaries, as well as 1 jointly controlled entity and 4 associates.

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 Cieplnej Sp. z o.o. w Obornikach, Miejska Energetyka Cieplna 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 Cieplnej Sp. z o.o. w Obornikach, Miejska Energetyka Cieplna Piła Sp. z o.o., ENEA Ciepło Sp. z o.o.);
- mining and enriching of hard coal (LW Bogdanka S.A.)

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	Company name	Activity	Registered office	ENEA S.A.'s stake in total number of voting rights as at 31 March 2023	ENEA S.A.'s stake in total number of voting rights as at 31 December 2022
SUBSIDIARIES					
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%[10]	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 Pomiary Sp. z o.o.	distribution	Poznań	100%	100%
9.	ENERGO-TOUR Sp. z o.o. w likwidacji	other activity	Poznań	100%[5]	100%[5]
10.	ENEA Innowacje Sp. z o.o.	other activity	Warsaw	100%	100%
11.	Lubelski Węgiel BOGDANKA S.A.	mining	Bogdanka	64.57%	64.57%
12.	ENEA Ciepło Sp. z o.o.	generation	Białystok	99.94%	99.94%
13.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.	generation	Oborniki	99.93%	99.93%
14.	Miejska Energetyka Cieplna Piła Sp. z o.o.	generation	Piła	71.11%	71.11%
15.	ENEA Nowa Energia Sp. z o.o.	generation	Radom	100%	100%
16.	ENEA ELKOGAZ Sp. z o.o.	generation	Warsaw	100%[8]	100%
17.	ENEA Power&Gas Trading Sp. z o.o.	trade	Warsaw	100%[10,11]	100%
18.	EN101 Sp. z o.o.	generation	Poznań	100%[7,11]	-
19.	EN102 Sp. z o.o.	generation	Poznań	100%[11]	100%
20.	EN103 Sp. z o.o.	generation	Poznań	100%[11]	100%
21.	EN201 Sp. z o.o.	generation	Poznań	100%[11]	100%
22.	EN202 Sp. z o.o.	generation	Poznań	100%[7,11]	-
23.	EN203 Sp. z o.o.	generation	Poznań	100%[11]	100%
INDIRECT SUBSIDIARIES					
24.	ENEA Logistyka Sp. z o.o.	distribution	Poznań	100%[3]	100%[3]
25.	ENEA Bioenergia Sp. z o.o.	generation	Połaniec	100%[1]	100%[1]
26.	ENEA Połaniec Serwis Sp. z o.o.	generation	Połaniec	-[6]	100%[1]
27.	EkoTRANS Bogdanka Sp. z o.o.	mining	Bogdanka	64.57%[2]	64.57%[2]
28.	RG Bogdanka Sp. z o.o.	mining	Bogdanka	64.57%[2]	64.57%[2]
29.	MR Bogdanka Sp. z o.o.	mining	Bogdanka	64.57%[2]	64.57%[2]
30.	Łęczyńska Energetyka Sp. z o.o.	mining	Bogdanka	57.27%[2]	57.27%[2]
31.	ENEBIOGAZ 1 Sp. z o.o.	generation	Radom	100%[4,11]	100%[4]
32.	ENEBIOGAZ 2 Sp. z o.o.	generation	Radom	100%[4,11]	100%[4]
JOINTLY CONTROLLED ENTITIES					
33.	Elektrownia Ostrołęka Sp. z o.o.	-	Ostrołęka	50%	50%
ASSOCIATES					
34.	Polimex – Mostostal S.A.	-	Warsaw	16.15%[9]	16.26%
35.	Elektrownia Wiatrowa Baltica-4 Sp. z o.o.	-	Warsaw	33.81%	33.81%
36.	Elektrownia Wiatrowa Baltica-5 Sp. z o.o.	-	Warsaw	33.81%	33.81%
37.	Elektrownia Wiatrowa Baltica-6 Sp. z o.o.	-	Warsaw	33.76%	33.76%

[1] – indirect subsidiary through stake in ENEA Elektrownia Połaniec S.A.

[2] – indirect subsidiary through stake in Lubelski Węgiel BOGDANKA S.A.

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[3] – indirect subsidiary through stake in ENEA Operator Sp. z o.o.

[4] – indirect subsidiary through stake in ENEA Nowa Energia Sp. z o.o.

[5] – 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.

[6] – An Extraordinary General Meeting of ENEA Połaniec Serwis Sp. z o.o. (acquired company) was held on 3 January 2023, adopting a resolution to merge with ENEA Elektrownia Połaniec S.A. (acquiring company) pursuant to a simplified procedure under art. 516 of the Polish Commercial Companies Code. The merger was registered at the National Court Register on 16 January 2023.

[7] – EN101 Sp. z o.o. and EN202 Sp. z o.o. were established in January 2023.

[8] – On 15 March 2023, the Extraordinary General Meeting of ENEA ELKOGAZ Sp. z o.o. adopted a resolution to increase the company's share capital by PLN 10 000 thousand, i.e. from PLN 19 000 thousand to PLN 29 000 thousand, through the issue of 100 000 new shares with a nominal value of PLN 100.00 each. ENEA S.A. acquired all of the newly-issued shares in the increased share capital of ENEA ELKOGAZ Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 3 April 2023.

[9] – In the 3-month period ending 31 March 2023 ENEA S.A. submitted a demand to exercise call option no. 8 and made a transfer for 187 500 shares of Polimex Mostostal S.A. The increase of Polimex Mostostal S.A.'s share capital by PLN 1 000 thousand, i.e. from PLN 479 738 thousand to PLN 480 738 thousand, by admitting 500 000 ordinary bearer shares series S with a nominal value of PLN 2 each, was registered on 30 January 2023. In March 2023 ENEA S.A. sold 187 500 shares, thus decreasing its stake in that company's share capital from 16.23% to 16.15%.

[10] – On 3 April 2023, in accordance with the Spin-off Plan of ENEA Trading Sp. z o.o. of 29 July 2022, there was a division by spin-off and transfer of a part of the assets and liabilities of ENEA Trading Sp. z o.o., in the form of an Organised Part of Enterprise, to ENEA Power&Gas Trading Sp. z o.o.

[11] – Due to its immateriality, the company is not included in these condensed consolidated interim financial statements.

3. Management Board and Supervisory Board composition

Management Board

	As at 31 March 2023	As at 31 December 2022
President of the Management Board	Paweł Majewski	Paweł Majewski
Member of the Management Board, responsible for finance	Rafał Mucha	Rafał Mucha
Member of the Management Board, responsible for corporate affairs	Dariusz Szymczak	Dariusz Szymczak
Member of the Management Board, responsible for operations	Marcin Pawlicki	Marcin Pawlicki
Member of the Management Board, responsible for strategy and development	Lech Żak	Lech Żak

Supervisory Board

	As at 31 March 2023	Appointment	As at 31 December 2022	End of term / resignation
Chairperson of the Supervisory Board	Łukasz Ciołko		Rafał Włodarski	4 January 2023
Deputy Chairperson of the Supervisory Board	Roman Stryjski		Roman Stryjski	
Secretary of the Supervisory Board	Mariusz Pliszka		Mariusz Pliszka	
Member of the Supervisory Board	Aleksandra Agatowska	13 March 2023	Łukasz Ciołko	
Member of the Supervisory Board	Mariusz Damasiewicz		Mariusz Damasiewicz	
Member of the Supervisory Board	Aneta Kordowska		Aneta Kordowska	
Member of the Supervisory Board	Tomasz Lis		Tomasz Lis	
Member of the Supervisory Board	Paweł Łącki		Paweł Łącki	
Member of the Supervisory Board	Mariusz Romańczuk		Mariusz Romańczuk	
Member of the Supervisory Board	Piotr Zborowski		Piotr Zborowski	

On 4 January 2023, the Company received Mr. Rafał Włodarski's resignation as member of ENEA S.A.'s Supervisory Board, including as Chairperson of the Company's Supervisory Board, effective from 4 January 2023.

On 13 March 2023 the Company's Extraordinary General Meeting adopted a resolution appointing

Mrs. Aleksandra Agatowska as member of ENEA S.A.'s Supervisory Board, 11th term, effective from the same date.

On 13 March 2023 an Extraordinary General Meeting of ENEA S.A. appointed Mr. Łukasz Ciołko as Chairperson of ENEA S.A.'s Supervisory Board.

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 2023. 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 are applied consistently across all of the presented periods, except as indicated in note 5 on the change in the presentation of comparative figures.

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 2022.

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 2022.

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 preparing the most recent annual consolidated financial statements, for the year ended 31 December 2022, the Group changed the presentation in the statement of comprehensive income of the valuation and realisation of foreign exchange forward transactions that are not used in hedge accounting. The results from the measurement and execution of these transactions, hitherto presented as operating income or expenses, are presented outside of operations.

The Group therefore restated the comparative figures in these condensed consolidated interim financial statements. The following table presents the impact of this change.

	For the three-month period ended 31 March 2022		
	Approved data	Impact of change in presentation of forward transaction measurement	Restated data
Revenue from sales	7 255 272	-	7 255 272
Excise duty	(13 809)	-	(13 809)
Net revenue from sales	**7 241 463**	**-**	**7 241 463**
Revenue from operating leases and subleases	4 903	-	4 903
Revenue from sales and other income	**7 246 366**	**-**	**7 246 366**
Other operating revenue	49 581	(39 165)	10 416
Use of materials and raw materials and value of goods sold	(1 894 911)	(67 484)	(1 962 395)
Other items	(4 721 082)	-	(4 721 082)
Operating profit	**679 954**	**(106 649)**	**573 305**
Gains/(losses) on currency derivative instruments not used in hedge accounting	-	106 649	106 649
Other items	(21 118)	-	(21 118)
Profit before tax	**658 836**	**-**	**658 836**
Income tax	(110 941)	-	(110 941)
Net profit for the reporting period	**547 895**	**-**	**547 895**
Net other comprehensive income	**79 415**	**-**	**79 415**
Comprehensive income for the reporting period	**627 310**	**-**	**627 310**
Including net profit:			
attributable to shareholders of the Parent	494 982	-	494 982
attributable to non-controlling interests	52 913	-	52 913
Including comprehensive income:			
attributable to shareholders of the Parent	574 397	-	574 397
attributable to non-controlling interests	52 913	-	52 913

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.

TRADE	Purchase and sale of electricity.
DISTRIBUTION	Electricity distribution and transmission services.
GENERATION	Generation of electricity from conventional and renewable sources, generation of industrial heat.
MINING	Production and sale of coal, companies providing support services to mines.
AND	
OTHER ACTIVITY	Maintenance and modernisation of road lighting equipment, transport services, repair and construction services.

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 Parent's Management Board especially focuses on EBITDA. EBITDA is defined as operating profit (calculated as profit before tax adjusted for the share of results of associates and jointly controlled entities, impairment losses on financial assets measured at amortised cost, impairment losses on investments in jointly controlled entities, (losses)/gains on currency derivatives not used in hedge accounting, financial income, dividend income and finance costs) plus depreciation and amortisation and impairment losses on non-financial fixed 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 connection with the amendment to the presentation of comparative data, as presented in note 5 to these condensed consolidated interim financial statements, the Group made a presentation restatement of its segments for the comparative period.

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

Segment results:

Segment results for the period from 1 January to 31 March 2023 are as follows:

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	4 288 931	1 240 449	5 619 145	119 944	37 277	–	11 305 746
Inter-segment sales	2 151 256	17 948	926 111	818 539	117 061	(4 030 915)	–
Total net revenue from sales	**6 440 187**	**1 258 397**	**6 545 256**	**938 483**	**154 338**	**(4 030 915)**	**11 305 746**
Compensations	1 099 478	121 630	–	–	–	–	1 221 108
Revenue from operating leases and subleases	–	–	239	2 201	1 723	(75)	4 088
Revenue from sales and other income	**7 539 665**	**1 380 027**	**6 545 495**	**940 684**	**156 061**	**(4 030 990)**	**12 530 942**
Total costs	(7 539 835)	(1 131 440)	(6 169 648)	(777 833)	(140 046)	3 869 250	(11 889 552)
Segment result	**(170)**	**248 587**	**375 847**	**162 851**	**16 015**	**(161 740)**	**641 390**
Depreciation/amortisation	(589)	(177 948)	(114 406)	(97 953)	(18 740)		
Impairment losses on non-financial non-current assets	–	–	–	(28 669)	–		
Segment result - EBITDA	**419**	**426 535**	**490 253**	**289 473**	**34 755**		
% of revenue from sales and other income	**0,0%**	**30,9%**	**7,5%**	**30,8%**	**22,3%**		
Unallocated costs at Group level (administrative expenses)							(29 898)
Operating profit							**611 492**
Finance costs							(137 770)
Finance income							35 385
Losses on currency derivative instruments not used in hedge accounting							(143 467)
Impairment of financial assets at amortised cost							(3 274)
Share of results of associates and jointly controlled entities							527
Gross profit							**362 893**
Income tax							(111 617)
Net profit							**251 276**
Share of profit attributable to non-controlling interests							**49 063**

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

Segment results:

Segment results for the period from 1 January to 31 March 2022 are as follows:

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	2 871 529	900 632	3 238 607	196 416	34 279	–	7 241 463
Inter-segment sales	512 284	8 245	352 239	533 351	102 207	(1 508 326)	–
Total net revenue from sales	**3 383 813**	**908 877**	**3 590 846**	**729 767**	**136 486**	**(1 508 326)**	**7 241 463**
Revenue from operating leases and subleases	–	–	200	1 972	2 736	(5)	4 903
Revenue from sales and other income	**3 383 813**	**908 877**	**3 591 046**	**731 739**	**139 222**	**(1 508 331)**	**7 246 366**
Total costs	(3 577 325)	(768 923)	(3 081 949)	(544 086)	(133 924)	1 454 415	(6 651 792)
Segment result	**(193 512)**	**139 954**	**509 097**	**187 653**	**5 298**	**(53 916)**	**594 574**
Depreciation/amortisation	(685)	(170 566)	(110 965)	(86 721)	(18 847)		
Impairment losses on non-financial non-current assets	–	–	–	(50)	–		
Segment result - EBITDA	**(192 827)**	**310 520**	**620 062**	**274 424**	**24 145**		
% of revenue from sales and other income	**(5.7%)**	**34.2%**	**17.3%**	**37.5%**	**17.3%**		
Unallocated costs at Group level (administrative expenses)							(21 269)
Operating profit							**573 305**
Finance costs							(69 115)
Finance income							15 760
Gains on currency derivative instruments not used in hedge accounting							106 649
Impairment of financial assets at amortised cost							(3 665)
Share of results of associates and jointly controlled entities							35 902
Gross profit							**658 836**
Income tax							(110 941)
Net profit							**547 895**
Share of profit attributable to non-controlling interests							**52 913**

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

Other information concerning segments as at 31 March 2023 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	14 555	11 234 449	5 908 770	3 330 085	361 042	(603 533)	20 245 368
Trade and other receivables	4 126 751	754 422	1 658 479	544 891	275 831	(1 725 406)	5 634 968
Costs related to the conclusion of agreements	19 803	-	-	-	-	-	19 803
Assets arising from contracts with customers	493 555	372 489	1 202	-	9 505	(33 670)	843 081
Total	**4 654 664**	**12 361 360**	**7 568 451**	**3 874 976**	**646 378**	**(2 362 609)**	**26 743 220**
ASSETS excluded from segments							8 582 072
- including property, plant and equipment							11 110
- including trade and other receivables							82 896
TOTAL ASSETS							**35 325 292**
Trade and other payables	400 025	777 004	1 702 081	421 425	338 426	(770 971)	2 867 990
Liabilities arising from contracts with customers	1 101 526	449 365	829	120	20	(988 105)	563 755
Total	**1 501 551**	**1 226 369**	**1 702 910**	**421 545**	**338 446**	**(1 759 076)**	**3 431 745**
Equity and liabilities excluded from segments							31 893 547
- including trade and other payables							427 914
TOTAL EQUITY AND LIABILITIES							**35 325 292**
for the 3-month period ending 31 March 2023							
Investment expenditures on property, plant and equipment and intangible assets	-	330 870	65 867	160 826	11 158	(17 462)	551 259
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							–
Depreciation/amortisation	589	177 948	114 406	97 953	18 740	(6 185)	403 451
Amortisation excluded from segments							697
Recognition/(reversal/use) of impairment losses on receivables	1 434	(224)	282	(49)	(12)	-	1 431
Recognition of impairment losses on non-financial non-current assets	-	-	-	28 669	-	-	28 669

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

Other information concerning segments as at 31 December 2022 and for the three-month period ended on 31 March 2022 is as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 662	11 060 021	5 970 151	3 325 252	364 887	(592 243)	20 142 730
Trade and other receivables	3 698 292	387 543	1 716 479	211 920	215 888	(959 712)	5 270 410
Costs related to the conclusion of agreements	19 976	-	-	-	-	-	19 976
Assets arising from contracts with customers	331 002	313 195	1 443	-	8 833	(30 573)	623 900
Total	**4 063 932**	**11 760 759**	**7 688 073**	**3 537 172**	**589 608**	**(1 582 528)**	**26 057 016**
ASSETS excluded from segments							11 377 956
- including property, plant and equipment							11 404
- including trade and other receivables							2 186
TOTAL ASSETS							**37 434 972**
Trade and other payables	561 770	577 575	2 190 098	301 712	367 427	(541 621)	3 456 961
Liabilities arising from contracts with customers	494 199	316 700	797	392	988	(448 664)	364 412
Total	**1 055 969**	**894 275**	**2 190 895**	**302 104**	**368 415**	**(990 285)**	**3 821 373**
Equity and liabilities excluded from segments							33 613 599
- including trade and other payables							1 740 880
TOTAL EQUITY AND LIABILITIES							**37 434 972**
for the three-month period ended 31 March 2022							
Investment expenditures on property, plant and equipment and intangible assets	1	220 120	92 451	123 470	10 751	(4 448)	442 345
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							–
Depreciation/amortisation	685	170 566	110 965	86 721	18 847	(9 254)	378 530
Amortisation excluded from segments							795
Recognition/(reversal/use) of impairment losses on receivables	304	(1 137)	139	31	(59)	-	(722)
Recognition of impairment losses on non-financial non-current assets	-	-	-	50	-	-	50

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

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 2023	31 March 2022
Revenue from the sale of electricity	9 393 431	5 600 996
Revenue from the sale of distribution services	1 191 023	841 643
Revenue from connection fees	32 354	15 062
Revenue from the sale of goods and materials	43 415	49 967
Revenue from the sale of other products and services	37 498	55 986
Revenue from origin certificates	7 704	342
Revenue from the sale of industrial heat	199 222	161 391
Revenue from the sale of coal	106 290	181 669
Revenue from the sale of gas	51 396	108 015
Revenue from Capacity Market	243 413	226 392
Total net revenue from sales	**11 305 746**	**7 241 463**

The Group mainly classifies revenue by type of product/service. The main revenue groups are revenues from the sale of electricity (Trading and Generation segments), revenues from the sale of distribution services (Distribution segment), revenues from the Power Market (Generation segment), revenues from the sale of coal (Mining segment), revenues from the sale of thermal energy (Generation segment) and revenues from the sale of gas (Trade segment). Revenues from the sale of products and services primarily comprise revenues relating to the maintenance and upgrading of road lighting equipment.

Sale of electricity: The Group recognises revenue at the end of each billing period that arises from sales contracts, according to the amount of electricity delivered to the customer during the billing period. The Group recognises revenue over a period of time and uses the simplification of revenue recognition under invoicing as it reflects the degree of performance obligation at the reporting date. 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, capacity fee and renewables fee.

In the case of the quality fee, transition fee, capacity 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, capacity 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 reduced by the amount of renewables fee, quality fee, capacity 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. The volume of revenue from the sale of electricity distribution services is based on documented sales, plus the re-estimation of uninvoiced sales of electricity distribution services in the period and minus the re-estimation of those sales from the previous period. Estimation of sales is made at the end of each month. Revenue for distribution services is recognised at the time the service is provided, based on the readings of the metering and billing systems, taking into account the re-estimation of consumption.

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. At the end of each month, ENEA Group companies are entitled to remuneration from PSE S.A. for fulfilling a capacity obligation. In connection with this obligation, Group companies that are suppliers of capacity for PSE S.A. recognise revenue from Capacity Market transactions each month.

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.

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

	For the three-month period ended	
	31 March 2023	31 March 2022
Revenue from continuous services	11 078 485	6 938 437
Revenue from services provided at specified time	227 261	303 026
Total	**11 305 746**	**7 241 463**

Compensations

Pursuant to the provisions of the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 in connection with the situation on the electricity market and the Act of 27 October 2022 on emergency measures to reduce the level of electricity prices and support for certain consumers in 2023, the eligible entity is entitled to compensation.

ENEA S.A. recognised compensation revenue in Q1 2023 amounting to PLN 1 099 478 thousand, of which:

- PLN 608 811 thousand due to the application of settlements with eligible customers in accordance with the provisions of the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 in connection with the situation on the electricity market;
- PLN 490 667 thousand for the application of the maximum price in accordance with the provisions of the Act of 27 October 2022. on emergency measures to limit the level of electricity prices and support for certain consumers in 2023.

The Financial compensations constitute the Company's revenue and are recognised under the line Compensations.

In Q1 2023, in accordance with the deadlines under the aforementioned laws, the Company submitted the relevant applications to Zarządca Rozliczeń S.A. for compensation payments for the period up to February 2023. The applications for March 2023 were submitted on 24 and 25 April 2023 - the amount of compensation for March 2023 is included in the Company's revenue on an estimated basis.

In accordance with art. 14 of the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 in connection with the situation on the electricity market, the Company submitted applications for the payment of advances for January and February 2023. Advances for Compensation were paid in January 2023 in the amount of PLN 247 121 thousand and February 2023 in the amount of PLN 216 003 thousand.

In accordance with art. 9 of the act of 27 October 2022 on emergency measures to limit the level of electricity prices and support certain consumers in 2023, ENEA S.A. filed applications for advance payments for December 2022 and January 2023. The advances were paid, in December 2022 in the amount of PLN 230 192 thousand and in January 2023 in the amount of PLN 307 846 thousand.

Pursuant to the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 in connection with the situation on the electricity market, ENEA Operator Sp. z o.o. will receive compensation for the use of electricity prices referred to in art. 7 sec. 1 of the Act. The compensation constitutes the difference between the charges billed for electricity distribution services resulting from the 2023 tariff rates for electricity distribution services and the charges billed for electricity distribution services resulting from the 2022 tariff rates for electricity distribution services, up to the maximum limit referred to in the Act. ENEA Operator Sp. z o.o. received in January 2023 an advance payment for this compensation of PLN 59 108 thousand and in February 2023 in the amount of PLN 54 210 thousand. In April 2023, compensation was received for the month of January in the amount of PLN 53 856 thousand and for the month of February in the amount of PLN 47 779 thousand.

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

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 2023	31 December 2022
Net deferred income tax assets at the beginning of period, including:	**778 853**	**921 483**
- deferred income tax assets at the beginning of period	**1 315 108**	**1 400 872**
- deferred income tax provision at the beginning of period	**536 255**	**479 389**
(Charge)/addition to profit or loss	(94 727)	(122 832)
(Charge)/addition to other comprehensive income	8 989	(19 798)
Net deferred income tax assets at the end of period, including:	**693 115**	**778 853**
- deferred income tax assets at the end of period	**1 263 093**	**1 315 108**
- deferred income tax provision at the end of period	**569 978**	**536 255**

In the 3-month period ended 31 March 2023, the Group's profit before tax was reduced as a result of a decrease in net deferred income tax assets by PLN 94 727 thousand (in the 3-month period ended 31 March 2022, the Group's profit before tax was credited as a result of an increase in net deferred income tax assets by PLN 245 854 thousand).

Explanatory notes to the consolidated statement of financial position

9. Property, plant and equipment

In the 3-month period ending 31 March 2023 the Group purchased property, plant and equipment items for a total of PLN 540 467 thousand (in the 3-month period ended 31 March 2022: PLN 437 723 thousand). These amounts mainly concern the generation segment (PLN 65 812 thousand), mining (PLN 160 349 thousand) and distribution (PLN 312 744 thousand).

In the 3-month period ending 31 March 2023 the Group sold and liquidated property, plant and equipment items with a total net book value of PLN 24 549 thousand (in the 3 months ended 31 March 2022: PLN 18 021 thousand).

In the 3-month period ended 31 March 2023, impairment losses on book value of property, plant and equipment increased by a net amount of PLN 28 658 thousand (in the three-month period ended 31 March 2022, impairment losses on book value of property, plant and equipment decreased by a net amount of PLN 398 thousand).

As at 31 March 2023, total impairment of property, plant and equipment amounted to PLN 4 944 898 thousand (as at 31 December 2022: PLN 4 916 240 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 1 519 154 thousand as at 31 March 2023 (as at 31 December 2022: PLN 1 517 043 thousand).

10. Intangible assets

In the 3-month period ending 31 March 2023 the Group purchased intangible assets worth PLN 10 792 thousand (in the 3-month period ended 31 March 2022 the Group purchased intangible assets worth PLN 4 622 thousand).

In the 3-month period ending 31 March 2023 the Group did not sell or liquidate significant intangible assets (in the 3-month period ended 31 March 2022 the Group also did not sell or liquidate significant intangible assets).

Future contract liabilities related to the purchase of intangible assets incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 77 876 thousand as at 31 March 2023 (as at 31 December 2022: PLN 76 517 thousand).

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

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 2023	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Elektrownia Wiatrowa Baltica-4 Sp. z o.o.	Elektrownia Wiatrowa Baltica-5 Sp. z o.o.	Elektrownia Wiatrowa Baltica-6 Sp. z o.o.	Total
Stake	**50.00%**	**16.15%**	**33.81%**	**33.81%**	**33.76%**	
Current assets	28 929	1 742 134	250	315	416	1 772 044
Non-current assets	77 015	679 458	-	-	-	756 473
Total assets	**105 944**	**2 421 592**	**250**	**315**	**416**	**2 528 517**
Current liabilities	437 378	1 199 036	1 233	1 275	115	1 639 037
Non-current liabilities	-	271 783	-	-	-	271 783
Total liabilities	**437 378**	**1 470 819**	**1 233**	**1 275**	**115**	**1 910 820**
Net assets	**(331 434)**	**950 773**	**(983)**	**(960)**	**301**	**617 697**
Share in net assets	**-**	**153 550**	**-**	**-**	**102**	**153 652**
Goodwill	7 080	15 954	-	-	216	23 250
Impairment of goodwill	(7 080)	-	-	-	-	(7 080)
Elimination of unrealised gains/losses	-	(5 997)	-	-	-	(5 997)
Book value of equity-accounted investments at 31 March 2023	**-**	**163 507**	**-**	**-**	**318**	**163 825**

The Group made a consolidation adjustment concerning margins on sales in transactions between the Group and Polimex - Mostostal S.A. by PLN 5 997 thousand.

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

As at 31 December 2022	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Elektrownia Wiatrowa Baltica-4 Sp. z o.o.	Elektrownia Wiatrowa Baltica-5 Sp. z o.o.	Elektrownia Wiatrowa Baltica-6 Sp. z o.o.	Total
Stake	**50.00%**	**16.26%**	**33.81%**	**33.81%**	**33.76%**	
Current assets	115 613	2 149 231	355	430	512	2 266 141
Non-current assets	77 440	675 478	-	-	-	752 918
Total assets	**193 053**	**2 824 709**	**355**	**430**	**512**	**3 019 059**
Current liabilities	521 412	1 620 793	1 201	1 214	81	2 144 701
Non-current liabilities	-	262 044	-	-	-	262 044
Total liabilities	**521 412**	**1 882 837**	**1 201**	**1 214**	**81**	**2 406 745**
Net assets	**(328 359)**	**941 872**	**(846)**	**(784)**	**431**	**612 314**
Share in net assets	**-**	**153 148**	**(286)**	**(265)**	**146**	**152 743**
Goodwill	7 080	15 954	302	268	216	23 820
Impairment of goodwill	(7 080)	-	-	-	-	(7 080)
Elimination of unrealised gains/losses	-	(6 166)	-	-	-	(6 166)
Book value of equity-accounted investments at 31 December 2022	**-**	**162 936**	**16**	**3**	**362**	**163 317**

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2023 in PLN 000s

Change in investments in subsidiaries, associates and jointly controlled entities

	As at	
	31 March 2023	31 December 2022
As at the beginning of period	**163 317**	**137 881**
Change in the change in net assets	527	24 970
Purchase of investments	375	1 123
Sale of investments	(394)	(657)
As at the reporting date	**163 825**	**163 317**

Implementation of project to build Elektrownia Ostrołęka C

At 31 March 2023, ENEA S.A. held 9 124 821 shares of Elektrownia Ostrołęka Sp. z o.o., with a nominal value of PLN 50.00 each and total nominal value of PLN 456 241 thousand.

Moreover, as of 31 March 2023, ENEA S.A. and ENERGA S.A. were in equal parts parties to a loan agreement concluded with Elektrownia Ostrołęka Sp. z o.o. in the amount of up to PLN 340 000 thousand of 23 December 2019.

As at 31 March 2023, the value of the loan including interest amounted to PLN 201 610 thousand and was subject to a total impairment loss.

On 28 February 2023, ENEA S.A. and ENERGA S.A. executed with Elektrownia Ostrołęka Sp. z o.o. Annex 7 to loan agreement of up to PLN 340 000 thousand of 23 December 2019 Pursuant to the provisions of Annex 7, the deadline for the one-off repayment by Elektrownia Ostrołęka Sp. z o.o. of the loan along with the interest due was prolonged to 28 April 2023.

On 27 April 2023, the Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. decided to increase the company's share capital by PLN 100 to PLN 912 482 200 through the issue of 2 new shares with a nominal value of PLN 50 each and an issue price of PLN 202 657 409.15 per share. The existing shareholders, i.e. ENEA S.A. and ENERGA S.A., each took up 1 new share of a nominal value of PLN 50, with ENEA S.A. taking up 1 new share on 27 April 2023 covering it with a cash contribution of PLN 202 657 409.15. Subsequently, with effect from 28 April 2023, a receivables set-off agreement was signed between ENEA S.A. and Elektrownia Ostrołęka Sp. z o.o., i.e. ENEA S.A.'s receivables from Elektrownia Ostrołęka Sp. z o.o. concerning a loan granted under the loan agreement concluded in December 2019 with a value of PLN 170 000 thousand. PLN (as amended) plus accrued interest with a total receivable value of PLN 202 657 409.15 and Elektrownia Ostrołęka Sp. z o.o.'s receivables from ENEA S.A. in respect of its obligation to cover 1 share with a cash contribution of PLN 202 657 409.15 in the increased share capital of the company. Pursuant to the aforementioned set-off agreement, the aforementioned receivables cancelled each other out in full, and thus the loan agreement of 23 December 2019 (as amended) expired on 28 April 2023.

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. Conclusions from these analyses did 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. 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.

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).

Both of the agreements include a statement by ENEA S.A. on withdrawal from further participation in the Gas Project.

On 25 June 2021, Elektrownia Ostrołęka Sp. z o.o. as vendor and CCGT Ostrołęka Sp. z o.o. as buyer (a wholly-owned subsidiary of ENERGA S.A.) signed a sale agreement and associated agreements regarding an SPV (excluding certain assets) intended (and used as such) to implement economic tasks covering the construction of a gas-fired power generating unit in Ostrołęka and the subsequent operation of this unit (Gas Plant). The business being sold includes generally all of the SPV's asset and non-asset components in use as of the transaction date in connection with preparations to begin an investment process consisting of the construction of the Gas Plant. The transaction was intended to facilitate the implementation of a gas project by CCGT Ostrołęka Sp. z o.o. as a company that will replace Elektrownia Ostrołęka Sp. z o.o. in implementing the investment in Ostrołęka. The sale price for the business sold (transaction value) was estimated at approx. PLN 166 million. The price was set on a preliminary basis as additional considerations will apply in determining the final price.

On 25 June 2021, Elektrownia Ostrołęka Sp. z o.o. and CCGT Ostrołęka Sp. z o.o. on the one hand and GE Power sp. z o.o., based in Warsaw, GE Steam Power Systems S.A.S. (former name: ALSTOM Power Systems S.A.S.), based in Boulogne-Billancourt, France (Coal Project Contractor), and General Electric Global Services, GmbH, based in Baden, Switzerland (together with GE Power sp. z o.o. - Gas Project Contractor) on the other hand signed a Contract Change Document concerning the contract of 21 July 2018 to build unit C at Elektrownia Ostrołęka, with a capacity of 1000 MW, and an Agreement on the settlement of the Coal Project. The Contract Change Document is structured in a way that facilitates implementation of the Gas Project by CCGT Ostrołęka Sp. z o.o. as a company that will replace Elektrownia Ostrołęka Sp. z o.o. in implementing the investment in Ostrołęka, which is related, inter alia, to the fact that ENEA S.A. has confirmed its withdrawal from participating in the Gas Project. The agreement concerning the Coal Project settlement regulates the rights and obligations of Elektrownia Ostrołęka Sp. z o.o. and the Coal Project Contractor mainly in connection with the settlement of construction work completed by the Coal Project Contractor until the contract was suspended, maintenance and security activities during Contract suspension and work related to finishing the work dedicated to implementing the Coal Project. Under this agreement, the Coal Project was supposed to be settled by the end of 2021, and the entire amount that Elektrownia Ostrołęka Sp. z o.o. will be obligate to pay to the Coal Project Contractor, taking into account expenditures incurred thus far, will not exceed PLN 1.35 billion (net).

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On 22 December 2021 Elektrownia Ostrołęka Sp. z o.o. executed an annex to this agreement with the Coal Project Contractor. The annex extended the settlement deadline to 25 March 2022 and results from a verified mechanism for settling the Coal Project.

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.

On 31 January 2021 Elektrownia Ostrołęka Sp. z o.o. terminated an agreement implementing the capacity obligation contracted by the company as a result of a capacity market auction for 2023. The agreement was terminated due to the supply source being changed from coal to gas in the project to build and operate a new power plant in Ostrołęka.

On 31 March 2022 Elektrownia Ostrołęka Sp. z o.o. completed the settlement process with the General Contractor in accordance with the Agreement of 25 June 2021 referred to above. The final value of receivables resulting from the settlement amounted to PLN 958 million net and therefore the amount due to the General Contractor resulting from the difference between the above value and the amounts already paid has already been paid in full by Elektrownia Ostrołęka Sp. z o.o. The costs incurred by ENEA S.A. in connection with settlement of the General Contractor's works amounted to 50% of the above amount, i.e. PLN 479 million net (the same amount was paid by ENERGA S.A.).

On 23 September 2022 Elektrownia Ostrołęka Sp. z o.o. sold some properties intended for the construction of a gas unit to CCTG Ostrołęka Sp. z o.o. The value of the land in question and the value of the elements of the immovable part of the supporting infrastructure constituting the price of the plots sold amounted to approx. PLN 84 million.

On 12 October 2022, Elektrownia Ostrołęka Sp. z o.o. conducted the final handover of an investment entitled "Reconstruction of rail infrastructure for handling Elektrownia Ostrołęka C" (the so-called rail siding).

12. Inventories

Inventories

	As at	
	31 March 2023	31 December 2022
Materials	2 445 083	1 829 702
Semi-finished products and production in progress	2 218	798
Finished products	28 472	10 948
Energy origin certificates	289 170	157 443
Goods	26 155	22 933
Gross value of inventory	**2 791 098**	**2 021 824**
Impairment of inventory	(41 972)	(41 974)
Net value of inventory	**2 749 126**	**1 979 850**

In the 3-month period ended 31 March 2023, impairment losses on inventory decreased by PLN 2 thousand (in the 3-month period ended 31 March 2022 impairment of inventory increased by PLN 9 thousand).

13. Energy origin certificates

Energy origin certificates

	As at	
	31 March 2023	31 December 2022
Net value at the beginning of period	**147 910**	**416 137**
Internal manufacture	121 758	337 899
Purchase	19 394	217 519
Depreciation	(15)	(819 740)
Sale	(9 410)	-
Change in impairment	-	(3 905)
Net value at the reporting date	**279 637**	**147 910**

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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
As at 1 January 2022	**412 908**	**460 336**
Change in non-invoices receivables	211 112	-
Revenue recognised in a period that was taken into account in the opening balance for liabilities arising from contracts with customers	-	(98 199)
Increase due to advance payments received from customers	-	2 434
Liabilities resulting from sales adjustments	-	(159)
Impairment	(120)	-
As at 31 December 2022	**623 900**	**364 412**
Change in non-invoices receivables	219 301	-
Revenue recognised in a period that was taken into account in the opening balance for liabilities arising from contracts with customers	-	(2 327)
Increase due to advance payments received from customers	-	133 468
Liabilities resulting from sales adjustments	-	68 202
Impairment	(120)	-
As at 31 March 2023	**843 081**	**563 755**

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 2023, the Group's restricted cash amounted to PLN 614 495 thousand (as at 31 December 2022: PLN 511 540 thousand). This mainly included cash for deposits for electricity and CO_2 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 allocate the 2022 profit will be made by shareholders at the 2023 Ordinary General Meeting. The Management Board of ENEA S.A. has proposed to allocate the profit for the financial year covering the period from 1 January 2022 to 31 December 2022 to increase reserve capital.

On 24 June 2022 an Ordinary General Meeting of ENEA S.A. adopted resolution no. 7 concerning the allocation of net profit for the financial year covering the period from 1 January 2021 to 31 December 2021, pursuant to which PLN 442 110 thousand was allocated to supplementary capital and PLN 18 299 thousand to reduce the negative value of other capitals.

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17. Debt-related liabilities

Credit facilities, loans and debt securities

	As at 31 March 2023	As at 31 December 2022
Bank credit	2 736 475	1 279 820
Loans	24 164	25 015
Bonds	2 704 265	2 782 472
Long-term	**5 464 904**	**4 087 307**
Bank credit	1 828 074	555 614
Loans	10 381	12 820
Bonds	203 071	181 839
Short-term	**2 041 526**	**750 273**
Total	**7 506 430**	**4 837 580**

In the 3-month period ended 31 March 2023, the book value of credit facilities, loans and debt securities increased by PLN 2 668 850 thousand on a net basis (3-month period ended 31 March 2022: down by PLN 71 375 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. In further activities, ENEA S.A. will focus on securing appropriate diversification of external financing sources for investments planned in "ENEA Group's Development Strategy to 2030 with an Outlook to 2040," with particular focus on the Distribution and Renewables segments. At the same time, bearing in mind the very limited possibilities of obtaining financing for the operations of the generating companies, the ENEA Group will take steps to spin off from its structures the assets related to electricity generation in conventional coal units.

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 2023	Debt at 31 December 2022	Interest	Contract period
1.	ENEA S.A.	EIB	18 October 2012 (A) and 19 June 2013 (B)	1 425 000	754 990	762 717	Fixed interest rate or WIBOR 6M + margin	17 June 2030
2.	ENEA S.A.	EIB	29 May 2015 (C)	946 000	697 667	722 500	Fixed interest rate or WIBOR 6M + margin	15 September 2032
3.	ENEA S.A.	Bank Pekao S.A., Alior Bank S.A., Bank of China S.A., PKO BP S.A., BGK	27 January 2023	2 500 000	2 500 000	-	WIBOR 6M + margin	27 January 2028
4.	ENEA S.A.	PKO BP S.A.	28 January 2014, Annex 3 of 28 December 2022	500 000	-	243 636	WIBOR 1M + margin	31 December 2024
5.	ENEA S.A.	Pekao S.A.	28 January 2014, Annex 3 of 28 December 2022	150 000	-	92 920	WIBOR 1M + margin	31 December 2024
6.	ENEA S.A.	BGK	7 September 2020 Annex 3 of 27 October 2022	1 250 000	597 161	-	WIBOR 1M +margin	28 July 2023
7.	ENEA S.A.	PKO BP S.A.	3 October 2022 Annex 1 of 28 December 2022	500 000	-	-	WIBOR 1M + margin for PLN or EURIBOR 1M+margin for EUR	30 June 2023
8.	ENEA S.A.	Pekao S.A.	21 October 2022	750 000	-	-	EURIBOR 1M+margin	21 October 2023

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9.	ENEA Ciepło Sp. z o.o.	National Fund for Environmental Protection and Water Management (NFOŚiGW)	22 December 2015	60 075	26 265	28 036	WIBOR 3M, no less than 2%	20 December 2026
10.	Other	-	-	-	8 280	9 869	-	-
	TOTAL			**8 081 075**	**4 584 363**	**1 859 678**		
Transaction costs and effect of measurement using effective interest rate					14 731	13 591		
	TOTAL			**8 081 075**	**4 599 094**	**1 873 269**		

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

ENEA S.A.

On 27 January 2023, ENEA S.A. signed a financing agreement with a syndicate of banks consisting of: Polska Kasa Oszczędności Bank Polski S.A., Bank Gospodarstwa Krajowego, Bank Polska Kasa Opieki S.A., Alior Bank S.A. and Bank of China (Europe) S.A., branch in Poland. Under this agreement, the Company raised financing totalling up to PLN 2 500 000 thousand, including a term loan of up to PLN 1 500 000 thousand ("Loan A") and a revolving renewable loan of up to PLN 1 000 000 thousand ("Loan B"). The maturity period is 5 years, with an option to roll over for a further 2 years. This is a financing agreement linked to sustainable development. Under the terms of the agreement, the Company may use the funds made available under Loan A to finance and refinance ENEA Group's capital expenditure incurred in connection with the construction, expansion, modernisation or maintenance of the distribution network and the acquisition, development, expansion, financing, construction, modernisation, maintenance or commissioning of any renewable energy sources. Loan B may be used by the Company to finance the day-to-day operations and working capital of ENEA Group, excluding: the financing of the construction, acquisition and expansion of hard coal-fired power plants, as well as other activities related to hard coal, including: hard coal mining, hard coal trading and the refinancing of any financial indebtedness or expenditure incurred for such purpose. Following the Company's fulfilment of all conditions precedent, Loan A and Loan B were disbursed on 3 February 2023. The financing is based on a variable interest rate, plus a margin (determined by the level of the net debt/EBITDA ratio). In addition, the interest rate for Loan A depends on sustainability indicators, i.e. the CO_2 reduction rate and the rate of increasing the share of renewable energy sources in the generation structure of ENEA Group.

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 2023 amounted to PLN 26 265 thousand (at 31 December 2022: PLN 28 036 thousand).

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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 2023	Value of outstanding bonds as at 31 December 2022	Interest	Buy-back deadline
1.	Bond issue program agreement with BGK	15 May 2014	1 000 000	520 000	560 000	WIBOR 6M + margin	Buy-back in tranches, last tranche due in December 2026
2.	Bond issue program agreement with PKO BP S.A., Bank Pekao S.A. and mBank S.A.	30 June 2014	5 000 000	2 000 000	2 000 000	WIBOR 6M + margin	Buy-back in June 2024
3.	Bond issue program agreement with BGK	3 December 2015	700 000	342 503	380 558	WIBOR 6M + margin	Buy-back in tranches, last tranche due in September 2027
	Total		**6 700 000**	**2 862 503**	**2 940 558**		
Transaction costs and effect of measurement using effective interest rate				44 833	23 753		
	Total		**6 700 000**	**2 907 336**	**2 964 311**		

In the 3-month period ended on 31 March 2023, ENEA S.A. did not execute new bond issue program agreements.

Interest rate hedges and currency hedges

In the 3-month period ending 31 March 2023 ENEA S.A. did not execute interest rate swaps. The total bond and credit exposure hedged with IRSs as at 31 March 2023 amounted to PLN 3 052 469 thousand. Moreover, ENEA S.A. has fixed-rate credit agreements totalling PLN 421 946 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 assets 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 2023, financial assets at fair value concerning IRSs amounted to PLN 217 931 thousand (31 December 2022: PLN 252 902 thousand). Multiple decisions by the Monetary Policy Council raising interest rates had a material impact on this amount.

In the 3-month period ending 31 March 2023 the Company did not execute FX forward transactions. The measurement of this instrument as at 31 March 2023 was PLN 0 (PLN 0 thousand as at 31 December 2022).

During the three-month period ended 31 March 2023, ENEA Nowa Energia Sp. z o.o. did not enter into any FX forward hedging transactions. The measurement of these instruments as at 31 March 2023 was PLN (264) thousand (PLN (160) thousand as at 31 December 2022).

During the three-month period ended 31 March 2023, ENEA Centrum Sp. z o.o. concluded 4 FX Forward transactions with a total value of EUR 127 thousand. The measurement of these instruments as at 31 March 2023 was PLN (615) thousand (PLN (249) thousand as at 31 December 2022).

During the three-month period ended 31 March 2023, ENEA Trading Sp. z o.o. concluded a total of 96 FX Forward buy/sell transactions for a value of EUR 372 999 thousand. The measurement of these instruments as at 31 March 2023 was PLN 398 712 thousand (PLN 278 818 thousand as at 31 December 2022).

Financing terms - covenants

Financing agreements require ENEA S.A. and ENEA Group to maintain certain financial ratios. As at 31 March 2023 and the date on which these condensed consolidated interim financial statements were prepared and in the course of 2023 the Group did not breach any credit agreement provisions such as would require early re-payment of long-term debt.

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18. Provisions

In the 3-month period ended 31 March 2023, provisions for other liabilities and charges decreased by a net amount of PLN 3 551 155 thousand (in the 3-month period ended 31 March 2022, provisions for other liabilities and charges increased by PLN 1 430 053 thousand).

Change in provisions for liabilities and other charges in the period ended 31 March 2023

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO_2 emission allowance purchases	Mine liquidation	Provision for onerous contracts	Other	Total
As at 1 January 2023	**193 353**	**134 044**	**53 309**	**206 155**	**5 499 532**	**146 963**	**664 818**	**235 762**	**7 133 936**
Reversal of discount and change of discount rate	-	-	-	-	-	2 388	-	-	2 388
Increase in existing provisions	25 376	5 090	553	138 272	1 899 884	-	-	7 546	2 076 721
Use of provisions	-	(18 432)	-	-	(5 500 805)	-	(92 074)	(13 393)	(5 624 704)
Reversal of unused provision	(5)	(3)	-	-	(41)	(5 508)	-	(3)	(5 560)
As at 31 March 2023	**218 724**	**120 699**	**53 862**	**344 427**	**1 898 570**	**143 843**	**572 744**	**229 912**	**3 582 781**
Long-term									*949 812*
Short-term									*2 632 969*

Change in provisions for other liabilities and charges in the period ended 31 December 2022

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO_2 emission allowance purchases	Mine liquidation	Provision for onerous contracts	Other	Total
As at 1 January 2022	**213 578**	**299 654**	**62 860**	**377 643**	**2 859 300**	**120 810**	**250 103**	**324 422**	**4 508 370**
Reversal of discount and change of discount rate	(22 039)	-	(7 861)	-	-	4 470	-	–	(25 430)
Increase in existing provisions	4 166	23 666	505	184 077	5 562 046	21 683	1 594 199	32 524	7 422 866
Use of provisions	(2 280)	(187 410)	-	(355 532)	(2 918 999)	-	(1 179 484)	(70 411)	(4 714 116)
Reversal of unused provision	(72)	(1 866)	(2 195)	(33)	(2 815)	-	-	(50 773)	(57 754)
As at 31 December 2022	**193 353**	**134 044**	**53 309**	**206 155**	**5 499 532**	**146 963**	**664 818**	**235 762**	**7 133 936**
Long-term									*946 088*
Short-term									*6 187 848*

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

Provision for onerous contracts

On 17 December 2022, the President of the Energy Regulatory Office ("URE President") approved a tariff for electricity for a set of tariff G customer groups for the period from 1 January 2023 to 31 December 2023 (Tariff). The URE President approved the price for the sale of electricity to recipients in tariff group G for ENEA S.A., at an average level of PLN 1 050.58 per MWh, after a previous in minus adjustment of the amount of the Tariff determined in the first application submitted by the Company in this matter. The amount of the Tariff does not fully cover the Company's estimated justified costs for the purchase of electricity, based on the contracts already concluded and the valuation of the open position.
Considering the above and acting pursuant to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Company identified the necessity to recognise in 2022 a provision for onerous contracts for customers from tariff group G amounting to PLN 368 295 thousand. In the 3-month period ending 31 March 2023 ENEA S.A. used the provision for onerous contracts in the amount of PLN 92 074 thousand.

Other provisions mainly concern:

- potential liabilities related to grid assets resulting from differences in the interpretation of regulations PLN 199 042 thousand (as at 31 December 2022: PLN 196 136 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.

19. Accounting for subsidies and road lighting modernisation services

Accounting for income from subsidies and road lighting modernisation services

	As at	
	31 March 2023	31 December 2022
Long-term		
Accounting for deferred revenue - subsidies	397 749	375 376
Accounting for deferred revenue - road lighting modernisation services	121 564	118 528
Total non-current deferred revenue	**519 313**	**493 904**
Short-term		
Accounting for deferred revenue - subsidies	15 814	14 478
Accounting for deferred revenue - road lighting modernisation services	6 303	5 903
Total current deferred revenue	**22 117**	**20 381**

Schedule for accounting for deferred revenue

	As at	
	31 March 2023	31 December 2022
Up to one year	22 117	20 381
From one to five years	86 349	79 536
Over five years	432 964	414 368
Total deferred revenue	**541 430**	**514 285**

In the 3-month period ended 31 March 2023, the book value of accounting for grants and road lighting modernisation services increased by PLN 27 145 thousand on a net basis (in the 3-month period ended 31 March 2022, the book value of accounting for grants and road lighting modernisation services increased by a net amount of PLN 12 848 thousand).

The item 'deferred revenue concerning subsidies' includes mainly EU subsidies and subsidies from the NFOŚiGW for the development of electricity and heating infrastructure. The grants mainly concern investments and the conduct of research and development work. Each grant is awarded on the basis of a separate agreement, from which a number of obligations arise. Contractors must be selected on the basis of transparent procedures that are subject to examination by the financing institutions. The expenditure on the basis of which the grant is awarded must meet eligibility criteria, which are very detailed and vary according to the type of project implemented (investment/R&D). In most cases, grants are awarded in the form of refund of eligible expenditure incurred. There are occasional advance payments. Each agreement also contains information obligations as well as an obligation to maintain the results over a so-called sustainability period, which for large companies is five years.

The Group enters into contracts for the provision of lighting services to the Municipalities with the obligation to provide lighting for public places. The lighting service provided by the Group includes the operation of road lighting, while at the same time the Group also provides energy supply obligations. The lighting service is provided on a continuous basis. The Group provides lighting services using its lighting assets (road lighting networks). Moreover, the Group provides a service to improve the quality and efficiency of road lighting. The service involves upgrading or extending lighting assets with Group funds. This allows the Municipalities to purchase a lighting service of a higher standard. The Group also receives lighting assets from the Municipalities or other entities. Therefore, in the Group's view, the contracts concluded for improving the quality and efficiency of road lighting, the receipt of lighting infrastructure and its operation should be considered together. As a result, the Group accounts for revenue from road lighting improvements and efficiency and revenue from lighting assets received free of charge in proportion to the economic life of the resulting fixed assets.

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Financial instruments

20. Financial instruments and fair value

	As at 31 March 2023		As at 31 December 2022	
	Book value	Fair value	Book value	Fair value
FINANCIAL ASSETS				
Long-term	**294 160**	**132 998**	**312 915**	**161 391**
Financial assets measured at fair value	132 998	132 998	161 391	161 391
Trade and other receivables	7 108	(*)	2 431	(*)
Finance lease and sublease receivables	1 074	(*)	1 168	(*)
Funds in the Mine Decommissioning Fund	152 980	(*)	147 925	(*)
Short-term	**7 734 264**	**422 451**	**6 402 022**	**382 546**
Financial assets measured at fair value	422 451	422 451	382 546	382 546
Debt financial assets at amortised cost	-	(*)	42 004	(*)
Assets arising from contracts with customers	843 081	(*)	623 900	(*)
Trade and other receivables	4 712 282	(*)	3 788 552	(*)
Finance lease and sublease receivables	1 232	(*)	1 304	(*)
Cash and cash equivalents	1 755 218	(*)	1 563 716	(*)
TOTAL FINANCIAL ASSETS	**8 028 424**	**555 449**	**6 714 937**	**543 937**
FINANCIAL LIABILITIES				
Long-term	**6 116 478**	**5 431 593**	**4 744 941**	**4 014 107**
Credit facilities, loans and debt securities	5 464 904	5 399 168	4 087 307	4 013 858
Lease liabilities	596 865	(*)	625 120	(*)
Trade and other payables	22 284	(*)	32 265	(*)
Financial liabilities measured at fair value	32 425	32 425	249	249
Short-term	**5 589 334**	**2 718 613**	**6 165 741**	**1 244 869**
Credit facilities, loans and debt securities	2 041 526	2 041 526	750 273	750 273
Lease liabilities	33 357	(*)	31 338	(*)
Trade and other payables	2 723 119	(*)	4 843 204	(*)
Liabilities arising from contracts with customers	114 245	(*)	46 330	(*)
Financial liabilities measured at fair value	677 087	677 087	494 596	494 596
TOTAL FINANCIAL LIABILITIES	**11 705 812**	**8 150 206**	**10 910 682**	**5 258 976**

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

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

	As at 31 March 2023			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**23 230**	**513 359**	**18 860**	**555 449**
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	217 931	-	217 931
Equity instruments at fair value through other comprehensive income	-	-	12 587	12 587
Call options (at fair value through profit or loss)	-	17 643	-	17 643
Other derivative instruments at fair value through profit or loss	-	277 785	-	277 785
Interests at fair value through profit or loss	23 230	-	6 273	29 503
Total	**23 230**	**513 359**	**18 860**	**555 449**
Financial liabilities measured at fair value	**-**	**(709 512)**	**-**	**(709 512)**
Derivative instruments at fair value through profit or loss	-	(709 512)	-	(709 512)
Credit facilities, loans and debt securities	**-**	**(7 440 694)**	**-**	**(7 440 694)**
Total	**-**	**(8 150 206)**	**-**	**(8 150 206)**

	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**21 305**	**503 772**	**18 860**	**543 937**
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	–	252 902	–	252 902
Equity instruments at fair value through other comprehensive income	–	–	12 587	12 587
Call options (at fair value through profit or loss)	–	17 844	–	17 844
Other derivative instruments at fair value through profit or loss	–	233 026	–	233 026
Interests at fair value through profit or loss	21 305	–	6 273	27 578
Total	**21 305**	**503 772**	**18 860**	**543 937**
Financial liabilities measured at fair value	**–**	**(494 845)**	**–**	**(494 845)**
Derivative instruments at fair value through profit or loss	–	(494 845)	–	(494 845)
Credit facilities, loans and debt securities	**–**	**(4 764 131)**	**–**	**(4 764 131)**
Total	**–**	**(5 258 976)**	**–**	**(5 258 976)**

Financial assets and financial liabilities at fair value include:

- shares in unrelated entities, the stake in which is below 20%; this line as of 31 March 2023 includes a stake in ElectroMobility Poland S.A., for which there is no market price quoted on an active market; having analysed the standard IFRS 9, the Group decided to qualify these interests as financial instruments through other comprehensive income; in the event that interests in unrelated entities are quoted on the Warsaw Stock Exchange, their fair value is determined on the basis of stock market quotes;
- 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.

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No transfers between the levels were made in the three-month period ended 31 March 2023.

As at 31 March 2023, 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 23 call options from Towarzystwo Finansowe Silesia Sp. z o.o. (TFS) 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. In the 3-month period ending 31 March 2023 ENEA S.A. submitted a demand to exercise call option no. 8 and made a transfer for 187 500 shares of Polimex Mostostal S.A. The increase of Polimex Mostostal S.A.'s share capital by PLN 1 000 thousand, i.e. from PLN 479 738 thousand to PLN 480 738 thousand, by admitting 500 000 ordinary bearer shares series S with a nominal value of PLN 2 each, was registered on 30 January 2023. In March 2023 ENEA S.A. sold 187 500 shares, thus decreasing its stake in that company's share capital from 16.23% to 16.15%. At 31 March 2023, the Company held a 16.15% stake in Polimex Mostostal S.A. A fair-value measurement of the call options was prepared using the Black-Scholes model. The book value of these options as at 31 March 2023 was PLN 17 643 thousand (at 31 December 2022: PLN 17 844 thousand).

Moreover, the Group's financial assets at fair value, worth PLN 277 785 thousand (PLN 233 026 thousand as of 31 December 2022) and financial liabilities worth PLN 709 512 thousand (PLN 494 845 thousand as of 31 December 2022) 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. The nominal value of contracts for the purchase and sale of electricity, gas and property rights maturing in 2023-2024, presented as financial assets and liabilities at fair value, amounts to PLN 680 933 thousand (PLN 1 197 thousand concerns procurement contracts and PLN 679 736 thousand concerns sales contracts).

21. Debt financial assets at amortised cost

Debt financial assets at amortised cost

	As at 31 March 2023	31 December 2022
Current debt financial assets at amortised cost		
Loans granted	-	-
Total current debt financial assets at amortised cost	**-**	**-**
Non-current debt financial assets at amortised cost		
Loans granted	-	42 004
Total non-current debt financial assets at amortised cost	**-**	**-**
TOTAL	**-**	**42 004**

The impairment of financial assets at amortised cost (concerns loans granted) as at 31 March 2023 amounted to PLN 201 610 thousand. The change in the impairment loss on loans recognised during the 3 months ended 31 March 2023 amounted to PLN 3 274 thousand and this amount was recognised in the consolidated statement of comprehensive income under the heading: "Impairment of financial assets at amortised cost."

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22. Impairment of trade and other receivables

Impairment of trade and other receivables

	As at	
	31 March 2023	31 December 2022
Impairment at the beginning of period	**111 273**	**128 534**
Created	3 682	10 614
Reversed	(737)	(5 485)
Used	(1 514)	(22 390)
Impairment at the reporting date	**112 704**	**111 273**

In the 3-month period ended 31 March 2023, impairment of trade and other receivables increased by PLN 1 431 thousand (in the 3-month period ended 31 March 2022 impairment declined by PLN 722 thousand).

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

The Group uses the expected credit loss model to estimate the impairment for trade receivables. In order to determine expected credit losses, the Group applies the simplified approach provided for in IFRS 9, which is to create a lifetime allowance for expected credit losses for all trade receivables. 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 2023 is calculated on the basis of data from 2022. Therefore, the level of receivables impairment estimated as at 31 March 2023 reflects objective indications of impairment resulting from the situation and regulations arising from the shifting political and economic situation and the related regulations.

23. Analysis of the age structure of trade and other receivables

Analysis of the age structure of trade and other receivables constituting financial instruments:

	As at 31 March 2023		
	Nominal value	Impairment	Book value
Trade and other receivables			
Current	4 454 706	(6 073)	4 448 633
Overdue	377 388	(106 631)	270 757
0-30 days	169 264	(373)	168 891
31-90 days	32 831	(2 595)	30 236
91-180 days	18 713	(3 311)	15 402
over 180 days	156 580	(100 352)	56 228
Total	**4 832 094**	**(112 704)**	**4 719 390**
Assets arising from contracts with customers	**843 478**	**(397)**	**843 081**

	As at 31 December 2022		
	Nominal value	Impairment	Book value
Trade and other receivables			
Current	3 569 297	(5 074)	3 564 223
Overdue	332 959	(106 199)	226 760
0-30 days	130 310	(421)	129 889
31-90 days	35 931	(2 403)	33 528
91-180 days	11 351	(4 022)	7 329
over 180 days	155 367	(99 353)	56 014
Total	**3 902 256**	**(111 273)**	**3 790 983**
Assets arising from contracts with customers	**624 177**	**(277)**	**623 900**

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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 2023	31 March 2022	31 March 2023	31 March 2022
Remuneration under management contracts	1 240*	1 020	-	-
Remuneration under appointment to management or supervisory bodies	-	-	184	186
TOTAL	**1 240**	**1 020**	**184**	**186**

** This remuneration includes a non-compete clause for former Management Board members, amounting to PLN 385 thousand*

In the 3-month period ended 31 March 2023, 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 2022).

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 2023 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 2023

Guarantee issue date	Guarantee validity	Entity for which the guarantee was issued	Bank - issuer	Guarantee amount in PLN 000s
4 August 2021	15 July 2023	Vastint Poland sp. z o.o.	PKO BP S.A.	1 045
Total bank guarantees				**1 045**

The value of other guarantees issued by the Group as at 31 March 2023 was PLN 4 087 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 2023, a total of 21 772 cases initiated by the Group were in progress before courts of general competence, worth in aggregate PLN 133 884 thousand (31 December 2022: 21 839 cases worth PLN 148 677 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 25.5).

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

At 31 March 2023, a total of 2 246 cases against the Group were in progress before courts of general competence, worth in aggregate PLN 1 097 246 thousand (31 December 2022: 2 338 cases worth PLN 968 992 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.

25.3. Other court proceedings

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). There are currently no proceedings pending before public administration courts in this case. Accordingly, the Group does not identify any payment risk and does not recognise any provision for this at the balance sheet date.

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

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 may be liable to pay compensation for past non-contractual use of the 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. The main parameter used in the calculation is the length of the line and thus the conversion of the area of land occupation by the line by the value of PLN/m^2, with due consideration of other parameters such as location, type of line, type of land.

At 31 March 2023, the Group recognised a provision for claims concerning non-contractual use of land amounting to PLN 218 724 thousand.

25.5. 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 4 court proceedings concerning agreements for the purchase of property rights arising under certificates of origin for energy from renewable sources, which includes:

- 3 proceedings for payment in which claims for remuneration, contractual penalties or damages are pursued against ENEA S.A., with one proceeding resulting in a partial resolution of the claims, and the other proceeding resulting in a preliminary and partial resolution of the claims and recognition of the ineffectiveness of the termination of the agreement; these resolutions are final and binding;
- 1 proceeding to determine the ineffectiveness of ENEA S.A.'s termination of property rights sale agreements made on 28 October 2016;

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 (currently PGE Energia Ciepła S.A.);
- 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 result of the terminations submitted by ENEA S.A., the contracts were terminated, according to ENEA S.A.'s assessment, in principle at the end of November 2016. The dates on which the respective Contracts 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 of the 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. ENEA S.A. recognised a provision for court cases, including those related to the termination by ENEA S.A. of contracts for the sale of property rights arising from certificates of origin of electricity from RES, in the amount of PLN 80 034 thousand, which mainly relates to disputes in the area of the PM OZE certificates and covers all monetary claims on this account as at 31 March 2023, the provision is presented in note 18.

On 21 February 2022 the Appeals Board in Poznań issued a judgement and determined that the statement made by ENEA S.A. in Poznań in its letter of 28 October 2016 on termination of the sale agreement in its entirety did not have legal effect and the agreement remains in force in its entirety, dismissing the appeal of Golice Wind Farm Sp. z o.o. to the remaining extent and dismissing the appeal of ENEA S.A., as well as awarding the costs of the appeal proceedings to Golice Wind Farm Sp. z o.o. from ENEA S.A., as a result of which the partial and preliminary ruling of the District Court in Poznań of 14 August 2020 became binding, in which the court had considered as justified the claim for payment for property rights and had ordered ENEA S.A. to pay PLN 6 042 thousand together with interest, and in the remaining scope had considered the claim for payment as justified in general. On 25 July 2022 ENEA S.A. filed a cassation appeal against the ruling by the Appeals Court in Poznań, at the same time requesting that the enforceability of the aforementioned judgements be suspended. Through a ruling of 3 October 2022 the Appeals Court in Poznań rejected the request to suspend the enforceability of these judgements. The cassation appeal went to the Supreme Court, no date was set for the hearing.

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

- PGE Energia Odnawialna S.A., based in Warsaw (case no. IX GC 1064/17) - through a ruling of 17 February 2022, the court resumed the previously suspended proceeding, which was subsequently suspended again by a decision of 25 March 2022 on the mutual application of the parties; By a letter of 22 September 2022, the attorney for ENEA S.A. requested that the proceedings be resumed and suspended. At the same time, through a letter of 22 September 2022, PGE Energia Odnawialna S.A.'s attorney requested that the proceeding be resumed. Through a ruling of 28 September 2022, the court decided to resume the suspended proceeding. The parties agreed to enter into an agreement to end the dispute, in the execution of which, on 22 December 2022, at a court-appointed meeting, they entered into a court settlement ending the case. Through a ruling of 22 December 2022 the Court discontinued the proceedings. The ruling became final on 30 December 2022.
- PGE Energia Ciepła S.A., based in Warsaw (file no. IX GC 555/16) – through a ruling of 5 January 2022 the court suspended the proceeding at the parties' mutual request. Through an application of 28 June 2022, an attorney for PGE Energia Ciepła S.A. requested that the court take up and suspend the proceeding at the parties' mutual request. A similar application was filed on 6 July 2022 by the attorney for ENEA S.A. Through a ruling of 8 July 2022, the court took up the suspended proceeding and obliged ENEA S.A.'s attorney to indicate whether it acceded to PGE Energia Ciepła S.A.'s request to suspend the proceeding on pain of declaring that the attorney for ENEA S.A. acceded to PGE Energia Ciepła S.A.'s request. On 22 July 2022, the attorney for ENEA S.A. sent a letter to the court again indicating that it was in favour of the application to suspend the proceedings. The Common Court Information Portal shows that the court suspended the proceedings on 18 August 2022, which was confirmed by an order served on ENEA S.A.'s attorney on 24 August 2022 suspending the proceedings pursuant to art. 178 of the Civil Procedure Code. The parties agreed to enter into an agreement to end the dispute, in the execution of which, on 22 December 2022, at a court-appointed meeting, after resuming the proceeding that had been suspended by the Court, they entered into a court settlement ending the case. Through a ruling of 22 December 2022 the Court discontinued the proceedings. The ruling became final on 30 December 2022.
- PGE Energia Odnawialna S.A., based in Warsaw (case no. IX GC 1011/17) – on 7 March 2022 the claimant filed a pleading, maintaining its previous position and requested a stay of proceedings granting the Company's potential request in this regard. On 13 May 2022 the District Court in Poznań suspended the proceeding at the mutual request of the parties. Through a letter of 13 October 2022, the attorney of PGE Energia Odnawialna S.A. requested that the suspended proceedings be resumed and that a hearing date be set in December 2022 for an amicable conclusion. The Common Court Information Portal shows that the court, by order of 18 October 2022, decided to take up the suspended proceedings and set a hearing date for 9 December 2022. The 9 December 2022 hearing did not take place - the hearing date was changed at the parties' request. The parties agreed to enter into an agreement to end the dispute, in the execution of which, on 22 December 2022, at a court-appointed meeting, they entered into a court settlement ending

the case. Through a ruling of 22 December 2022 the Court discontinued the proceedings. The ruling became final on 30 December 2022.

Outstanding liabilities concerning court settlements as at 31 March 2023 were included in Trade and other payables. ENEA S.A. settled the remaining liabilities arising from the concluded court settlements by the end of April 2023.

In a case brought by ENEA S.A. against PGE Górnictwo i Energetyka Konwencjonalna S.A. (file no. X GC 608/20) – on 25 January 2022 the District Court scheduled a hearing for 27 May 2022. Through a letter of 4 April 2022, PGE Energia Ciepła S.A. requested that the hearing scheduled for 27 May 2022 be cancelled. The same motion was filed with the Court by the attorney for ENEA S.A. on 25 May 2022. The District Court sent an e-mail to the parties' attorneys informing them of the court's ruling to cancel the hearing scheduled for 27 May 2022 and suspend the proceeding at the parties' mutual request, which was confirmed by a ruling on suspension of 24 May 2022. By letter dated 24 November 2022, the attorney of ENEA S.A. requested that the proceedings be suspended and resumed. The parties agreed to enter into an agreement to end the dispute, in the execution of which the parties' attorneys submitted requests for a hearing to conclude a settlement agreement. The court has set a hearing date of 30 January 2023. In execution of the agreement entered into on 22 December 2022, on 30 January 2023, at a Court-appointed hearing, the Parties entered into a court settlement agreement ending the case. Through a ruling of 30 January 2023, the Court discontinued the proceedings. The ruling is final.

In a case brought by Hamburg Commercial Bank AG against ENEA S.A., the District Court in Poznań dismissed the plaintiff's request for security by order of 18 March 2022. On 25 May 2022 the Company was served with a side intervention in case ref. IX GC 552/17, pursuant to which Hamburg Commercial Bank AG joined the proceeding as a side intervener in a case instigated by 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) to declare the termination ineffective. On 28 September 2022, a hearing was held, and on 26 October 2022, the appeal of the Company against the partial verdict of the District Court in Poznań of 25 February 2021 was dismissed by a judgement of the Court of Appeal in Poznań. The company has complied with the final ruling. Through a ruling of 30 November 2022, The District Court in Poznań dismissed the Company's opposition to Hamburg Commercial Bank AG's entry into the proceedings as an intervening party. The Company on 10 March 2023 filed a complaint against the order of the District Court of Poznań of 30 November 2022. to dismiss the opposition. A cassation appeal was filed on 7 February 2023 with the Supreme Court against the judgement of the Court of Appeal of 26 October 2022. The cassation appeal went to the Supreme Court, no date was set for the hearing.

In a case brought by PSW Sp. z o.o., the District Court in Poznań, having examined the case at a closed-door hearing on 31 January 2023, decided to shut down the hearing and issued a judgement ordering ENEA S.A. to pay PLN 4 488 thousand to PSW Sp. z o.o., along with statutory late interest, and dismissed the claim in its remaining portion. The ruling is not final, ENEA S.A. has requested its justification.

26. National Energy Security Agency

On 1 March 2022 the Council of Ministers adopted a document entitled "Energy sector transition in Poland. Spin-off of coal assets from companies with a State Treasury shareholding" ("Transition Program"). The document was drafted in order to align the energy groups with the transition challenges that are consistent with the directions indicated in "Poland's Energy Policy to 2040" (PEP2040). The Transition Program contains a concept for the spin-off of assets related to the generation of electricity in conventional coal units ("Coal Assets") from the energy companies. The Transition Program includes, inter alia, the integration of these Coal Assets within one entity, i.e. PGE Górnictwo i Energetyka Konwencjonalna S.A. ("PGE GiEK") - a subsidiary of PGE Polska Grupa Energetyczna S.A., which will eventually operate under the name National Energy Security Agency ("NABE"). NABE's role will be to ensure energy security through a stable supply of energy generated from coal. The spin-off of coal assets will allow the energy groups to focus on accelerating investment in low- and zero-carbon energy sources and transmission infrastructure.

In the first quarter of 2023, the Group carried out tasks related to the carve out of coal assets for the State Treasury in accordance with the update schedule for the formation of NABE.

An update on vendor due diligence ("VDD") (as at 30 September 2022) was provided. The VDD update encompassed the following areas: legal and tax/finance.

In order to ensure the continuation of the companies being spun-off once they are integrated into the NABE structure, negotiations were continued with financial institutions in this area.

Further, the Group worked on internal ownership changes and reorganisation changes. One such action was the division of ENEA Trading Sp. z o.o. (pursuant to art. 529 § 1 point 4) of the Commercial Companies Code), as a result of which, in accordance with the Spin-off Plan of ENEA Trading Sp. z o.o. of 29 July 2022, there was a division by spin-off and transfer of a part of the assets and liabilities of ENEA Trading Sp. z o.o., in the form of an Organised Part of Enterprise, to ENEA Power&Gas Trading Sp. z o.o. The spin-off took place on 3 April 2023.

A valuation of the generating companies is currently in progress, which is being carried out separately by each entity and independently by the Treasury. Once this process is completed, ENEA Group awaits an initial (non-binding) offer from the Ministry of State Assets to acquire the shares of the generating companies currently owned by the Group.

27. One-off event at LWB

In February 2023, at LWB, after a new longwall cut was made in longwall 3/VII/385 and the longwall was rearmed into a longwall complex, trial commissioning commenced. However, during the trial start-up, an incident occurred involving a sudden and unexpected outpouring of groundwater into the workings, resulting in the need to halt mining operations on this longwall. At the moment, advanced hydrogeological analyses are being carried out and independent expert reports are being prepared to develop the best course of action and to identify the risks associated with further mining and technical work in the area.

The exact magnitude of the above event and its impact on the company's operational and financial performance is still unknown, however, in the opinion of the company's Management Board, the production plan set for 2023 is not threatened. LWB continues to operate the longwalls in the Bogdanka, Nadrybie and Stefanów fields at full capacity.

At the same time, due to the potential risk of losing some of the machinery and equipment located in longwall 3/VII/385, an impairment charge of PLN 26.8 million was created at LWB to appropriately reflect this event in the financial result of the first quarter of 2023.

28. Contributions to Price Difference Payment Fund

Group companies are required to contribute to the Price Difference Payment Fund pursuant to art. 21 of the Act of 27 October 2022 on emergency measures aimed at limiting the level of electricity prices and support for certain consumers in 2023 (Polish Journal of Laws of 2022, item 2243) - as electricity generators and as energy enterprises carrying out electricity trading.

In accordance with art. 24 and art. 39 of the above act, these contributions should be made for each calendar month in reference to the period from 1 December 2022 to 31 December 2023.

In Q1 2023, ENEA Elektrownia Połaniec S.A. was required to make a contribution related to electricity trading amounting to PLN 12 766 thousand and PLN 188 054 thousand amounting to generation, ENEA Wytwarzanie Sp. z o.o. PLN 73 543 thousand for trading and PLN 596 702 thousand for generation, ENEA Ciepło Sp. z o.o. PLN 3 136 thousand for trading and PLN 2 634 thousand for generation, ENEA Nowa Energia Sp. z o.o. PLN 58 193 thousand for generation and ENEA Trading Sp. z o.o. PLN 17 thousand for trading. These amounts are included in the consolidated statement of comprehensive income under "Taxes and charges." The Group considers these contributions as charges in the meaning of IAS 37. They are charged in the month in which the obligation arises.