



# Additional information to the Extended Consolidated Report of ENEA S.A. for Q3 2021

Poznań, 25 November 2021

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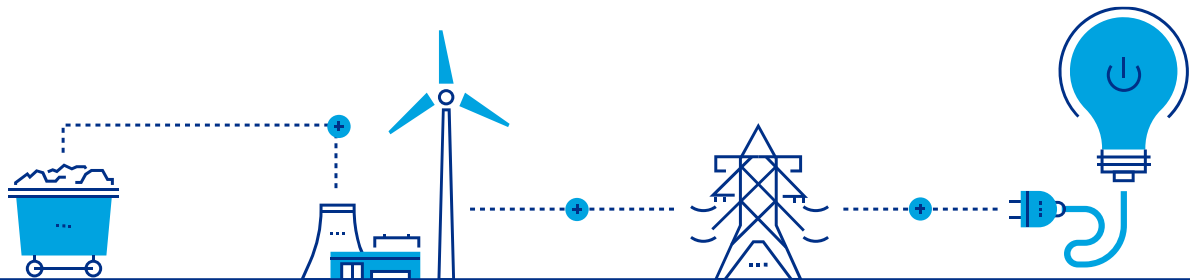
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## ENEA Group in numbers



**ENEA has 17.4 thousand employees**

MINING	GENERATION	DISTRIBUTION	TRADING
<b>23%</b>	<b>6.3 GW</b>	<b>2.7 million</b>	<b>2.6 million</b>
share in the steam coal market in Poland	total installed capacity	users of distribution services	customers
<b>436 million tons</b>	<b>453 MW</b>	<b>119.3 thousand km</b>	<b>18.2 TWh</b>
of mining potential in 4 mining concession areas	installed RES capacity	distribution lines, including connections	sales of electricity and gaseous fuel to retail customers in Q1-Q3 2021
<b>7.5 million tons</b>	<b>19.5 TWh</b>	<b>15.1 TWh</b>	<b>32</b>
net coal production in the first 3 quarters of 2021	total net energy generated in the first 3 quarters of 2021	energy distributed in the first 3 quarters of 2021	Customer Service Offices



## 1. Operating summary of three quarters of 2021

In Q1-Q3 2021, the ENEA Group generated EBITDA of approx. PLN 2,773 million (up by PLN 138 million y/y).



The Generation area posted EBITDA of 1,041 million (down by PLN 168 million y/y). A significant decrease in EBITDA was recorded in the System Power Plants Segment, by PLN 297 million y/y, driven down by the lower margin on generation (lower unit CDS chiefly due to an increase in CO<sub>2</sub> costs and lower energy prices) and trading and the Balancing Market (lower unit margins, decrease in volume), partially offset by revenues from the Capacity Market. EBITDA in the RES Segment and in the Heat Segment increased by PLN 91 million and PLN 38 million y/y, respectively.



The Mining area generated EBITDA of PLN 530 million, (up by PLN 206 million y/y). The higher EBITDA was driven mainly by the higher sales of coal, partially offset by a lower sales price and increased costs of operating activities.

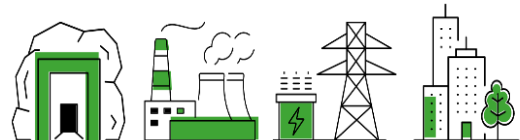


The Distribution area posted EBITDA of PLN 1,031 million (up by PLN 37 million y/y). This higher result was driven by higher margins on licensed activities, affected, among other factors, by higher revenue from sales of distribution services. The increase in operating expenses and the decline in the result on other operating activities adversely affected the segment's performance.



The Trading area posted EBITDA of PLN 176 million (up by PLN 117 million y/y). The higher EBITDA resulted mainly from higher margin realized on the retail market as a result of keeping electricity sales prices at the level similar to the corresponding period of the previous year with a simultaneous increase in sales volumes and lower average purchase prices of electricity on the wholesale market. EBITDA growth was offset by: a change in provisions related to onerous contracts, updated valuation of CO<sub>2</sub> contracts and an increase in the cost of environmental obligations.

- The ENEA Group incurred CAPEX of PLN 1,110 million.
- Production of commercial coal was 7.5 million tons.
- Sales of commercial coal were 7.2 million tons.
- Total net electricity generation was more than 19.5 TWh.
- Sales of heat in the Generation Segment was 4.9 PJ.
- Sales of distribution services to end users were over 15.1 TWh.
- The volume of sales of electricity and gaseous fuel to retail customers was nearly 18.2 TWh.



+

Revenue from the Capacity Market  
Higher revenue from sales of electricity  
Higher revenue from sales of coal  
Higher revenue from sales of gas  
Higher revenue from sales of heat

-

Higher costs of consumption of materials and supplies  
Higher costs of purchase of electricity and gas  
Higher employee benefit costs  
Change in provisions related to onerous contracts  
Lower result on other operating activities

## 1.1. Key events in 2021

### First quarter

- On 4 January 2021, the Company received a resignation tendered by Ms. Izabela Felczak-Poturnicka from the position of Chairwoman of the Supervisory Board and from her membership in the ENEA S.A. Supervisory Board as of 5 January 2021.
- On 5 January 2021, ENEA S.A., PGE Polska Grupa Energetyczna and Tauron Polska Energia executed a letter of intent the purpose of which is to establish a strategic alliance to execute future investment projects in offshore wind energy, to be located within the boundaries of the Polish Exclusive Economic Zone in the Baltic Sea.
- On 7 January 2021, the Extraordinary General Meeting of ENEA S.A. appointed Mr. Rafał Włodarski as Chairman of the ENEA S.A. Supervisory Board.
- On 7 January 2021, the Company's Extraordinary General Meeting adopted a resolution by the power of which Ms. Dorota Szymanek was appointed to the ENEA S.A. Supervisory Board.
- On 22 January 2021, Annex 24 to the Steam Coal Purchase Agreement No. 3/W/2012 was entered into between ENEA Elektrownia Połaniec S.A. and LW Bogdanka S.A. for the purchase of coal. The annex extended the term of the agreement until 31 December 2024 and shifted from 2020 to 2021 the quantitative volume of unrealized deliveries.
- 22 January 2021 – execution of Annex 2 to Appendix 5 to Steam Coal Purchase Agreement No. UW/LW/01/2012 by and between ENEA Wytwarzanie Sp. z o.o. and LW Bogdanka S.A. for the purchase of coal. Following the execution of the Annex, the quantitative volume of unrealized deliveries has been shifted from 2020 to 2021.
- 19 February 2021 – execution of Annexes to Multi-Year Agreement No. UW/LW/01/2012 for the supply of steam coal and the Agreement No. UD/LW/01/2021 for additional supplies between ENEA Wytwarzanie Sp. z o.o. and LW Bogdanka S.A.
- On 25 February 2021, the Company identified the need to recognize an impairment loss on the value of shares in ENEA Wytwarzanie of approx. PLN 2,817 million in the standalone financial statements for 2020 and an impairment loss on the value of ENEA Wytwarzanie sp. z o.o. generation assets of approx. PLN 2,881 million in the ENEA Group's consolidated financial statements for 2020, which information was disclosed by the Company in Current Report No. 7/2021.
- On 11 March 2021, ENEA S.A. signed an agreement for green energy sales with Krakowski Holding Komunalny. The subject matter of the agreement is the sale of 424 GWh of electricity generated from renewable sources, confirmed by documents specifying the sources and quantity of electricity supplied, prepared by a competent certifying authority, corroborating the origin of energy from renewable sources.
- On 26 March 2021, an agreement was executed for the acquisition by the State Treasury of a 100% stake in PGE EJ1 sp. z o.o.
- On 31 March 2021, the State Treasury acquired from ENEA S.A. 532,523 shares representing 10% of the share capital of PGE EJ1 sp. z o.o.

### Second quarter

- 13 April 2021 – execution of agreements with PKP CARGO S.A. for the period from 13 April 2021 to 13 October 2022 for the transport of steam coal for ENEA Elektrownia Połaniec S.A.
- 30 April 2021 – execution by ENEA Wytwarzanie Sp. z o.o. and LW Bogdanka S.A. of Agreement No. UD/LW/02/2021 for additional supplies and an Annex to Multi-Year Agreement No. UW/LW/01/2012 of 19 February 2021.
- On 11 May 2021, the ENEA S.A. Management Board made a decision on a partial repurchase of ENEA0921 bonds before maturity for redemption, with the par value of PLN 350,000 thousand plus interest and a premium for the holders. The ENEA0921 bonds were issued in the total amount of PLN 500,000 thousand on 16 September 2015 under the "Program Agreement for Bond Issue Program up to the amount of PLN 5,000,000,000 of 30 June 2014," as amended. The non-repurchased portion of the ENEA0921 bonds with a par value of PLN 150,000 thousand will remain held by the bondholders until maturity, that is until 16 September 2021.
- 23 June 2021 – ENEA Elektrownia Połaniec S.A. received information from the Minister of Climate and the Environment that administrative proceedings have been launched ex officio in the matter of public aid received by the entity till 2016 in the form of CO<sub>2</sub> emission allowances for completing power unit modernization projects in 2013-2016. By the power of a decision of the Minister of Climate and the Environment received in 9 August 2021, the proceedings were fully discontinued.
- 25 June 2021 – execution of documents regarding the settlement of the Coal-Fired Project as part of the Ostrołęka C Project and the implementation of the Gas-Fired Project in Ostrołęka, on which the Company reported in Current Reports Nos. 20/2021 and 21/2021.
- 28 June 2021 – execution of an agreement with PKP CARGO S.A. for the period from 1 July 2021 to 31 December 2021 for the transport of steam coal for ENEA Elektrownia Połaniec S.A. from LW Bogdanka S.A.
- 28 June 2021 – execution of agreements with PKP CARGO S.A. for the period from 1 July 2021 to 31 December 2022 for the transport of steam coal for ENEA Wytwarzanie sp. z o.o.
- 30 June 2021 - ENEA Innowacje sp. z o.o. signs a master cooperation agreement with NCBR Investment Fund ASI S.A.

### Third quarter

- 9 July 2021 – execution of an Annex to the Steam Coal Purchase Agreement No. 3/W/2021 and the Additional Steam Coal Purchase Agreement between LW Bogdanka S.A. and ENEA Elektrownia Połaniec S.A.
- 9 July 2021 – execution of an Annex to the Multi-Year Steam Coal Purchase Agreement No. UW/LW/01/2012 and the Additional Supply Agreement between LW Bogdanka S.A. and ENEA Wytwarzanie sp. z o.o.
- 9 July 2021 – identification of a possibility of a partial reversal of the provision recognized in the amount of PLN 222.2 million. The partial reversal of the provision in the amount of approx. PLN 114 million will be effected in connection with the scheduled settlement of the investment project executed by Elektrownia Ostrołęka sp. z o.o.
- 23 July 2021 – ENEA S.A., PGE Polska Grupa Energetyczna S.A., TAURON Polska Energia S.A., Energa S.A. and the State Treasury entered into a memorandum of understanding on cooperation in a spin-off of coal assets and their integration within the National Energy Security Agency.

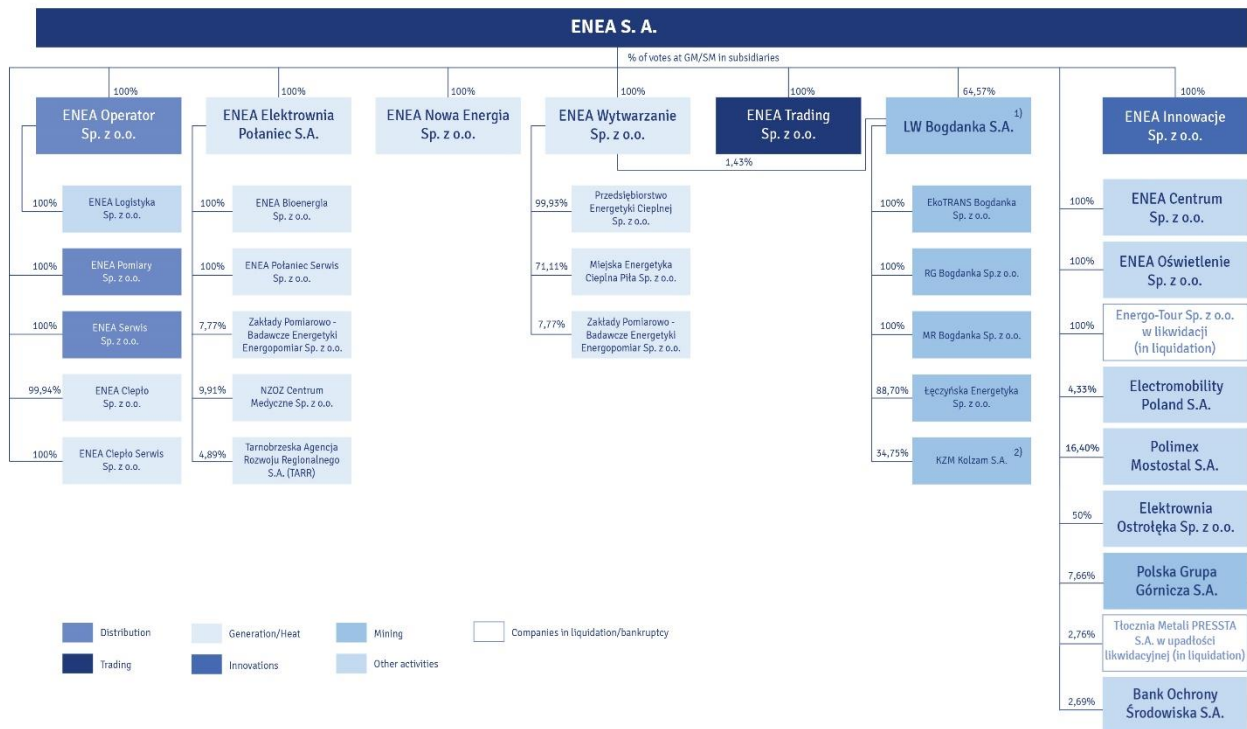
- 3 August 2021 – execution of a Transaction Agreement No. 2 to the Framework Agreement No. 14/DH/WE/2020 between JSW S.A. and ENEA Wytwarzanie sp. z o.o.
- On 15 September 2021, the Company received a letter of resignation tendered by Mr. Ireneusz Kulka from serving in the capacity of an ENEA S.A. Supervisory Board member and in the capacity of the Chairman of the Audit Committee as of 16 September 2021.

## **1.2. Events after the reporting period**

- 4 October 2021 – execution of an Annex to Steam Coal Purchase Agreement No. 3/W/2012 between ENEA Elektrownia Połaniec S.A. and LW Bogdanka S.A. for the purchase of coal and an annex to the additional coal purchase agreement between these entities.
- 4 October 2021 – execution of an Annex to the Multi-Year Agreement No. UW/LW/01/2012 and the Additional Supply Agreement between LW Bogdanka S.A. and ENEA Wytwarzanie sp. z o.o.
- On 18 November 2021, ENEA S.A. and PGE Polska Grupa Energetyczna S.A. signed conditional share purchase agreement for three project companies, which will obtain location permits for the construction of offshore wind farms in the Polish Exclusive Economic Zone in the Baltic Sea. The UOKiK permit is the only condition precedent in the preliminary agreement. The application to the President of UOKiK for concentration of PGE S.A. and ENEA S.A. was filed on 5 July 2021.
- On 18 November 2021, the Company's Extraordinary General Meeting adopted a resolution by the power of which Mr. Tomasz Lis was appointed to the ENEA S.A. Supervisory Board.

## 2. Organization and activity of the ENEA Group

### 2.1. Structure of the ENEA Group



<sup>1)</sup> In total, ENEA S.A. and ENEA Wytwarzanie sp. z o.o. hold 65,999% of votes at the general meeting.

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

There are seven leading entities in the ENEA Group, namely ENEA S.A. (trading in electricity), ENEA Operator Sp. z o.o. (distribution of electricity), ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A. and ENEA Nowa Energia Sp. z o.o. (generation and sales of electricity), ENEA Trading Sp. z o.o. (wholesale of electricity) and LW Bogdanka S.A. (coal mining). Other companies carry out ancillary activity in relation to the operations of those listed above. The Group's structure includes also minority interests held by ENEA S.A. and its subsidiaries, in particular ENEA Wytwarzanie Sp. z o.o. and LW Bogdanka S.A. <sup>3)</sup>

<sup>3)</sup> Further down in the document, the names of the companies may be presented without the abbreviation of their legal form.

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

#### Asset restructuring

Following key organizational changes in previous years, in the first three quarters of 2021 the ENEA Group, apart from initiatives associated with the planned changes, did not carry out any major activities in the field of asset restructuring.

#### Equity divestments

By 31 March 2021, the Issuer held 532,523 shares in PGE EJ1 sp. z o.o., which represent 10% of the company's share capital. On 31 March 2021, the State Treasury acquired these shares from ENEA S.A. and consequently ENEA S.A. is no longer a shareholder of PGE EJ 1 sp. z o.o.

In the first three quarters of 2021, no significant capital divestment activities were carried out.

#### Changes in the organization

In the first three quarters of 2021, the ENEA Group continued its endeavors aimed at pursuing the Group's Corporate Strategy.

#### Equity investments

A detailed description of processes related to capital investments is included in the condensed financial statements for the first three quarters of 2021.

## Events during the reporting period up to the date of the report

- On 19 January 2021, a project was launched entitled “Merger of ENEA Innowacje sp. z o.o. and ENEA Badania i Rozwój sp. z o.o.” The purpose of the merger of ENEA Innowacje sp. z o.o. and ENEA Badania i Rozwój sp. z o.o. to optimize the innovation activity in ENEA Group. On 1 June 2021, the merger of the companies was registered in KRS.
- On 31 March 2021, the State Treasury acquired from ENEA S.A. 532,523 shares in PGE EJ 1 sp. z o.o. representing 10% of the company’s share capital. Accordingly, ENEA S.A. is no longer a shareholder of PGE EJ 1 sp. z o.o.
- On 7 May 2021, the Extraordinary General of ENEA Innowacje Sp. z o.o. adopted a resolution to increase the share capital by PLN 4,500,000, i.e. from PLN 26,360,000 to PLN 30,860,000 by creating 45,000 new shares with a par value of PLN 100 each. The capital increase was registered on 1 July 2021.
- In September 2021, the sale of 187,500 shares held by ENEA S.A. in the share capital of Polimex Mostostal S.A. was finalized; as a result the stake held by ENEA S.A. in the Company’s share capital fell from 16.48% to 16.40% (38,812,524 shares).

## 2.3. ENEA Group’s Business Areas



### Distribution

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

### Generation

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

### Mining

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

### Wholesale trading

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

### Retail trading

- Trading in electricity and gaseous fuel on the retail market
- Product and service offering adjusted to customers’ needs
- Comprehensive customer service

### 2.3.1. Mining

In the ENEA Group, the subsidiary involved in the mining business is LW Bogdanka, which is a leader on the bituminous coal market in Poland, standing out in comparison with its peers in terms of financial results, mining efficiency and investment plans including access to new deposits. The bituminous coal sold by LW Bogdanka is used predominantly for the production of electricity, heat and cement. LW Bogdanka’s customers are chiefly industrial companies, especially ones operating in the power sector, located in eastern and north-eastern Poland.

Item	Q1-Q3 2020	Q1-Q3 2021	Change	Q3 2020	Q3 2021	Change
Net production [000s of tons]	5,538	7,503	35.5%	1,841	2,556	38.8%
Sales of coal [000s of tons]	5,700	7,244	27.1%	2,178	2,654	21.9%
Inventories (at the end of the period) [000s of tons]	17	381	2,141.2%	17	381	2,141.2%
Excavation works [km]	19.7	15.4	-21.8%	6.6	5.0	-24.2%



## 2.3.2. Generation

### 2.3.2.1. Generation assets of the ENEA Group as at 30 September 2021

Item	Installed electricity generation capacity [MW <sub>e</sub> ]	Achieved electricity generation capacity [MW <sub>e</sub> ]	Installed heat generation capacity [MW <sub>t</sub> ]	Installed RES capacity [MW <sub>e</sub> ]
Kozienice Power Plant	4,071.8	4,020.0	125.4	-
Polaniec Power Plant	1,879.0	1,899.0	130.0	230.0
Bardy, Darżyno and Baczyzna (Lubno I and Lubno II) wind farms	71.6	70.1	0.0	71.6
Liszkowo and Gorzesław biogas plants	3.8	3.8	3.1	3.8
Hydro power plants	58.8	55.8	0.0	58.8
MEC Piła	9.9	9.9	129.5	-
PEC Oborniki	0.0	0.0	27.4	-
ENEA Ciepło (Białystok CHP Plant, "Zachód" Heat Plant)	203.5	156.6	684.1	78.5
<b>Total [gross]</b>	<b>6,298.4</b>	<b>6,215.2</b>	<b>1,099.5</b>	<b>452.6</b>

### 2.3.2.2. Generation – installed capacity

#### Kozienice Power Plant

Unit	B1	B2	B3	B4	B5	B6	B7	B8	B9	B10	B11
Installed capacity [MW]	230	230	230	230	230	230	230	230	560	560	1,112
Planned shutdown year	2025	2025	2025	2025	2027	2027	2027	2027	2041	2042	2048

**Note:** The data presented above are for the baseline variant. The Company also has parallel technological variants that are equally as attractive, but feature a different technological configuration resulting in different times and different numbers of shutdowns of B1-B8 units, which are required for the replacement of the production capacity.

The above data for B1-B8 were prepared on the basis of the currently expected replacement schedule for the production capacity, while data for other units were prepared on the basis of the current working schedule of the units and the generation unit shutdowns anticipated in the schedule. ENEA Wytwarzanie has completed the conceptual work including analysis of the possibility and justification for the use of gaseous fuel (gas and steam unit) in the existing infrastructure of 200 MWe class units. It is assumed that all the generation capacity of the 200 MWe units will be replaced, however the final capacity of the units to be replaced will be specified as a result of a tender procedure. The restoration of generation capacity is planned to take place in several stages. Only after the target capacity replacement model is selected, the shutdown schedule for the 200 MWe power units will be updated. The required corporate approvals have been obtained for the 1st stage of the project associated with the preparation of the Terms of Reference (ToR). This phase of work is currently underway.

#### Polaniec Power Plant

Unit	B1	B2	B3	B4	B5	B6	B7	GU
Installed capacity [MW]	200	242	242	242	242	242	239	230
Planned last year of production	2023	2034	2034	2034	2034	2034	2034	2042

The above data were prepared on the basis of the current working schedule of the units and the scheduled generation unit shutdowns. Currently, a concept for the modernization of Unit 1 at ENEA Elektrownia Polaniec is being developed. On 28 July 2021, the concession was changed – the installed capacity of Unit 5 after the modernization was increased.

#### ENEA Nowa Energia

At the end of September 2021, the Company had productive and non-productive assets: 21 water stages with auxiliary facilities on which hydroelectric power plants are located with installed capacity from 132 kW to 24.8 MW, Liszkowo Biogas CHP Plant with installed capacity of 2.1 MW, Wind Farms: Darżyno with installed capacity of 6.3 MW, Bardy with installed capacity of 50.02 MW and FW Lubno I and Lubno II with installed capacity of 7.65 MW each. The hydro power plants are located on the rivers: Brda, Wda, Gwda, Rega, Drawa, Myśla, Obra and Wełna.

#### ENEA Ciepło

Unit	B1	B2	B3	B4 <sup>1)</sup>	Water boilers	K1	K2	K3	K4	K5
Installed capacity [MW]	55	55	70	23.5	Installed capacity [MW]	0	0	0	0	0
Thermal capacity [MW <sub>t</sub> ]	98.4	108	108	0	Thermal capacity [MW <sub>t</sub> ]	33	35	35	40	40
Planned last year of production	2027	2040	2055	2040	Planned last year of production	-	-	-	-	-

<sup>1)</sup> Condensing turbine unit powered by discharges from the B1 unit

### 2.3.2.3. Data for ENEA Wytwarzanie – Koźienice Power Plant, MEC Piła and PEC Oborniki <sup>1)</sup>

Item	Q1-Q3 2020	Q1-Q3 2021	Change	Q3 2020	Q3 2021	Change
Total electricity generation (net) [GWh], of which:	11,656	13,458	15.5%	4,833	5,229	8.2%
<i>ENEA Wytwarzanie – Koźienice Power Plant</i>	11,603	13,415	15.6%	4,816	5,220	8.4%
<i>MEC Piła</i>	53	43	-18.9%	16	9	-43.8%
<b>Gross heat production [TJ]</b>	<b>654</b>	<b>802</b>	<b>22.6%</b>	<b>76</b>	<b>95</b>	<b>25.0%</b>

<sup>1)</sup> Accounting treatment

Unit 11 in the Koźienice Power Plant	Q1-Q3 2020	Q1-Q3 2021	Change	Q3 2020	Q3 2021	Change
Net electricity production [GWh]	3,775	4,137	9.6%	1,633	1,565	-4.2%
Average monthly net load [MW]	707	719	1.7%	740	743	0.4%

### 2.3.2.4. Data for ENEA Nowa Energia

Item	Q1-Q3 2020	Q1-Q3 2021	Change	Q3 2020	Q3 2021	Change
Total RES production (net) [GWh], of which:	240	199	-16.8%	56	53	-4.2%
<i>hydro power plants</i>	100	89	-11.7%	24	20	-16.6%
<i>wind farms</i>	133	105	-21.0%	30	31	5.0%
<i>biogas plants</i>	6	6	-6.5%	2	2	10.9%

### 2.3.2.5. Data for ENEA Elektrownia Połaniec

Item	Q1-Q3 2020	Q1-Q3 2021	Change	Q3 2020	Q3 2021	Change
Total (net) electricity generation [GWh], of which:	4,699	5,574	18.6%	1,473	2,114	43.5%
<i>ENEA Elektrownia Połaniec – net generation from conventional sources</i>	3,367	4,142	23.0%	1,145	1,595	39.3%
<i>ENEA Elektrownia Połaniec – generation from renewable energy sources (firing of biomass – Green Unit)</i>	1,041	1,193	14.6%	262	432	64.8%
<i>ENEA Elektrownia Połaniec – generation from renewable energy sources (cofiring of biomass)</i>	292	239	-18.0%	66	87	31.8%
<b>Gross heat production [TJ]</b>	<b>1,402</b>	<b>1,713</b>	<b>22.1%</b>	<b>505</b>	<b>567</b>	<b>12.3%</b>

### 2.3.2.6. Data for ENEA Ciepło

Item	Q1-Q3 2020	Q1-Q3 2021	Change	Q3 2020	Q3 2021	Change
Total (net) electricity generation [GWh], of which:	258	304	17.8%	64	70	9.4%
<i>Net generation from conventional sources – excluding combustion of biomass</i>	74	142	91.9%	0	1	100.0%
<i>Net generation from renewable energy sources – combustion of biomass</i>	184	162	-12.0%	64	69	7.8%
<b>Gross heat production [TJ] (with the Zachód Heat Plant)</b>	<b>2,403</b>	<b>2,898</b>	<b>20.6%</b>	<b>374</b>	<b>448</b>	<b>19.8%</b>

### 2.3.2.7. CO<sub>2</sub> emissions, allocation of free CO<sub>2</sub> emission allowances, costs of allowances

	CO <sub>2</sub> emissions [t]	Allocation of free CO <sub>2</sub> emission allowances [t]	Costs of allowances [PLN 000s]
<b>Kozienice Power Plant</b>			
Q1-Q3 2020	10,339,290	42,000 <sup>1)</sup>	1,089,442
Q1-Q3 2021	11,918,548	- <sup>3)</sup>	1,596,430
<b>MEC Piła</b>			
Q1-Q3 2020	53,084	11,827 <sup>2)</sup>	4,549 <sup>1)</sup>
Q1-Q3 2021	60,551	- <sup>3)</sup>	9,164 <sup>1)</sup>
<b>Białystok – CHP plant</b>			
Q1-Q3 2020	122,243	70,157 <sup>2)</sup>	5,182
Q1-Q3 2021	220,187	- <sup>3)</sup>	25,756
<b>Białystok – “Zachód” Heat Plant</b>			
Q1-Q3 2020	7,314	668 <sup>2)</sup>	752
Q1-Q3 2021	14,671	- <sup>3)</sup>	1,667
<b>Połaniec Power Plant</b>			
Q1-Q3 2020	3,402,368	1,241,357 <sup>2)</sup>	298,390
Q1-Q3 2021	4,269,215	- <sup>3)</sup>	423,739
<b>Łęczyńska Energetyka<sup>4)</sup></b>			
Q1-Q3 2020	29,754	6,535	2,410
Q1-Q3 2021	35,401	- <sup>3)</sup>	7,743
<b>Total Q1-Q3 2020</b>	<b>13,954,053</b>	<b>1,372,544</b>	<b>1,400,725</b>
<b>Total Q1-Q3 2021</b>	<b>16,518,573</b>	<b>-</b>	<b>2,064,499</b>

<sup>1)</sup> Accounting treatment

<sup>2)</sup> Non-recurring allocation of free allowances for 2020

<sup>3)</sup> No allocation during the reporting period

<sup>4)</sup> Entity in the LW Bogdanka Group holding CO<sub>2</sub> emission allowances

### 2.3.2.8. Fuel supply

The main fuel used by the Kozienice Power Plant to generate electricity is pulverized bituminous coal. The main fuels used by the Połaniec Power Plant in the first 3 quarters of 2021 were fine coal and biomass – mainly in the form of steam wood chips and residues from agricultural production and the agricultural processing industry. The main fuels used in ENEA Ciepło – Białystok CHP Plant in the first 3 quarters of 2021 included: coal and biomass – mainly in the form of steam wood chips, steam willow and poplar wood chips, residues from agricultural production and the agricultural processing industry.

Coal deliveries	Kozienice Power Plant	Połaniec Power Plant	ENEA Ciepło
Major coal suppliers in 3 quarters of 2021	LW Bogdanka (approx. 92%) PGG (approx. 7%)	LW Bogdanka (46%) PGG (approx. 47%)	LW Bogdanka (98%) PGG (2%)
Main operator effecting deliveries in 3 quarters of 2021	PKP Cargo (approx. 100%)	Kolprem (approx. 20%) PKP Cargo (approx. 55%)	LW Bogdanka (98%) CTL LOGISTICS (2%)

Purchase of fuel	Q1-Q3 2020		Q1-Q3 2021	
	Quantity [000s of tons]	Cost [PLN million]	Quantity [000s of tons]	Cost [PLN million]
Bituminous coal	5,855	1,502	7,483	1,793
Biomass	1,392	378	1,527	310
(Heavy) fuel oil <sup>1)</sup>	9	12	18	34
(Light) fuel oil <sup>2)</sup>	5	12	5	15
Natural gas [thous. m <sup>3</sup> ] <sup>3)</sup>	15,785	18	13,659	15
<b>Total [PLN m]</b>		<b>1,922</b>		<b>2,167</b>

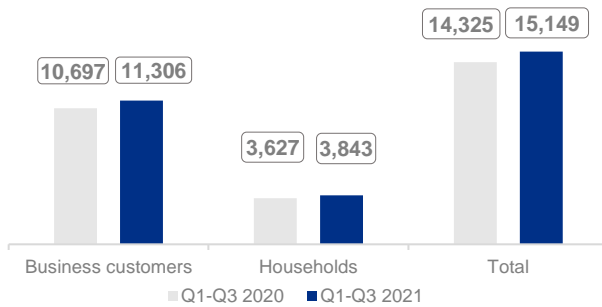
<sup>1)</sup> Light up fuel in U1-10 of the Kozienice Power Plant and U1-7 of the Połaniec Power Plant

<sup>2)</sup> Light up fuel in U11 of the Kozienice Power Plant and U9 of the Połaniec Power Plant and in ENEA Ciepło

<sup>3)</sup> Used for generation of electricity and heat in MEC Piła and the “Zachód” Heat Plant

### 2.3.3. Distribution

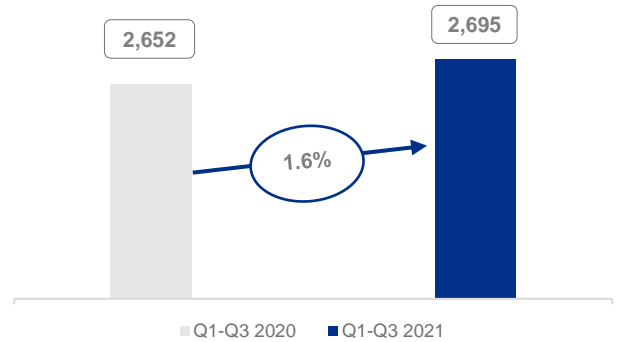
#### Sales of distribution services [GWh]



106.34 thous. km of distribution lines

13.00 thous. km of connections

#### Number of customers (in thousands)



38.51 thousand transformer substations

965.99 thousand connections

#### Connected RES sources (including microinstallations) in the operating area of ENEA Operator

Year	Number of connected RES sources, including microinstallations, cumulative	Number of connected microinstallations, based on the submitted reports and requests, cumulative	Total connected RES capacity, including microinstallations, cumulative [MW]	Total capacity of connected microinstallations, based on the submitted reports and requests, cumulative [MW]
2016	2,758	2,408	1,237	15
2017	4,573	4,213	1,269	28
2018	7,216	6,816	1,329	48
2019	19,500	19,008	1,497	134
2020	62,748	62,157	2,043	436
Q1-Q3 2021	93,825	93,068	2,627	685

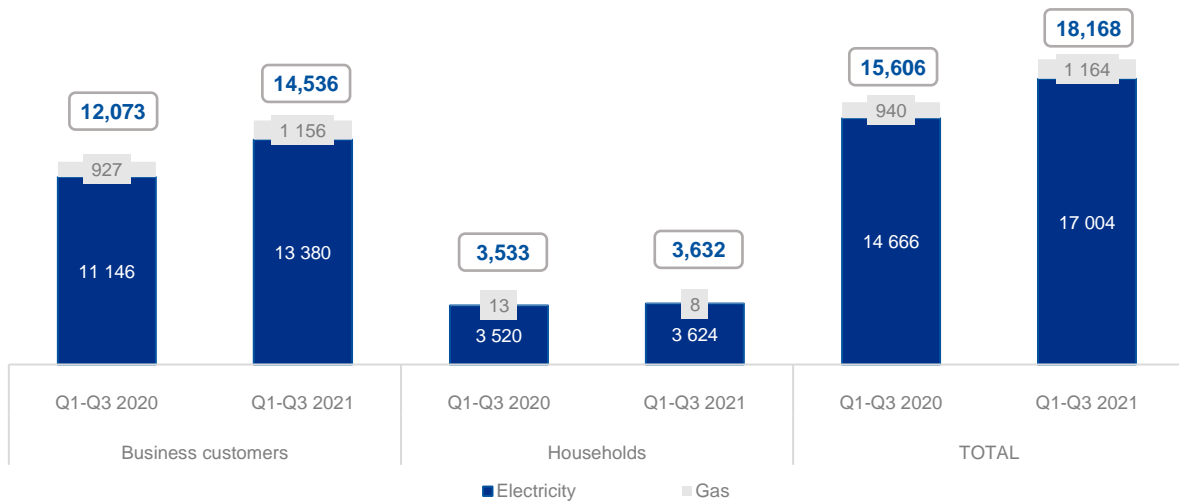
### 2.3.4. Trading

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

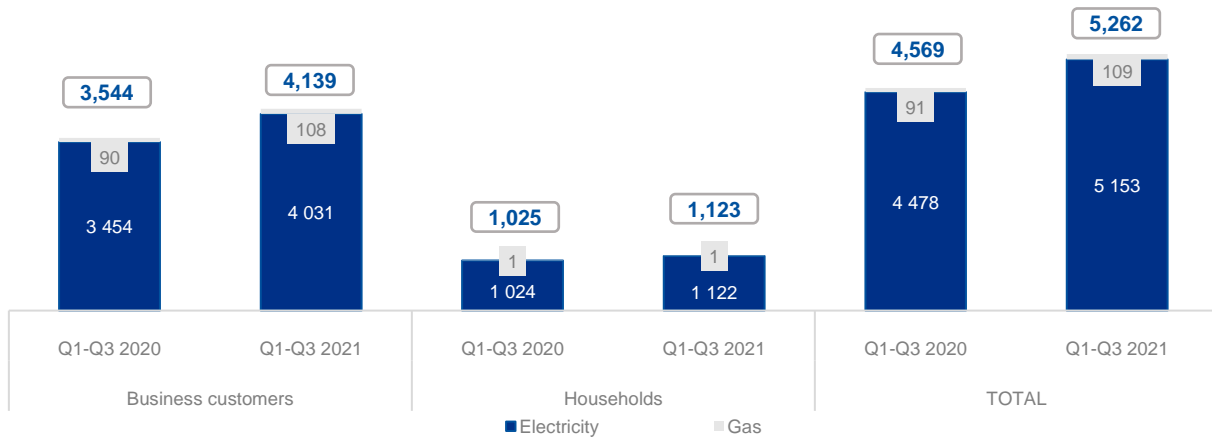
In the first three quarters of 2021, compared to the corresponding period of 2020, the total sales volume of electricity and gaseous fuel increased by 2,562 GWh, i.e. 16%. The increase pertained mainly to sales of electricity in the business customer segment. In the business customer segment, the electricity sales volume went up by 2,234 GWh, or 20%, and was caused by a higher contracted business volume in 2021 vs. the previous year. The increase in the volume of electricity sales in the household segment was 104 GWh, or 3%. The sales volume of gaseous fuel also increased compared to the corresponding period of the previous year, by 224 GWh, or 24%.

Total revenue from sales of electricity and gaseous fuel increased in the first three quarters of 2021 by PLN 693 million, or 15%, as compared to the corresponding period of 2020. This increase affected revenues both in both the business customer segment and in the household segment (by 17% and 10%, respectively).

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



#### Sales of electricity and gaseous fuel to ENEA S.A.'s retail customers [PLN m]



## 2.4. Development strategy

### MISSION:

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

### VISION:

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

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

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

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

1. transformation of generation assets towards zero- and low-emission sources;
2. innovative services for customers of ENEA;
3. contemporary communication with customers and modern cooperation models;
4. electromobility, hydrogen technologies;
5. Smart Grid – smart solutions for customers;
6. automation, robotization and digitization of processes;
7. Internet of Things, artificial intelligence, blockchain;
8. energy storage;
9. sourcing of fuels in accordance with best practices and respect for the environment.

#### Environment and key stakeholder expectations

-  Value creation
-  Competitive advantages
-  Climate protection
-  Green energy
-  Financial stability
-  Energy security

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

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

1. diversification of the ENEA Group's generation portfolio;
2. reliability and continuity of electricity supply;
3. responsible partnership in sustainable management of relations with local communities, the environment and customers;
4. ensuring financial security of the ENEA Group;
5. innovation in all aspects of the ENEA Group's activity;

Its overriding objective will entail its sustainable development. Accordingly, the ENEA Group's overriding objective is "continuous growth of the ENEA Group's value while ensuring sustainable development".

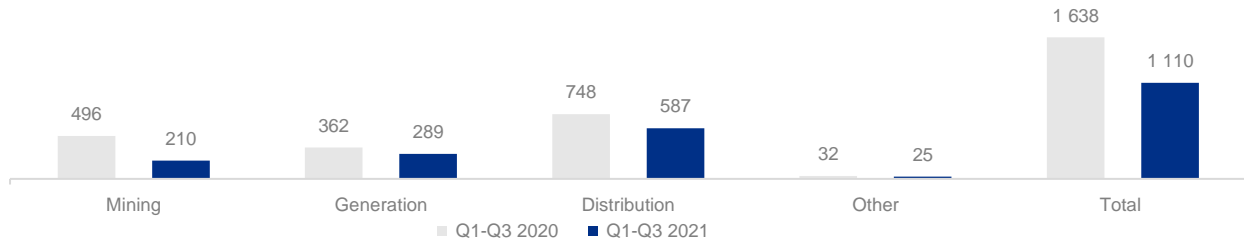
The ENEA Group's Strategy currently in force calls for the achievement of a number of KPIs by 2030 and 2035. Detailed parameters adopted for the Strategy and information on the capital expenditures earmarked for its implementation were presented in various disclosure instruments, including Current Report No. 36/2019.

At the same time, due to abundant changes of a fundamental nature in the industry environment, work is underway on updating the ENEA Group's Strategy in order to address existing challenges and circumstances affecting businesses operating in the power sector. The updated Strategy will enable an ambitious, sustainable and efficient transformation of the ENEA Group.

In light of the foregoing, in the context of this report, the Issuer has opted to refrain from presenting the level of attainment of selected KPIs provided for in the current Strategy from the perspective of the performance and operational data for the first three quarters of 2021.

## 2.5. Actions and investments pursued

### 2.5.1. Capital expenditures (CAPEX)



Capital expenditures (CAPEX) [PLN m]	Q3 2020	Q3 2021	Actuals		Q1-Q3 2021	Q1-Q3 2021 / Q1-Q3 2021 plan	Plan 2021	
			Q3 2021 / Q3 2020	Q3 2021 / Q3 2021 plan				
Mining	96.4	73.2	29.1%	29.1%	495.9	210.3	46.4%	597.7
Generation	107.3	84.6	81.5%	81.5%	362.1	288.6	75.3%	568.8
Distribution	259.2	215.6	87.7%	87.7%	747.7	586.6	89.4%	901.3
Support and other	11.4	8.8	16.6%	16.6%	31.9	24.8	6.3%	440.1
<b>Total plan performance</b>	<b>474.3</b>	<b>382.2</b>	<b>58.4%</b>	<b>58.4%</b>	<b>1,637.6</b>	<b>1,110.3</b>	<b>58.8%</b>	<b>2,507.9</b>

### Environmental investment projects

Item [PLN m]	Actuals Q3 2021	Actuals Q1-Q3 2021
Adaptation to BAT conclusions (Polaniec Power Plant)	11.5	48.1
Construction of a cogeneration source in Piła (MEC Piła)	6.7	18.3
Adaptation to BAT conclusions (Kozienice Power Plant)	1.9	7.0
Other	7.2	13.9
<b>Total environmental investments</b>	<b>27.3</b>	<b>87.3</b>

### 2.5.2. Execution of other projects

#### Distribution Area – ENEA Operator

Name of investment	Value [PLN million]
Investment projects implemented in the first 3 quarters of 2021:	
• Construction and modernization of a number of grid infrastructure elements, such as high, medium and low voltage lines and transformer stations, related to the pursuit of the following objectives: fulfilling the public-legal obligation, ensuring energy security for the region, improving the reliability and quality of electricity supply – grid automation, change of the MV network structure from overhead to cable, activities aimed at achieving the “smart grid” standard;	564.3
• Development of the infrastructure area to support operations in terms of IT and telecommunications;	13.3
• Development of the infrastructure area to support operations in terms of buildings and tools;	4.8
• Development of the infrastructure area to support operations in terms of transport.	0.2
Investments planned for Q4 2021:	
• Construction and modernization of a number of grid infrastructure elements, such as high, medium and low voltage lines and transformer stations, related to the pursuit of the following objectives: fulfilling the public-legal obligation, ensuring energy security for the region, improving the reliability and quality of electricity supply – grid automation, change of the MV network structure from overhead to cable, activities aimed at achieving the “smart grid” standard;	398.6
• Development of the infrastructure area to support operations in terms of IT and telecommunications;	19.7
• Development of the infrastructure area to support operations in terms of buildings and tools;	13.0
• Development of the infrastructure area to support operations in terms of transport.	9.5

ENEA Operator is a leader among DSOs in the utilization of European money. It obtained the largest amount of grants for investments from European Union funds among distribution system operators, under the EU budget for 2014-2020 – the company obtained over 40 percent of available EU funds allocated to national DSOs. In total, the company has already obtained over PLN 400 million in grants.

## Generation Area – Kozenice Power Plant

Name of investment	Value [PLN million]
Investment projects implemented in the first 3 quarters of 2021:	
• electrostatic precipitator of Unit 3 – the commissioning was carried out on 23 July 2021.	0.6
• electrostatic precipitator of Unit 5 – Unit 5 was started up on 31 October 2020. On 25 November 2020, the final acceptance of the facility was carried out. The as-built documentation was collected on 28 January 2021. The investment was recognized as property on 24 February 2021.	0.03
• electrostatic precipitator of Unit 8 – Modernization of the electrostatic precipitator of Unit 8 was started up on 25 January 2021. After the modernization, the electrostatic precipitator of Unit 8 completed a Trial Run with a positive result on 26 May 2021. The final acceptance was carried out on 15 June 2021.	0.5
• as part of the program entitled "Modernization of the cooling water system in the Kozenice Power Plant": modernization of the cooling water intake canal – the project was settled on 30 April 2021.	0.2
• modernization of Unit 8 – modernization completed. The Trial Run was conducted on 26 May 2021 with a positive result. There are still some services to be performed, related to modernization of automation in the central part and replacement of frequency converters on WP ventilators.	38.0
• modernization of Unit 3 – modernization completed; the project is being settled.	41.9
• as part of the Program to adapt ENEA Wytwarzanie to the BAT conclusions:	
• modernization of the flue-gas desulfurization system FGD II – On 12 August 2021, the plant was accepted after modernization.	2.4
• modernization of the flue-gas desulfurization system FGD IV – On 12 August 2021, the plant was accepted after modernization.	0.6
• modernization of the flue-gas desulfurization system FGD I – On 3 September 2021, the plant was accepted after modernization.	0.6
Investments planned for Q4 2021:	
1. Installation of a catalytic flue gas denitrification system and modernization of electrostatic precipitators for AP-1650 boilers of units 9 and 10 within the framework of modernization program for 2 x 500 MW units – continuation from 2018.	8.8
2. Under the program entitled "Modernization of the cooling water system in the Kozenice Power Plant", scheduled for execution in 2019-2022:	
• construction of draft cooling towers with design work;	0.6
• modernization of cooling water pumps for 200 MW units.	7.3
3. As part of the Program to adapt ENEA Wytwarzanie to the BAT conclusions:	
• installation of a heavy metal reduction system for FGD wastewater.	6.2

## Generation Area – Połaniec Power Plant

Name of investment	Value [PLN million]
Investment projects implemented in the first 3 quarters of 2021:	
• adaptation of ENEA Elektrownia Połaniec to the BAT conclusions.	48.1
Investments planned for Q4 2021:	
• adaptation of ENEA Elektrownia Połaniec to the BAT conclusions.	28.3

## Generation Area – ENEA Ciepło

Name of investment	Value [PLN million]
Investment projects implemented in the first 3 quarters of 2021:	
• investments with co-funding – rebuilding existing heat distribution networks and hubs;	10.3
• development investments – building new heat distribution networks, connections and hubs, telemetry;	6.7
• modernization of coal-fired boilers in the Zachód Heat Plant to adapt them to the environmental requirements;	0.1
• amount of capital expenditures in the Head Office area;	4.5
• revitalization of boiler K7;	2.1
• reconstruction of coal pulverizers for boilers K-7 and K-8;	0.9
• replacement of controllers in DCS automation systems of and FSC systems on units and off-unit systems;	1.7
• construction of a biomass-fired cogeneration unit;	0.3
• other capital expenditures in the Białystok CHP Plant area.	2.9
Investments planned for Q4 2021:	
• investments with co-funding – rebuilding existing heat distribution networks and hubs;	9.3
• development investments – building new heat distribution networks, connections and hubs, telemetry;	5.6
• modernization of coal-fired boilers in the Zachód Heat Plant to adapt them to the environmental requirements;	3.9
• amount of capital expenditures in the Head Office area;	1.1
• revitalization of boiler K7;	1.4
• reconstruction of coal pulverizers for boilers K-7 and K-8;	0.3
• replacement of controllers in DCS automation systems of and FSC systems on units and off-unit systems;	1.8
• construction of a biomass-fired cogeneration unit;	1.7
• other capital expenditures in the Białystok CHP Plant area.	2.9



## Mining Area

Name of investment	Value [PLN million]
Investment projects implemented in the first 3 quarters of 2021:	
Development investments:	
• purchase of finished goods, machinery and equipment;	210.3
Operating investments:	
• new mining pits and modernization of existing ones – 15.4 km of roadways were made in the first 3 quarters of 2021.	
Investments planned for Q4 2021:	
Development investments:	
• purchase of finished goods, machinery and equipment;	387.3
• purchase and installation of a longwall system.	
Operating investments:	
• new excavations and upgrade of existing ones.	

Area	Events
Retail Area	<ul style="list-style-type: none"> <li>• ENEA's new showroom has been launched. This is the first showroom arranged in a completely new formula, where customers can become familiar in detail with ENEA's offer for the purchase of electricity and additional products and services. Its area consists of three zones, in which ENEA's offer for individual and business customers is presented. Multimedia materials, state-of-the-art presentations and expositions made available in these zones give customers a possibility of testing and checking the products offered.</li> <li>• The Mobile Customer Service Office (MBOK) has been launched. It is a special car equipped with two customer service workstations, which will regularly visit towns where there are no stationary ENEA Customer Service Offices.</li> </ul>
Customer Service Area	<ul style="list-style-type: none"> <li>• Continued work on introducing automation processes in the customer service area through, e.g., robotic process automation (RPA) that will translate into timely achievement of key indicators within the implemented processes,</li> <li>• Continuation of the eCustomer Program, the purpose of which is to implement new technical and organizational solutions, increasing the level of digitalization of Customer contacts, develop modern and low-cost channels for reaching and servicing Customers and to develop modern service and sales channels: online execution of agreements, e-Applications, chatbots and voicebots, marketplace.</li> <li>• In stationary Customer Service Offices, in order to optimize the printing costs of paper documents, the mailing of documents attached to agreements to the e-mail addresses provided by customers was launched;</li> <li>• Execution of the project of mobile Customer Service Offices, aimed at improving the quality and efficiency of sales of ENEA products and effectively reaching customers who live in smaller towns. The first mobile Customer Service Office has embarked on a service trip to 5 cities in the Greater Poland region, in which there is no stationary ENEA Customer Service Office.</li> <li>• Continuation of the Visualization of the Customer Service Office network and creation of the first pilot Showroom in the Malta Shopping Center in Poznań. In their new visual layout, the showrooms are intended to combine endeavors aimed at creating the image of ENEA as an innovative, environmentally friendly and customer-oriented company, while focusing on sales and marketing functions.</li> <li>• Implementation of solutions in billing systems that support the settlement of a new component of the distribution fee – the capacity fee and the e-Mobility tariff for publicly available electric car charging stations.</li> <li>• Conclusion of an open tender and execution of a mass printing contract for the ENEA Group with an external printing house for a period of three years (until 31 December 2024).</li> </ul>
Wholesale Area	<ul style="list-style-type: none"> <li>• Continuation of the project entitled "Adaptation of ENEA Group Companies to changes in the operation of the balancing market in Poland".</li> <li>• Continuation of the project entitled "Development of biomass trading activity by ENEA Trading sp. z o.o."</li> </ul>

### 2.5.3. Executed contracts

#### 2.5.3.1. Agreements of material importance to ENEA Group's operations

In the first three quarters of 2021, ENEA Group companies executed no contracts of material importance, although the following contracts were signed in this period:

- annexes to Steam Coal Purchase Agreement No. 3/W/2012 between ENEA Elektrownia Polaniec and LW Bogdanka for the purchase of coal and additional coal purchase agreements between these entities.
- annexes to the Steam Coal Purchase Agreement No. UW/LW/01/2012 ENEA Wytwarzanie and LW Bogdanka for the purchase of coal and additional coal purchase agreements between these entities.
- LW Bogdanka signed with D. Trading International SA in Geneva a steam coal export agreement to Ukraine.

#### 2.5.4. Sources of funding for the investment program – issues of securities and loans and borrowings

ENEA S.A. finances its investment program by using financial surpluses from its business activities and external debt. The ENEA Group pursues an investment financing model whereby ENEA S.A. acquires funds from external sources and distributes them to its subsidiaries. In its subsequent activities, ENEA S.A. will focus on ensuring appropriate diversification of external sources of financing for investments planned in the ENEA Group Strategy in order to optimize the costs and maturities of debt.

In the first three quarters of 2021, ENEA S.A. did not enter into any new loan agreements.

As at 30 September 2021, ENEA S.A. had PLN 1,758 million in outstanding long-term loans at the par value of debt.

As at 30 September 2021, the nominal debt of ENEA S.A. arising from issued bonds and contracted loans totaled PLN 6,653 million.

At the same time, members of the ENEA Group are parties to separate credit facility/loan agreements. As at 30 September 2021, the total nominal amount of external debt under the loans and borrowings incurred by the ENEA Group companies (without ENEA S.A.) was PLN 52.6 million.

In the first three quarters of 2021, no ENEA Group company terminated any loan agreement.

#### 2.5.5. Sureties and guarantees granted

During the first three quarters of 2021, the ENEA Group companies did not grant any bank guarantees of significant value (where the significance threshold > PLN 5 million). In the specified period, ENEA S.A. granted one corporate guarantee in the amount of USD 250 million. The guarantee secures the liabilities of ENEA Trading. As at 30 September 2021, the total value of corporate sureties and guarantees granted by ENEA S.A. to secure the liabilities of the ENEA Group companies was PLN 1,021.3 million, while the total value of bank guarantees issued at the request of ENEA S.A. and as collateral for liabilities of the ENEA Group companies was PLN 535.9 million.

#### 2.5.6. Interest rate hedging transactions

In the first three quarters of 2021, ENEA S.A. did not enter into any new interest rate hedging transactions.

#### 2.5.7. Distribution of cash – Bond issue programs effected by subsidiaries

The ENEA Group has adopted a model of financing investments carried out by ENEA S.A.'s subsidiaries through intra-group financing. ENEA S.A. raises long-term cash on the financial market by taking out loans or issuing bonds, which it then distributes within the ENEA Group.

Currently, in the Generation and Distribution Areas, ENEA S.A. has intra-group bond issue programs in place with a total initial par value of PLN 5,371 million. These programs have been fully utilized and are partly redeemed in installments. As at 30 September 2021, the total nominal exposure arising from bonds held by ENEA S.A. and issued under these programs is PLN 3,207 million. In the previous years, ENEA S.A. also concluded intra-group bond issue program agreements with its subsidiaries, which are used to finance investments in the RES and Heat Segments. As at 30 September 2021, the total value of bonds issued and outstanding under these programs was PLN 12 million.

#### 2.5.8. Loans granted

In the first three quarters of 2021, ENEA S.A. executed two new loan agreements with ENEA Group companies. In June 2021, ENEA S.A. executed a loan agreement with ENEA Operator for the amount of PLN 1,090 million and with MEC Piła in the amount of PLN 15 million. The par value of the companies' debt to ENEA S.A. as at 30 September 2021 was PLN 4,164 million. Detailed information on the intragroup loan agreements in effect in the first three quarters of 2021 and their utilization level is presented in the table below:

Start date	Final maturity	Company	Value of the agreement [PLN 000s]	Amount of credit taken in Q1-Q3 2021 [PLN 000s]	Interest rate	Loan debt as at 30 September 2021 [PLN 000s]
July 2019	December 2026	ENEA Operator	2,890,000	150,000	base rate + margin	1,650,000
September 2019	October 2021	Elektrownia Ostrołęka	199,000	0	Fixed	199,000
January 2020	September 2024	ENEA Wytwarzanie	2,200,000	0	base rate + margin	1,800,000
February 2020	December 2024	ENEA Elektrownia Połaniec	500,000	0	base rate + margin	500,000
June 2021	December 2031	MEC Piła	15,000	15,000	base rate + margin	15,000

#### 2.5.9. Related party transactions

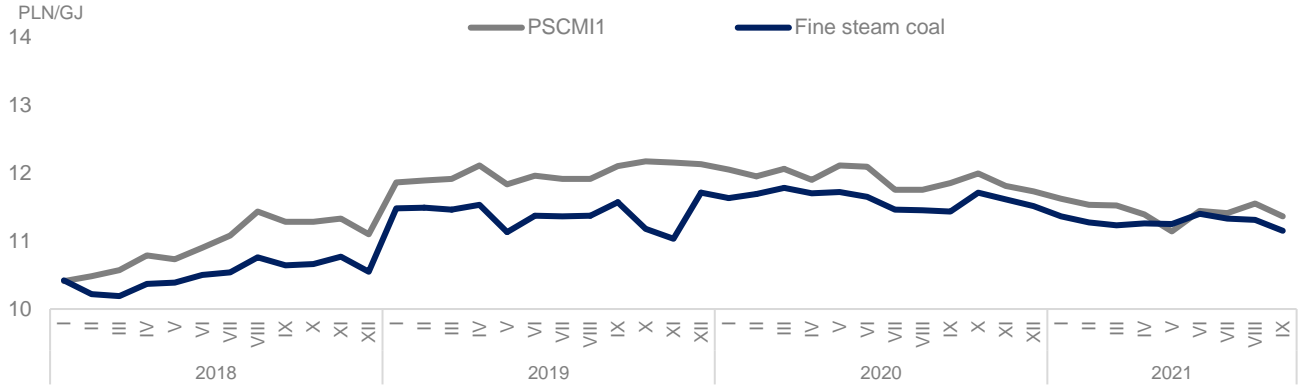
In the first three quarters of 2021, ENEA S.A. and its subsidiaries did not enter into any transactions with related parties other than on an arm's length basis. Information on transactions with related parties entered into by ENEA S.A. or its subsidiaries is provided in note 24 to the "Condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to 30 September 2021".

### 3. ENEA Group's Risk Model

RISK MODEL	CORE RISKS TO WHICH THE ENEA GROUP IS EXPOSED, BY CATEGORY	EXAMPLES OF RISK MITIGATING MEASURES, BY CATEGORY
<b>STRATEGIC</b>	<ul style="list-style-type: none"> <li>• Risk of adopting erroneous assumptions for long-term financial projections</li> <li>• Risk of improper management of information in a crisis situation</li> <li>• Risk of non-compliance with the restrictive objectives of the EU climate policy in the generation area</li> <li>• Risk of a generation gap</li> <li>• Risk associated with unexpected expenditures and costs that may be incurred as a result of settlements with stakeholders of the Ostrołęka Power Plant C construction project</li> <li>• Risk of recognition of the failure to follow the principles of the Compliance Program</li> <li>• Risk of adverse legal changes in Poland and the EU associated with uncertainty of legislative environment</li> <li>• Risk of the loss of the concession</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring and verification of forecasts of exchange rates, interest rates, price paths and other macroeconomic assumptions</li> <li>• Maintaining efficient communication channels with key business units</li> <li>• Implementation of solutions aimed at supplementing, enhancing and strengthening the competence and knowledge of the organization, e.g. through paid traineeships and apprenticeships, cooperation with endorsed schools</li> <li>• Ensuring a transparent, competitive and motivational remuneration system</li> <li>• Monitoring of following the Compliance Program and employee training</li> <li>• Monitoring of legislative activities</li> <li>• Participation in the work on energy industry regulations and in the work of thematic teams and other industry associations</li> </ul>
<b>FINANCIAL</b>	<ul style="list-style-type: none"> <li>• Risk of breach of financing agreements</li> <li>• Risk of rating downgrade</li> <li>• Risk of terminating agreements by banks</li> <li>• Liquidity risk</li> <li>• Risk of losses due to counterparty default (including credit risk)</li> <li>• Risk of non-execution or delays in the execution of investments</li> <li>• Risk of adverse environment of the insurance market</li> <li>• Risk of interest rate fluctuations</li> <li>• Risk of losing pending lawsuits</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring banking covenants at the ENEA Group</li> <li>• Ongoing consultations with the credit rating agency</li> <li>• Ongoing consultations with banks</li> <li>• Conducting structured activities in the area of credit risk management and debt collection</li> <li>• Monitoring the implementation of investment tasks</li> <li>• Looking for new reinsurance markets</li> <li>• Preparation of information on transformation of production sources and dialogue with the insurance and reinsurance market</li> </ul>
<b>OPERATIONAL</b>	<ul style="list-style-type: none"> <li>• Risk of non-compliance with BAT conclusion requirements</li> <li>• Risk of delayed tender processes</li> <li>• Risk of ICT security in the ENEA Group</li> <li>• Risk of breaching personal data protection laws and internal regulations</li> <li>• Risk of imbalance in revenues and costs of the purchase and sales of electricity</li> <li>• Risk of interruption of operation due to severe weather conditions</li> <li>• Risk of losses in capacity caused by hydrological conditions</li> <li>• Risk of unavailability of employees as a result of the state of epidemic of a communicable disease</li> <li>• Risk of unfavorable social climate</li> <li>• Risk of industrial failures and accidents.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring of the performance of investments connected with meeting BAT conclusion requirements</li> <li>• Procurement process management</li> <li>• Conducting tests of IT systems to ensure ICT security</li> <li>• Conducting an information campaign among employees, including induction training on, among others, rules of ICT security</li> <li>• Monitoring of hydrological conditions</li> <li>• Ongoing implementation of nationwide recommendations concerning minimization of the risk of infections.</li> <li>• Maintaining active and regular dialog with the social stakeholder.</li> <li>• Increasing awareness regarding GDPR among employees through periodic, e-learning training courses</li> </ul>
<b>MARKET</b>	<ul style="list-style-type: none"> <li>• Risk of commodity price volatility on the futures market</li> <li>• Risk of non-continuity of fuel supplies</li> <li>• Volumetric risk of fuel and transport</li> </ul>	<ul style="list-style-type: none"> <li>• Improving methods and tools to optimize commodity portfolios</li> <li>• Maintaining and developing competence within the Company to manage commodity risk</li> <li>• Diversification of sources of supply and service provision</li> <li>• Monitoring of the fuel and energy market</li> <li>• Optimization of coal deliveries within the Group</li> </ul>

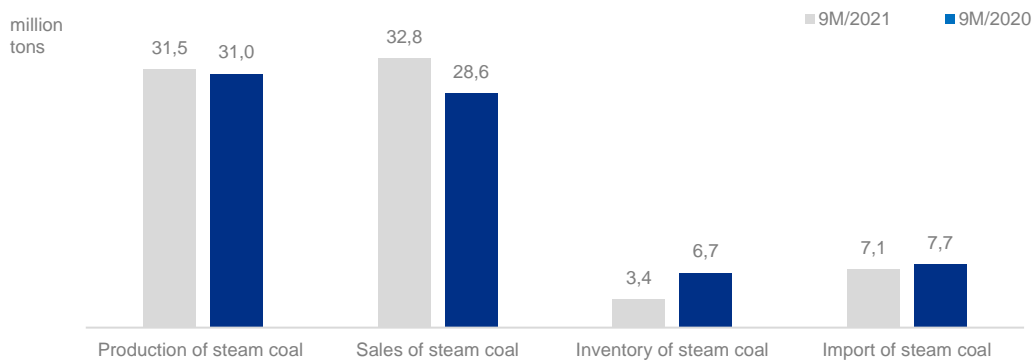
## 4. Market environment

### Coal prices on the Polish market



**PSCMI1:** average price of PSCMI1 in Q3 2021 was PLN 11.44 per GJ, down 2.9% y/y from the average price of PLN 11.78 per GJ in Q3 2020. In the first three quarters of 2021, the average price was PLN 11.44 per GJ vs. PLN 11.95 per GJ in 2020 – down by 4.3% y/y.

**Fine coal fractions:** The average price of fine steam coal sold to Commercial Power Plants in Q3 2021 was PLN 11.26 per GJ – down by 1.7% y/y vs. the average price of PLN 11.45 per GJ in Q3 2020. In the first three quarters of 2021, the average price of fine coal fractions was PLN 11.28 per GJ vs. PLN 11.61 per GJ in 2020 – down by 2.8% y/y.



In the first three quarters of 2021, Polish mines produced a total of 31.5 million tons of steam coal, compared to 31.0 million tons in the corresponding period of 2020 (+1.7% y/y). Sales of steam coal on the domestic coal market was 32.8 million tons, having increased by 14.8% y/y.

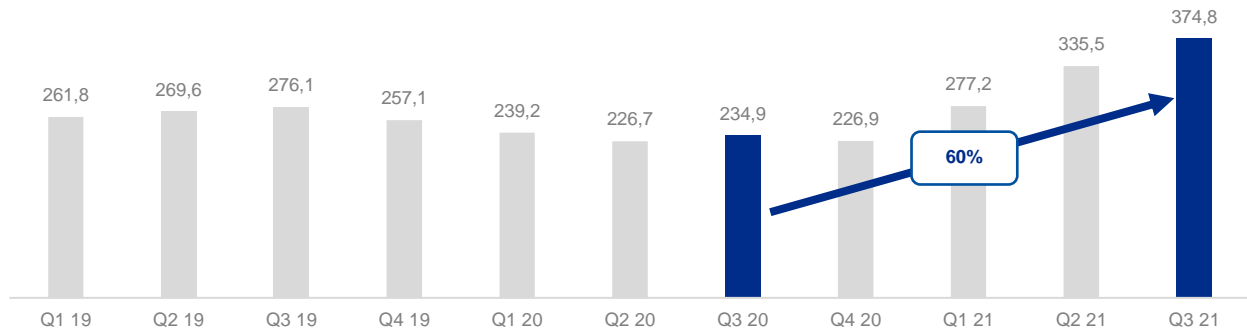
As at the end of September 2021, inventories of steam coal stood at 3.4 million tons, down by 48.6% from the corresponding period in 2020. During the first three quarters of 2021, 7.1 million tons of steam coal were imported into the domestic market, down 7.9% compared to 2020.

### Situation in the domestic bituminous coal mining sector

The electricity price path is determined by the costs of purchase of fuel for generation purposes and the cost of purchasing CO<sub>2</sub> emission allowances, which in September on the spot EEX and ICE markets were above EUR 60 per ton, which generated additional risks related to the forward contracting process.

## Energy prices on the Polish market

BASE\_Y\_20/21/22 (PLN/MWh)



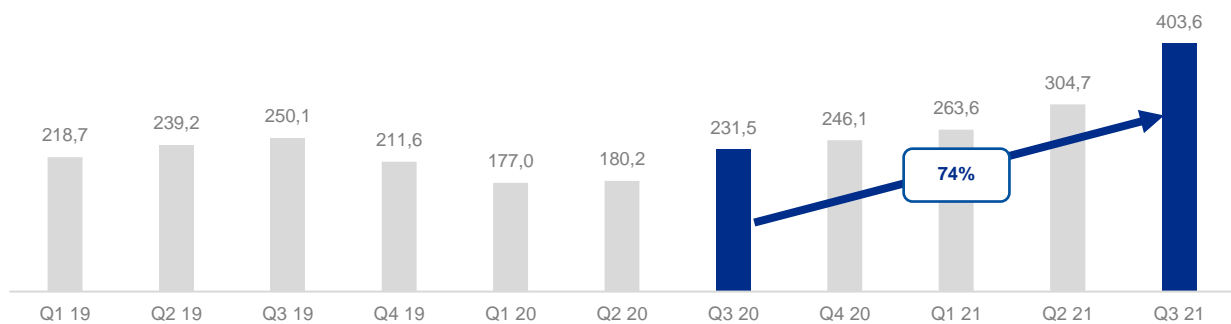
Source: PPE, clearing prices

On the wholesale electricity forward market, the average price of the BASE Y-22 product increased 60%, to PLN 374.84 per MWh in Q3 2021, compared to the corresponding product (i.e. BASE Y-21) in Q3 2020.

The market price of BASE Y-22 in the first three quarters of 2021 was highly volatile. At the beginning of the year, it hovered above PLN 259.86 per MWh, to drop to slightly below PLN 432.70 per MWh towards the end of the three-quarter period.

The BASE Y-22 price in the first three quarters of 2021 was affected chiefly by changes in the prices of CO<sub>2</sub> emission allowances.

RDN BASE (PLN/MWh)



Source: PPE, clearing prices

The average price of electricity on the spot market in Q3 2021 was 74% higher than in the corresponding period of 2020. This increase resulted mainly from the considerably higher valuation of all months in the quarter than in the corresponding period of 2020.

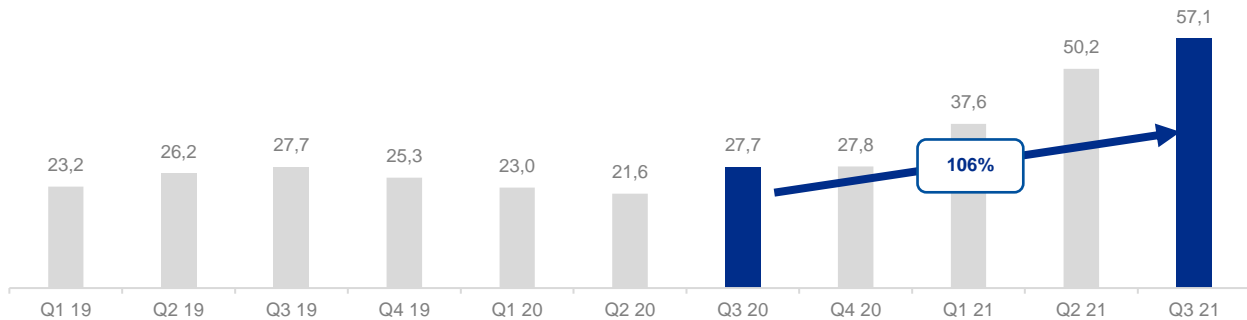
The level of electricity prices on the spot market in the first three quarters of 2021 was affected by:

- high prices of CO<sub>2</sub> emission allowances (price-increasing effect),
- high levels of power deficits in the National Power System (NPS) than planned (price-increasing effect),
- relatively low wind generation in the winter period (price-increasing effect),
- average demand for power in the Polish Power System (PPS) at a higher level compared to 2020 (price-increasing effect),
- relatively low air temperatures in the winter period (price-increasing effect),
- relatively low energy imports from neighboring countries and in August and September surplus of electricity exports (price-increasing effect).

In the first three quarters of 2021, the volume of trading in the annual frontal product, that is BASE\_Y-22, was 8,686 MW, signifying a major drop compared to the first three quarters of 2020, when transactions for a total of as much as 11,148 MW were executed under BASE\_Y-21 contracting (down by 22% y/y). The average volume contracted at each session declined from 58 MW in 2020 to 46 MW in 2021.

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

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



Source: ICE, clearing prices

In the early days of January, the prices of CO<sub>2</sub> emission allowances continued to follow an upward trend, which started at the turn of October and November, along with favorable news about the development of vaccines against COVID-19, and was additionally reinforced by factors such as the setting of a new emission reduction target of 55% by 2030, the postponement of primary auctions and the allocation of free allowances to industry. Moreover, the UK finally decided to leave the EU ETS and create its own emissions trading system, with operators participating in the EU ETS still required to fulfill the obligation for 2020.

The strengthening of the upward trend coincided with the launch of primary auctions. The first auction of German allowances was settled at EUR 33.51 per ton. The second auction of Polish CO<sub>2</sub> emission allowances was settled at a price higher by more than EUR 4 per ton, namely at EUR 38.00 per ton. Ultimately, this move brought the prices closer to EUR 40 per ton (with a maximum of EUR 40.02 per ton reached on 12 February 2021). A price correction followed this local extreme, most likely caused by a Bloomberg article (temporal coincidence), according to which the European Commission is considering the imposition of limits on allowances held in the register by market participants (including investment funds) as a response to the speculative nature of the February price increase. Eventually, the correction halted at EUR 37.27 per ton and was followed by another steep price increase, with the price reaching a level close to EUR 43 per ton (EUR 42.99 per ton on 17 March 2021). The market's discounting of the possible effects of changes to the EU ETS that must be made to bring the EU ETS in line with the approved new reduction target, and the uncertainty arising from the imminent launch of the UK ETS, pushed prices up to EUR 56.65 per ton in the first half of May. Ultimately, the launch of UK auctions caused a temporary drop in EU ETS prices due to capital transfers, as UK units holding European allowances cashed in to buy UK allowances. This procedure was observed during two more UK auctions, which had a declining impact on the quotation of EUAs. On 14 July 2021, the European Commission published a long-awaited legislative package named “Fit for 55” concerning the broad energy and climate policy of the European Union. On 22 July 2021, the EEX exchange published a release containing an updated auction calendar for 2021 and a new calendar for 2022, according to which auction volumes from 1 September 2021 to 31 August 2022 will drop by about 378.905 million EUAs and will be transferred to the Market Stability Reserve (MSR).

The proposed changes included in the “Fit for 55” package include, among others:

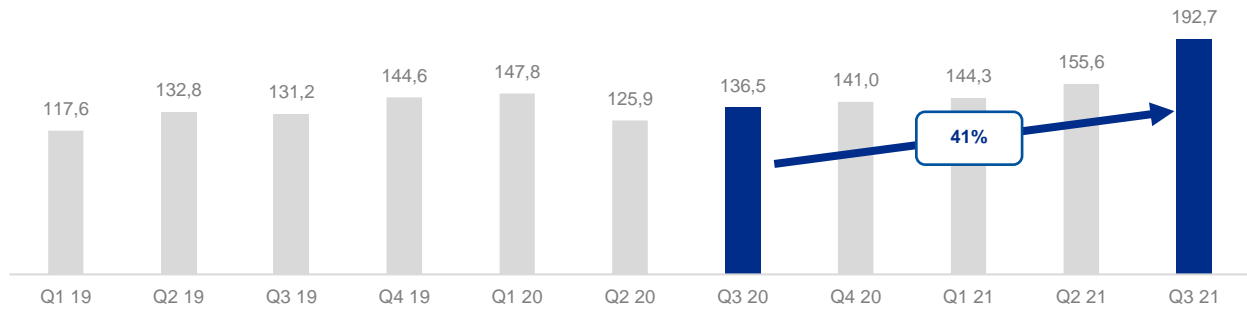
- extension of EU ETS to new sectors;
- provisions concerning the overall level of emissions covered by the system, including a boost of the linear reduction factor (LRF) and a reduction of the CAP.
- change in how auction proceeds are used,
- stricter conditions for receipt of free emission allowances.

Factors important for the valuation of CO<sub>2</sub> emission allowances in Q3:

- high gas prices related to low inventory levels in Europe, high demand in Asia and low supply, especially from the Eastern direction,
- “Fit for 55” package tightening the targets in the EU ETS, CAP and the functioning of the Market Stability Reserve
- increased demand for emissions related to increased use of coal in the European energy mix due to the low RES production and high gas prices.

As a result of the price fluctuations, ultimately, the average price of CO<sub>2</sub> emission allowances in the first three quarters of 2021 was EUR 48.46 per ton and in Q3 alone it was EUR 57.10 per ton, i.e. 106% more than in the corresponding period of 2020.

Prices of “green” property rights (PMOZE\_A) (PLN/MWh)



Source: PPE, session market indices

Over a significant portion of Q1 2021, the quotations of “green” property rights continued the side trend that started in Q4 2020, with levels approximating PLN 142.30 per MWh until mid-March and subsequently about PLN 149.18 per MWh. In May, prices began to rise moderately, approaching the PLN 167.18/MWh mark at the end of the first half-year. What is important, the strong price movements in the second half of June resulted from the publication, on 16 June 2021, of a draft regulation increasing the obligation from 19.35% (under Article 59 of the RES Act) to 19.5% in 2022 (retaining the 2021 level). After a summary of the public consultation on the above draft regulation was published on 26 July and the proposed value of the obligation was reduced to 18.5% in 2022, a short-term adjustment of quotations was recorded, after which the prices continued the strong upward drive. As a result, at the last session in September, the price of PMOZE\_A reached 269.64 PLN/MWh. Leaving aside isolated transactions, similar valuation of certificates took place before 2012. This might have been caused by the current difficulties in OTC trading (following the amendment of the public procurement law) and the balance of property rights.

According to data provided by POLPX, approximately 18.3 TWh of property rights were redeemed between 1 July 2020 and 31 June 2021, while approximately 30.8 TWh remained in the register. Another 7.2 TWh of certificates of origin were redeemed upon the publication of another set of POLPX data for July, as a result of which it may be assumed that the number of active PMOZE\_A after the fulfillment of the obligation for 2020 was less than 25 TWh.

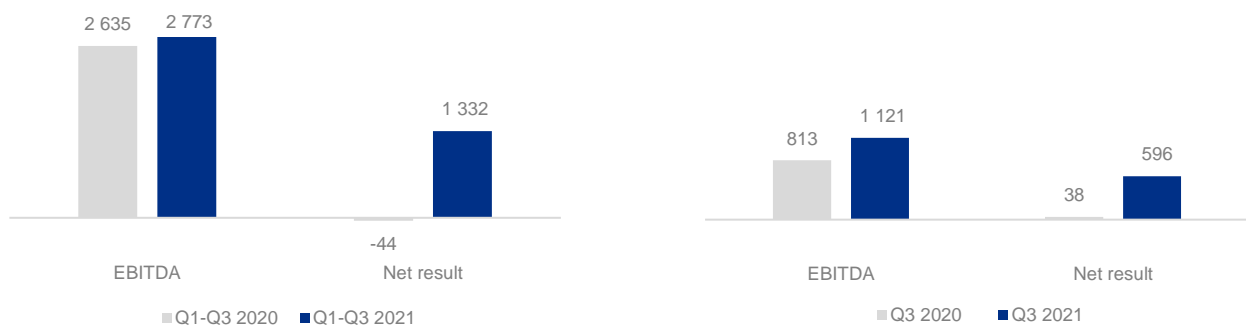
In Q3 2021, the average price was 41% higher than the average price in the corresponding period of 2020.

## 5. Financial standing

### 5.1. Selected consolidated financial data

[PLN 000s]	Q1-Q3 2020	Q1-Q3 2021	Change	% change
Revenue from sales and other income	13,463,898	15,290,493	1,826,595	13.6%
Operating profit / (loss)	923,309	1,625,813	702,504	76.1%
Profit / (loss) before tax	90,412	1,620,390	1,529,978	1,692.2%
Net profit / (loss) for the reporting period	(43,704)	1,332,347	1,376,051	3,148.6%
<b>EBITDA</b>	<b>2,635,107</b>	<b>2,773,007</b>	<b>137,900</b>	<b>5.2%</b>
<b>Net cash flows from:</b>				
operating activities	3,994,082	6,669,894	2,675,812	67.0%
investing activities	(1,685,343)	(1,289,680)	395,663	23.5%
financing activities	(1,489,578)	(1,286,078)	203,500	13.7%
Cash at the end of the period	4,581,108	6,035,690	1,454,582	31.8%
Net profit/(loss) attributable to shareholders of the parent company	(62,417)	1,269,493	1,331,910	2,133.9%
Weighted average number of shares	441,442,578	441,442,578	-	-
Net earnings/(loss) per share [PLN]	(0.14)	2.88	3.02	2,157.1%
Diluted earnings/(loss) per share [PLN]	(0.14)	2.88	3.02	2,157.1%

PLN million



[PLN 000s]	31 December 2020	30 September 2021	Change	% change
Total assets	29,889,863	33,586,878	3,697,015	12.4%
Total liabilities	16,795,510	19,049,725	2,254,215	13.4%
Non-current liabilities	10,009,542	9,060,792	-948,750	-9.5%
Current liabilities	6,785,968	9,988,933	3,202,965	47.2%
Equity	13,094,353	14,537,153	1,442,800	11.0%
Share capital	588,018	588,018	-	-
Book value per share [PLN]	29.66	32.93	3.27	11.0%
Diluted book value per share [PLN]	29.66	32.93	3.27	11.0%

[PLN 000s]	Q3 2020	Q3 2021	Change	% change
Revenue from sales and other income	4,514,443	5,467,155	952,712	21.1%
Operating profit / (loss)	394,351	726,623	332,272	84.3%
Profit / (loss) before tax	100,749	691,076	590,327	585.9%
Net profit / (loss) for the reporting period	37,939	596,317	558,378	1,471.8%
<b>EBITDA</b>	<b>813,409</b>	<b>1,120,872</b>	<b>307,463</b>	<b>37.8%</b>
Net profit/(loss) attributable to shareholders of the parent company	36,801	570,113	533,312	1,449.2%
Weighted average number of shares	441,442,578	441,442,578	-	-
Net earnings/(loss) per share [PLN]	0.08	1.29	1.21	1,512.5%
Diluted earnings/(loss) per share [PLN]	0.08	1.29	1.21	1,512.5%



## 5.2. Key operating data and indicators for the ENEA Group

	Unit	Q1-Q3 2020	Q1-Q3 2021	Change	% change	Q3 2020	Q3 2021	Change	% change
Revenue from sales and other income	PLN 000s	13,463,898	15,290,493	1,826,595	13.6%	4,514,443	5,467,155	952,712	21.1%
EBITDA	PLN 000s	2,635,107	2,773,007	137,900	5.2%	813,409	1,120,872	307,463	37.8%
EBIT	PLN 000s	923,309	1,625,813	702,504	76.1%	394,351	726,623	332,272	84.3%
Net profit / (loss) for the reporting period	PLN 000s	(43,704)	1,332,347	1,376,051	3148.6%	37,939	596,317	558,378	1,471.8%
Net profit/(loss) attributable to shareholders of the parent company	PLN 000s	(62,417)	1,269,493	1,331,910	2133.9%	36,801	570,113	533,312	1,449.2%
Net cash flows from operating activities	PLN 000s	3,994,082	6,669,894	2,675,812	67.0%	1,535,697	2,522,693	986,996	64.3%
CAPEX	PLN 000s	1,637,593	1,110,254	-527,339	-32.2%	474,343	382,155	-92,188	-19.4%
Net debt	PLN 000s	4,636,332	1,075,242	-3,561,090	-76.8%	4,636,332	1,075,242	-3,561,090	-76.8%
Net debt / EBITDA <sup>1)</sup>	-	1.37	0.31	-1.06	-77.4%	1.37	0.31	-1.06	-77.4%
Return on Assets (ROA) <sup>1)</sup>	%	-0.2%	5.3%	5.5 p.p.	-	0.5%	7.1%	6.6 p.p.	-
Return on equity (ROE) <sup>1)</sup>	%	-0.4%	12.2%	12.6 p.p.	-	1.0%	16.4%	15.4 p.p.	-
<b>Trading</b>									
Sales of electricity and gaseous fuel to retail customers	GWh	15,606	18,168	2,562	16.4%	5,102	5,993	891	17.5%
Number of customers (Power Delivery Points)	000s	2,557	2,609	52	2.0%	2,557	2,609	52	2.0%
<b>Distribution</b>									
Sales of distribution services to end users	GWh	14,325	15,149	824	5.8%	4,866	4,986	121	2.5%
Number of users (closing balance)	000s	2,652	2,695	43	1.6%	2,652	2,695	43	1.6%
<b>Generation</b>									
Total net generation of electricity, of which:	GWh	16,853	19,535	2,682	15.9%	6,426	7,466	1,041	16.2%
<i>from conventional sources</i>	GWh	15,096	17,742	2,646	17.5%	5,978	6,826	848	14.2%
<i>from renewable sources</i>	GWh	1,757	1,793	36	2.0%	448	640	192	43.0%
Gross heat generation	TJ	4,459	5,413	954	21.4%	954	1,111	158	16.5%
Sales of electricity, including:	GWh	20,786	22,835	2,049	9.9%	7,348	8,349	1,001	13.6%
<i>from conventional sources</i>	GWh	15,096	17,742	2,646	17.5%	5,978	6,826	848	14.2%
<i>from renewable sources</i>	GWh	1,757	1,793	36	2.0%	448	640	192	43.0%
<i>from purchase</i>	GWh	3,933	3,300	-633	-16.1%	922	883	-39	-4.2%
Sales of heat	TJ	3,989	4,871	882	22.1%	809	957	148	18.3%
<b>Mining</b>									
Net production	000s tons	5,538	7,503	1,965	35.5%	1,841	2,556	715	38.8%
Sales of coal	000s tons	5,700	7,244	1,544	27.1%	2,178	2,654	477	21.9%
Inventories at the end of the period	000s tons	17	381	364	2,141.2%	17	381	364	2,141.2%
Excavation works	km	19.7	15.4	-4.3	-21.8%	6.6	5.0	-1.6	-24.2%

<sup>1)</sup> definitions of the ratios are presented on page 67

### 5.3. Financial performance of the ENEA Group in Q1-Q3 2021 and Q3 2021

#### Consolidated statement of profit and loss in the first three quarters of 2021

[PLN 000s]	Q1-Q3 2020	Q1-Q3 2021	Change	% change
Revenue from sales of electricity	10,338,327	11,217,400	879,073	8.5%
Revenue from sales of heat	239,307	298,155	58,848	24.6%
Revenue from sales of gas	202,196	288,358	86,162	42.6%
Revenue from sales of distribution services	2,309,758	2,338,031	28,273	1.2%
Revenue from certificates of origin	8,629	1,744	-6,885	-79.8%
Revenue from sales of goods and materials	72,042	101,866	29,824	41.4%
Revenue from sales of other products and services	122,631	124,797	2,166	1.8%
Revenue from sales of coal	160,830	258,060	97,230	60.5%
Revenue from the Capacity Market	0	652,951	652,951	100.0%
<b>Net revenue from sales</b>	<b>13,453,720</b>	<b>15,281,362</b>	<b>1,827,642</b>	<b>13.6%</b>
Revenue from leases and operating subleases	10,178	9,131	-1,047	-10.3%
<b>Net revenue from sales and other income</b>	<b>13,463,898</b>	<b>15,290,493</b>	<b>1,826,595</b>	<b>13.6%</b>
Amortization and depreciation	1,189,814	1,143,749	-46,065	-3.9%
Employee benefit costs	1,454,779	1,564,250	109,471	7.5%
Consumption of materials and supplies and cost of goods sold	2,642,122	3,375,160	733,038	27.7%
Purchase of energy and gas for subsequent sale	5,469,283	6,180,123	710,840	13.0%
Transmission services	355,046	329,480	-25,566	-7.2%
Other third-party services	650,428	673,547	23,119	3.6%
Taxes and charges	335,387	351,519	16,132	4.8%
<b>Tax-deductible expenses</b>	<b>12,096,859</b>	<b>13,617,828</b>	<b>1,520,969</b>	<b>12.6%</b>
Other operating revenue	182,284	145,683	-36,601	-20.1%
Other operating costs	129,409	145,906	16,497	12.7%
Change in provision related to onerous contracts	53,432	-11,066	-64,498	-120.7%
Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets	(28,053)	(32,118)	-4,065	-14.5%
Impairment loss allowance on non-financial non-current assets	521,984	3,445	-518,539	-99.3%
<b>Operating profit / (loss)</b>	<b>923,309</b>	<b>1,625,813</b>	<b>702,504</b>	<b>76.1%</b>
Finance costs	260,021	165,875	-94,146	-36.2%
Finance income	31,353	47,943	16,590	52.9%
Dividend income	275	217	-58	-21.1%
Impairment allowances/(reversal thereof) on financial assets measured at amortized cost	141,470	13,762	-127,708	-90.3%
Share in the results of associates and jointly controlled entities	-333,826	126,054	459,880	137.8%
Impairment loss / (reversal of impairments) on investments in associates and jointly controlled entities	129,208	0	-129,208	-100.0%
<b>Profit / (loss) before tax</b>	<b>90,412</b>	<b>1,620,390</b>	<b>1,529,978</b>	<b>1,692.2%</b>
Income tax	134,116	288,043	153,927	114.8%
<b>Net profit / (loss) for the reporting period</b>	<b>(43,704)</b>	<b>1,332,347</b>	<b>1,376,051</b>	<b>3,148.6%</b>
<b>EBITDA</b>	<b>2,635,107</b>	<b>2,773,007</b>	<b>137,900</b>	<b>5.2%</b>

#### Key EBITDA drivers in the ENEA Group in the first three quarters of 2021 (up PLN 138 million):

- (+) an increase in revenue from sales of electricity by PLN 879 million, driven mainly by a 4,457 GWh increase in sales volume with a concurrent 3% decrease in the average sales price and lower revenues from Regulatory System Services
- (+) an increase in revenue from sales of heat by PLN 59 million driven mainly by an increase higher sales volume by 900 TJ
- (+) an increase in revenue from sales of natural gas by PLN 86 million, driven mainly by a 1,233 GWh increase in the sales volume
- (+) an increase in revenue from sales of distribution services by PLN 28 million as a result of a 824 GWh increase in the volume of distributed energy, offset by lower revenues from grid connection fees

- (+) an increase in revenue from sales of goods and materials by PLN 30 million resulting from greater demand for goods from external buyers
- (+) an increase in revenue from sales of coal by PLN 97 million driven by higher sales volume
- (+) in Q1-Q3 2021, recognition of PLN 653 million in revenues from the Capacity Market
- (-) an increase in employee benefit costs by PLN 109 million driven mainly by higher average headcount and higher payroll costs and payroll-related charges and a change in employee provisions
- (-) an increase in the costs of consumption of materials and supplies and cost of goods sold by PLN 733 million results from:
  - (-) higher costs of CO<sub>2</sub> emission allowances, coal consumption costs and lower costs of biomass consumption for the whole Generation Segment
  - (-) remeasurement of CO<sub>2</sub> contracts
- (-) an increase in the costs of purchasing electricity and gas by PLN 711 million results mainly from:
  - (-) electricity: volume +1,436 GWh; average price +3%
  - (-) natural gas: volume +1,210 GWh; average price -6%
- (+) a decrease in the costs of transmission services by PLN 26 million, chiefly driven down by a decrease in contractual capacity, higher volume of consumed energy and lower fixed and variable fee rates
- (-) an increase in costs of third-party services by PLN 23 million caused mainly by an increase in the costs of repair services and the costs of services outsourced to external companies
- (-) an increase in taxes and charges by PLN 16 million caused partly by a higher property tax and higher mining fees
- (-) in Q1-Q3 2020, the use of a portion of the provision in the amount of PLN 53.4 million established in expenses in December 2019 in the amount of PLN 68.6 million was recognized in revenues due to a loss on Tariff G approved by the ERO. In Q1-Q3 2021, the use of a portion of a provision in the amount of PLN 14.9 million established in expenses in December 2020 was recognized due to a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers amounting to PLN 50.8 million by ENEA S.A. as the offtaker of last resort and an update of this provision in the amount of PLN 26.0 million was recognized in expenses
- (-) result on other operating activities down by PLN 57 million:
  - (-) remeasurement of CO<sub>2</sub> contracts by PLN 27 million
  - (-) impairment losses on overdue receivables and uncollectible receivables down by PLN 25 million
  - (-) revenues arising from compensation, penalties and fines down by PLN 19 million
  - (-) balance of refunds from the insurer down by PLN 12 million
  - (+) provisions for potential claims down by PLN 12 million
  - (+) result on the valuation of forward contracts for the purchase of electricity, gas and property rights up by PLN 16 million

#### Material changes affecting net result:

- (+) in Q1-Q3 2021, recognition of a PLN 114.1 million partial reversal of the provision for future investment commitments to Elektrownia Ostrołęka Sp. z o.o., established in the amount of PLN 222.2 million
- (+) in Q1-Q3 2020 an impairment allowance was recognized on loans granted to Elektrownia Ostrołęka Sp. z o.o. with interest in the amount of PLN 141.5 million, while in Q1-Q3 2021 an impairment allowance was taken for interest on loans granted to Elektrownia Ostrołęka Sp. z o.o. in the amount of PLN 13.8 million (difference of PLN 127.7 million)
- (+) in Q1-Q3 2020 impairment loss on the value of the block of shares in Polska Grupa Górnicza S.A. in the amount of PLN 129 million

#### Consolidated statement of profit and loss in Q3 2021

[PLN 000s]	Q3 2020	Q3 2021	Change	% change
Revenue from sales of electricity	3,555,411	4,149,231	593,820	16.7%
Revenue from sales of heat	52,592	63,403	10,811	20.6%
Revenue from sales of gas	46,543	66,479	19,936	42.8%
Revenue from sales of distribution services	744,177	770,768	26,591	3.6%
Revenue from certificates of origin	735	91	-644	-87.6%
Revenue from sales of goods and materials	29,298	42,161	12,863	43.9%
Revenue from sales of other products and services	38,432	43,244	4,812	12.5%
Revenue from sales of coal	44,675	102,716	58,041	129.9%
Revenue from the Capacity Market	0	226,800	226,800	100.0%
<b>Net revenue from sales</b>	<b>4,511,863</b>	<b>5,464,893</b>	<b>953,030</b>	<b>21.1%</b>
Revenue from leases and operating subleases	2,580	2,262	-318	-12.3%
<b>Net revenue from sales and other income</b>	<b>4,514,443</b>	<b>5,467,155</b>	<b>952,712</b>	<b>21.1%</b>
Amortization and depreciation	418,846	394,168	-24,678	-5.9%
Employee benefit costs	473,840	521,937	48,097	10.2%
Consumption of materials and supplies and cost of goods sold	979,061	1,277,198	298,137	30.5%

Purchase of energy and gas for subsequent sale	1,786,374	2,063,161	276,787	15.5%
Transmission services	118,151	112,295	-5,856	-5.0%
Other third-party services	249,712	233,931	-15,781	-6.3%
Taxes and charges	114,160	115,677	1,517	1.3%
<b>Tax-deductible expenses</b>	<b>4,140,144</b>	<b>4,718,367</b>	<b>578,223</b>	<b>14.0%</b>
Other operating revenue	46,793	65,824	19,031	40.7%
Other operating costs	29,798	72,051	42,253	141.8%
Change in provision related to onerous contracts	14,127	-7,330	-21,457	-151.9%
Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets	(10,858)	(8,527)	2,331	21.5%
Impairment loss allowance on non-financial non-current assets	212	81	-131	-61.8%
<b>Operating profit / (loss)</b>	<b>394,351</b>	<b>726,623</b>	<b>332,272</b>	<b>84.3%</b>
Finance costs	86,313	48,964	-37,349	-43.3%
Finance income	8,017	12,243	4,226	52.7%
Dividend income	123	98	-25	-20.3%
Impairment allowances/(reversal thereof) on financial assets measured at amortized cost	2,733	3,774	1,041	38.1%
Share in the results of associates and jointly controlled entities	-83,488	4,850	88,338	105.8%
Impairment loss / (reversal of impairments) on investments in associates and jointly controlled entities	129,208	0	-129,208	-100.0%
<b>Profit / (loss) before tax</b>	<b>100,749</b>	<b>691,076</b>	<b>590,327</b>	<b>585.9%</b>
Income tax	62,810	94,759	31,949	50.9%
<b>Net profit / (loss) for the reporting period</b>	<b>37,939</b>	<b>596,317</b>	<b>558,378</b>	<b>1,471.8%</b>
<b>EBITDA</b>	<b>813,409</b>	<b>1,120,872</b>	<b>307,463</b>	<b>37.8%</b>

#### **Key EBITDA drivers in the ENEA Group in Q3 2021 (up PLN 307 million):**

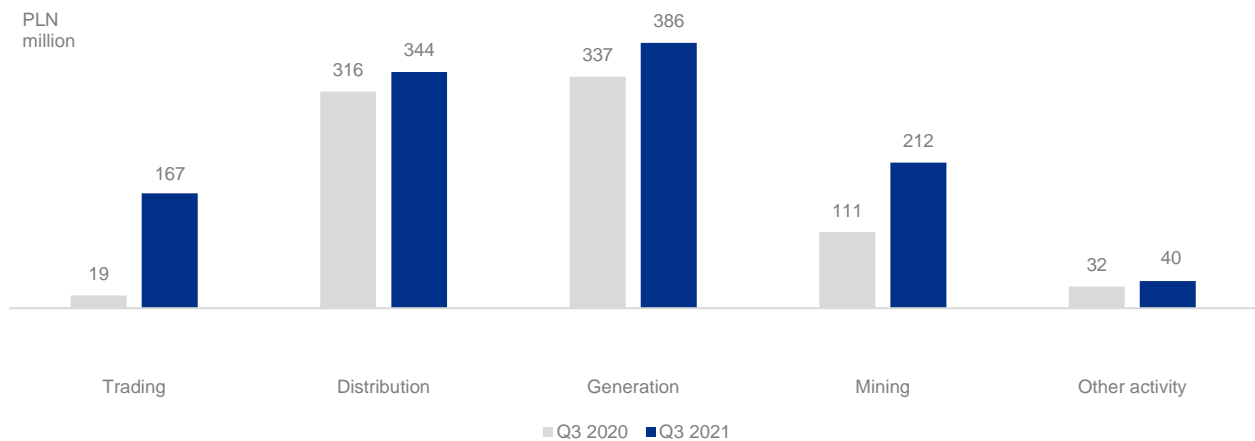
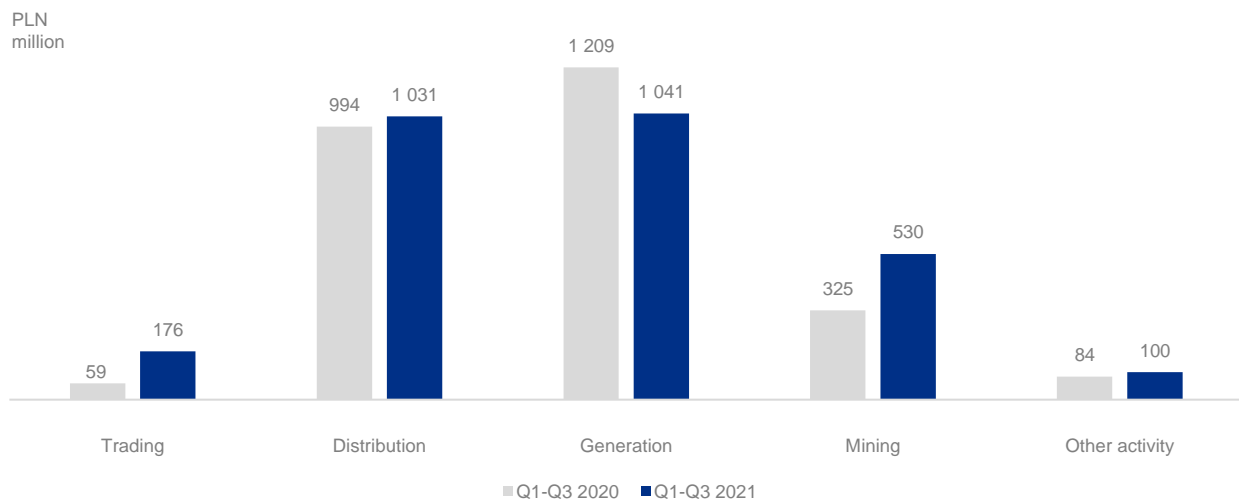
- (+) an increase in revenue from sales of electricity by PLN 594 million, driven mainly by a 1,931 GWh increase in sales volume with concurrent lower revenues from Regulatory System Services
- (+) an increase in revenue from sales of heat by PLN 11 million driven mainly by an increase higher sales volume by 149 TJ
- (+) an increase in revenue from sales of natural gas by PLN 20 million driven mainly by an increase in the sales volume by 149 GWh
- (+) an increase in revenue from sales of distribution services by PLN 27 million as a result of higher revenue from grid connection fees and an increase in the distributed energy volume by 121 GWh
- (+) an increase in revenue from sales of goods and materials by PLN 13 million resulting from greater demand for goods from external buyers
- (+) an increase in revenue from sales of coal by PLN 58 million driven by higher sales volume
- (+) in Q3 2021, recognition of PLN 227 million in revenues from the Capacity Market
- (-) an increase in employee benefit costs by PLN 48 million driven mainly by higher payroll costs and payroll-related charges and a change in employee provisions
- (-) an increase in the costs of consumption of materials and supplies and cost of goods sold by PLN 298 million results from:
  - (-) higher costs of CO<sub>2</sub> emissions, costs of biomass and coal consumption for the whole Generation Segment
  - (+) remeasurement of CO<sub>2</sub> contracts
- (-) an increase in the costs of purchasing electricity and gas by PLN 277 million results mainly from:
  - (-) electricity: volume +870 GWh; average price +3%
  - (-) natural gas: volume +128 GWh; average price +10%
- (+) an decrease in costs of third-party services by PLN 16 million caused mainly by lower costs of repair services and a high cost base in LWB in Q3 2020 (despite the increase y/y increase in coal production, a significant part of coal inventories was sold in the corresponding period of 2020, which resulted in recognition of production costs of such coal in the profit and loss account)
- (-) in Q3 2020, the use of a portion of the provision in the amount of PLN 14.1 million established in expenses in December 2019 in the amount of PLN 68.6 million was recognized in revenues due to a loss on Tariff G approved by the ERO. In Q3 2021, the use of a portion of a provision in the amount of PLN 6.7 million established in expenses in December 2020 was recognized due to a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers amounting to PLN 50.8 million by ENEA S.A. as the offtaker of last resort and an update of this provision in the amount of PLN 14.1 million was recognized in expenses
- (-) result on other operating activities down by PLN 21 million:
  - (-) remeasurement of CO<sub>2</sub> contracts by PLN 17 million
  - (-) revenues arising from compensation, penalties and fines down by PLN 6 million

#### **Material changes affecting net result:**

- (+) in Q3 2020 impairment loss on the value of the block of shares in Polska Grupa Górnicza S.A. in the amount of PLN 129 million

## Financial performance of the ENEA Group in the first three quarters of 2021

EBITDA [PLN 000s]	Q1-Q3 2020	Q1-Q3 2021	Change	% change	Q3 2020	Q3 2021	Change	% change
Trading	58,858	176,254	117,396	199.5%	18,548	167,344	148,796	802.2%
Distribution	994,027	1,031,148	37,121	3.7%	315,528	343,691	28,163	8.9%
Generation	1,209,002	1,041,454	-167,548	-13.9%	336,923	386,129	49,206	14.6%
Mining	324,929	530,442	205,513	63.2%	110,615	212,109	101,494	91.8%
Other activity	83,975	99,837	15,862	18.9%	31,546	39,583	8,037	25.5%
Unassigned items and elimination	-35,684	-106,128	-70,444	-197.4%	249	-27,984	-28,233	-11,338.6%
<b>Total EBITDA</b>	<b>2,635,107</b>	<b>2,773,007</b>	<b>137,900</b>	<b>5.2%</b>	<b>813,409</b>	<b>1,120,872</b>	<b>307,463</b>	<b>37.8%</b>



## Trading Area in the first three quarters of 2021 and Q3 2021

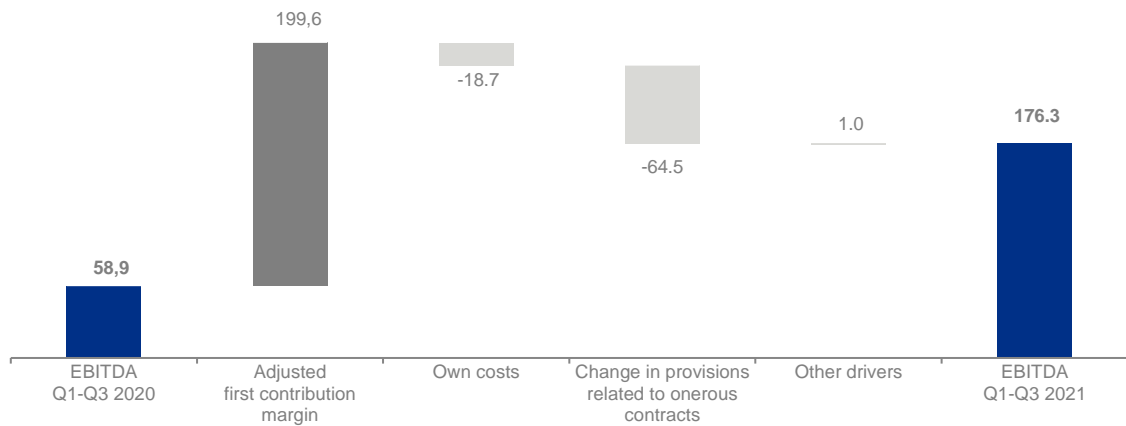
Retail sales of electricity are carried out by ENEA S.A.

Wholesale trade is carried out by ENEA Trading.

[PLN 000s]	Q1-Q3 2020	Q1-Q3 2021	Change	% change	Q3 2020	Q3 2021	Change	% change
Revenue from sales and other income	5,871,544	7,121,700	1,250,156	21.3%	1,872,382	2,475,378	602,996	32.2%
EBIT	57,827	173,982	116,155	200.9%	18,180	166,671	148,491	816.8%
Amortization and depreciation	1,031	2,272	1,241	120.4%	368	673	305	82.9%
<b>EBITDA</b>	<b>58,858</b>	<b>176,254</b>	<b>117,396</b>	<b>199.5%</b>	<b>18,548</b>	<b>167,344</b>	<b>148,796</b>	<b>802.2%</b>
CAPEX <sup>1)</sup>	711	1,480	769	108.2%	34	195	161	473.5%
Share of the segment's sales revenue in the Group's sales revenue	36%	38%	2 p.p.	-	34%	36%	2 p.p.	-

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

PLN million



### Key EBITDA drivers in the first three quarters of 2021:

#### Adjusted first contribution margin

- (+) average energy purchase price down by 5.7%
- (+) energy sales volume up by 15.9%
- (-) average energy sales price down by 0.7%
- (-) costs of environmental obligations up by 15.5%
- (-) lower result on trading in gaseous fuel
- (+) lower costs of provisions for claims under terminated RES property rights contracts by PLN 1.0 million
- (-) remeasurement of CO<sub>2</sub> contracts, forward transactions for energy, gas and property rights

#### Own costs

- (-) direct selling costs up by PLN 5.8 million
- (-) general and administrative expenses up by PLN 12.7 million

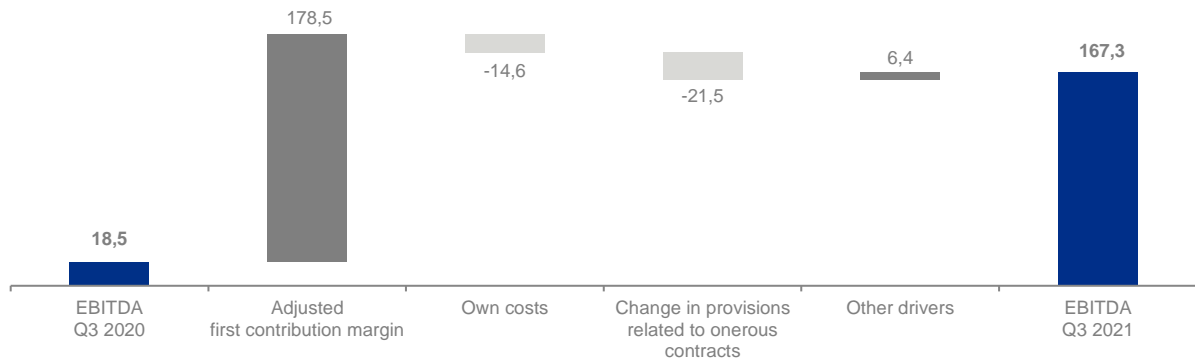
#### Change in provisions related to onerous contracts

(-) in Q1-Q3 2020, the use of a portion of the provision in the amount of PLN 53.4 million established in expenses in December 2019 in the amount of PLN 68.6 million was recognized in revenues due to a loss on Tariff G approved by the ERO. In Q1-Q3 2021, the use of a portion of a provision in the amount of PLN 14.9 million established in expenses in December 2020 was recognized due to a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers amounting to PLN 50.8 million by ENEA S.A. as the offtaker of last resort and an update of this provision in the amount of PLN 26.0 million was recognized in expenses

**Other drivers:**

- (+) revenue from sales of services up by PLN 15.6 million
- (+) litigation costs down by PLN 5.2 million
- (+) revenues from licenses linked to the ENEA brand up by PLN 1.3 million
- (+) costs of provisions for anticipated losses and potential claims down by PLN 0.7 million
- (+) costs of contributions to institutions where membership is not mandatory down by PLN 0.6 million
- (+) donation costs down by PLN 0.5 million
- (-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 20.4 million
- (-) impairment losses for receivables up by PLN 2.5 million

PLN million



**Key EBITDA drivers in Q3 2021:**

**Adjusted first contribution margin**

- (+) average energy purchase price down by 3.9%
- (+) energy sales volume up by 17.3%
- (+) average energy sales price up by 0.9%
- (-) costs of environmental obligations up by 6.2%
- (+) higher result on trade in gaseous fuel
- (+) costs of provisions for claims under terminated RES property rights contracts down by PLN 0.5 million
- (+) remeasurement of CO<sub>2</sub> contracts, forward transactions for energy, gas and property rights

**Own costs**

- (-) general and administrative expenses up by PLN 16.2 million
- (+) direct selling costs down by PLN 1.7 million

**Change in provisions related to onerous contracts**

(-) in Q3 2020, the use of a portion of the provision in the amount of PLN 14.1 million established in expenses in December 2019 in the amount of PLN 68.6 million was recognized in revenues due to a loss on Tariff G approved by the ERO. In Q3 2021, the use of a portion of a provision in the amount of PLN 6.7 million established in expenses in December 2020 was recognized due to a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers amounting to PLN 50.8 million by ENEA S.A. as the offtaker of last resort and an update of this provision in the amount of PLN 14.1 million was recognized in expenses

**Other drivers:**

- (+) revenue from sales of services up by PLN 14.3 million
- (-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 5.4 million
- (-) costs of provisions for anticipated losses and potential claims up by PLN 1.4 million
- (-) impairment losses for receivables up by PLN 0.5 million
- (-) donation costs up by PLN 0.5 million

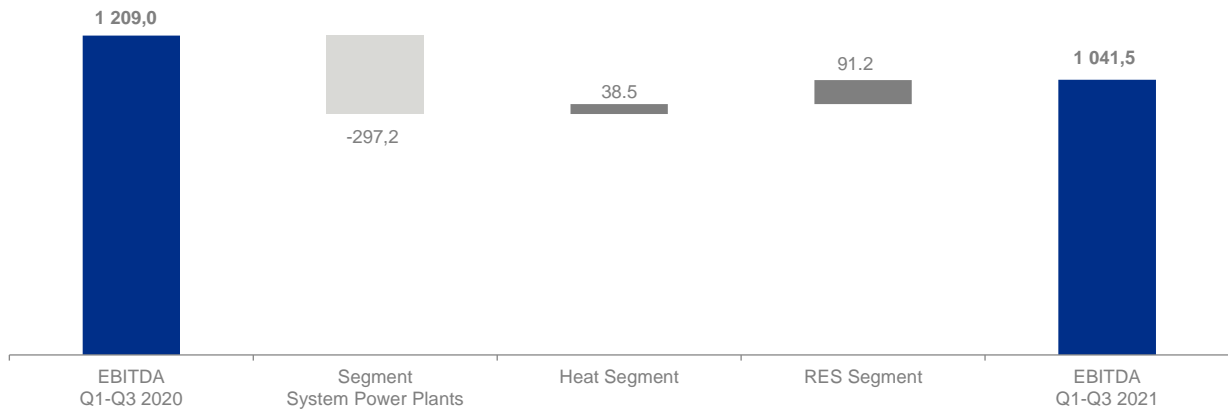
## Generation Area in the first three quarters of 2021 and Q3 2021

In the Generation Area, the financial data of ENEA Wytwarzanie are presented together with those of its subsidiaries: ENEA Nowa Energia, ENEA Ciepło, ENEA Ciepło Serwis, ENEA Elektrownia Połaniec, ENEA Połaniec Serwis and ENEA Bioenergia.

ENEA Wytwarzanie owns, among others, eleven high-efficiency and modernized power units in the Kozienice Power Plant. ENEA Elektrownia Połaniec owns seven coal-fired units with the total maximum capacity of 1,657 MW and the world's largest biomass-fired unit with the total maximum capacity of 225 MW.

[PLN 000s]	Q1-Q3 2020	Q1-Q3 2021	Change	% change	Q3 2020	Q3 2021	Change	% change
Net revenue from sales	6,270,577	7,205,692	935,115	14.9%	2,165,044	2,742,147	577,103	26.7%
<i>electricity</i>	5,766,109	5,941,372	175,263	3.0%	2,036,861	2,317,893	281,032	13.8%
<i>Capacity Market</i>	0	652,951	652,951	100.0%	0	226,800	226,800	100.0%
<i>certificates of origin</i>	236,688	270,675	33,987	14.4%	64,362	114,900	50,538	78.5%
<i>heat</i>	234,428	292,621	58,193	24.8%	51,535	62,241	10,706	20.8%
<i>other</i>	33,352	48,073	14,721	44.1%	12,286	20,313	8,027	65.3%
Revenue from leases and operating subleases	474	652	178	37.6%	201	202	1	0.5%
Revenue from sales and other income	6,271,051	7,206,344	935,293	14.9%	2,165,245	2,742,349	577,104	26.7%
EBIT	258,301	738,215	479,914	185.8%	193,368	284,028	90,660	46.9%
Amortization and depreciation	427,879	303,239	-124,640	-29.1%	143,555	102,101	-41,454	-28.9%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	522,822	0	-522,822	-100.0%	0	0	-	-
<b>EBITDA</b>	<b>1,209,002</b>	<b>1,041,454</b>	<b>-167,548</b>	<b>-13.9%</b>	<b>336,923</b>	<b>386,129</b>	<b>49,206</b>	<b>14.6%</b>
CAPEX	362,117	288,552	-73,565	-20.3%	107,321	84,606	-22,715	-21.2%
Share of the area's sales revenue in the Group's net revenue from sales	39%	38%	-1 p.p.	-	40%	40%	-	-

PLN million



### Key EBITDA drivers in the first three quarters of 2021:

#### System Power Plants Segment – down by PLN 297.2 million

- (-) trading and Balancing Market margin down by PLN 486.6 million
- (-) generation margin down by PLN 339.9 million
- (-) revenue from Regulatory System Services down by PLN 64.3 million
- (-) other drivers down by PLN 50.6 million
- (+) revenue from the Capacity Market of 644.2 million

#### Heat Segment – up by PLN 38.5 million

- (+) margin on heat up by PLN 37.1 million
- (+) revenue from the Capacity Market of 2.6 million
- (-) fixed costs up by PLN 9.0 million
- (+) other drivers up by PLN 7.8 million



### RES Segment – up by PLN 91.2 million

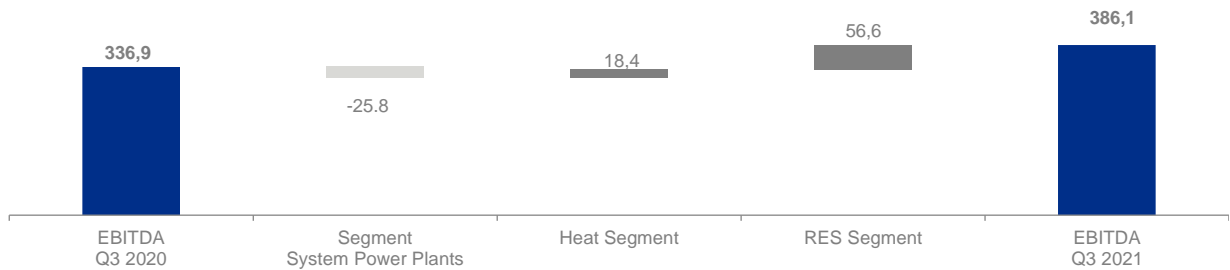
(+) Biomass Area (Green Unit): PLN +66.6 million (of which PLN -3.0 million in ENEA Bioenergia): margin on renewable energy generation up by PLN +67.4 million, fixed costs down by PLN +3.2 million, Green Block's margin on sales of green certificates down by PLN -0.9 million,

(+) Wind Area (PLN +16.3 million): revenue from certificates of origin up by PLN +13.8 million, energy sales up by PLN +7.6 million, fixed costs up by PLN -5.0 million

(+) Hydro Area (PLN +7.2 million): revenue from the Capacity Market of PLN +6.2 million, revenue from sales of energy up by PLN +6.1 million, fixed costs up by PLN -3.4 million, revenue from certificates of origin down by PLN -2.0 million

(+) Biogas Area (PLN +1.0 million): chiefly revenue from certificates of origin up by PLN +1.3 million

PLN million



### Key EBITDA drivers in Q3 2021:

#### System Power Plants Segment – down by PLN 25.8 million

(-) trading and Balancing Market margin down by PLN 119.9 million

(-) generation margin down by PLN 101.3 million

(-) revenue from Regulatory System Services down by PLN 13.5 million

(+) revenue from the Capacity Market of 224.5 million

(-) other drivers down by PLN 15.5 million

#### Heat Segment – up by PLN 18.4 million

(+) margin on heat up by PLN 16.7 million

(-) fixed costs up by PLN 0.7 million

(+) other drivers up by PLN 2.4 million

#### RES Segment – up by PLN 56.6 million

(+) Biomass Area (Green Unit): PLN +48.5 million (of which PLN 0.4 million in ENEA Bioenergia): margin on renewable energy generation up by PLN +48.6 million, Green Block's margin on sales of green certificates down by PLN -3.9 million, fixed costs up by PLN +3.4 million

(+) Wind Area (PLN +6.2 million): revenue from certificates of origin up by PLN +2.1 million, energy sales up by PLN +5.4 million, fixed costs up by PLN -1.4 million

(+) Hydro Area (PLN +1.9 million): revenue from the Capacity Market of PLN +2.3 million, revenue from sales of energy up by PLN +2.5 million, revenue from certificates of origin down by PLN -2.0 million, fixed costs up by PLN -1.0 million

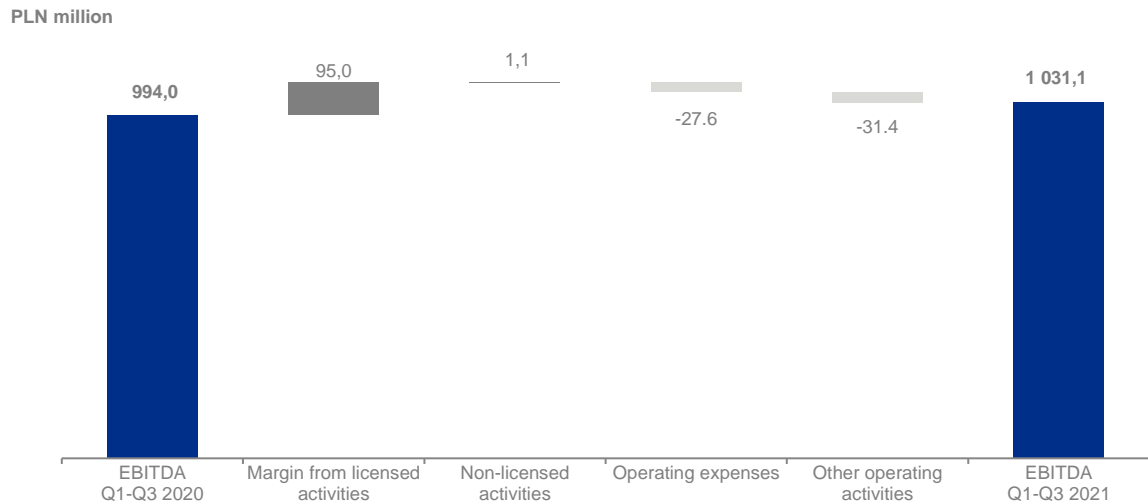
## Distribution Area in the first three quarters of 2021 and Q3 2021

ENEA Operator is responsible for the distribution of electricity to 2.7 million Customers – in western and north-western Poland in the area of 58.2 thousand km<sup>2</sup>. The key task of ENEA Operator is to provide energy in a continuous and reliable manner, while maintaining appropriate quality parameters.

The Distribution Area includes financial data of the following companies:

- ENEA Operator
- ENEA Serwis
- ENEA Pomiar
- ENEA Logistyka
- Annacond Enterprises (until 24 February 2020)

[PLN 000s]	Q1-Q3 2020	Q1-Q3 2021	Change	% change	Q3 2020	Q3 2021	Change	% change
Net revenue from sales	2,397,703	2,438,616	40,913	1.7%	775,385	810,028	34,643	4.5%
distribution services to end users	2,145,131	2,242,709	97,578	4.5%	717,857	734,421	16,564	2.3%
grid connection fees	112,765	63,552	-49,213	-43.6%	11,961	27,155	15,194	127.0%
other	139,807	132,355	-7,452	-5.3%	45,567	48,452	2,885	6.3%
EBIT	525,422	529,737	4,315	0.8%	155,879	174,346	18,467	11.8%
Amortization and depreciation	468,605	501,411	32,806	7.0%	159,649	169,345	9,696	6.1%
<b>EBITDA</b>	<b>994,027</b>	<b>1,031,148</b>	<b>37,121</b>	<b>3.7%</b>	<b>315,528</b>	<b>343,691</b>	<b>28,163</b>	<b>8.9%</b>
CAPEX	747,729	586,632	-161,097	-21.5%	259,221	215,573	-43,648	-16.8%
Share of the segment's sales revenue in the Group's net revenue from sales	15%	13%	-2 p.p.	-	14%	12%	-2 p.p.	-



### Key EBITDA drivers in the first three quarters of 2021:

#### Margin from licensed activities

- (+) revenue from sales of distribution services to end users up by PLN 98 million
- (-) revenue from grid connection fees down by PLN 49 million
- (+) costs of purchasing transmission and distribution services (balance) down by PLN 24 million
- (+) costs of purchasing electricity to cover the balancing difference (balance) down by PLN 19 million
- (+) other revenues up by PLN 3 million

#### Operating expenses

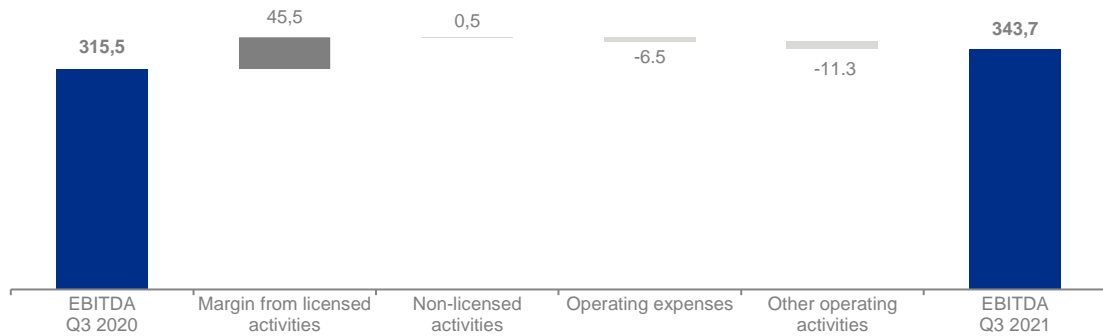
- (-) employee benefit costs up by PLN 15 million
- (-) costs of taxes and charges up by PLN 6 million
- (-) costs of third-party services up by PLN 5 million
- (-) other costs up by PLN 2 million

#### Other operating activities

- (-) revenue from contractual penalties and indemnities received down by PLN 15 million
- (-) change in impairment allowances by PLN 10 million

- (-) revenues from infrastructure collisions down by PLN 9 million
- (+) costs of liquidation down by PLN 3 million

PLN million



#### Key EBITDA drivers in Q3 2021:

##### **Margin from licensed activities**

- (+) revenue from sales of distribution services to end users up by PLN 17 million
- (+) revenue from grid connection fees up by PLN 15 million
- (+) costs of purchasing transmission and distribution services (balance) down by PLN 6 million
- (+) costs of purchasing electricity to cover the balancing difference (balance) down by PLN 7 million

##### **Operating expenses**

- (-) employee benefit costs up by PLN 8 million
- (+) costs of third-party services down by PLN 2 million

##### **Other operating activities**

- (-) change in provisions concerning grid assets by PLN 8 million
- (-) revenue from contractual penalties and indemnities received down by PLN 5 million
- (+) costs of liquidation down by PLN 1 million

## Mining Area in the first three quarters of 2021 and Q3 2021

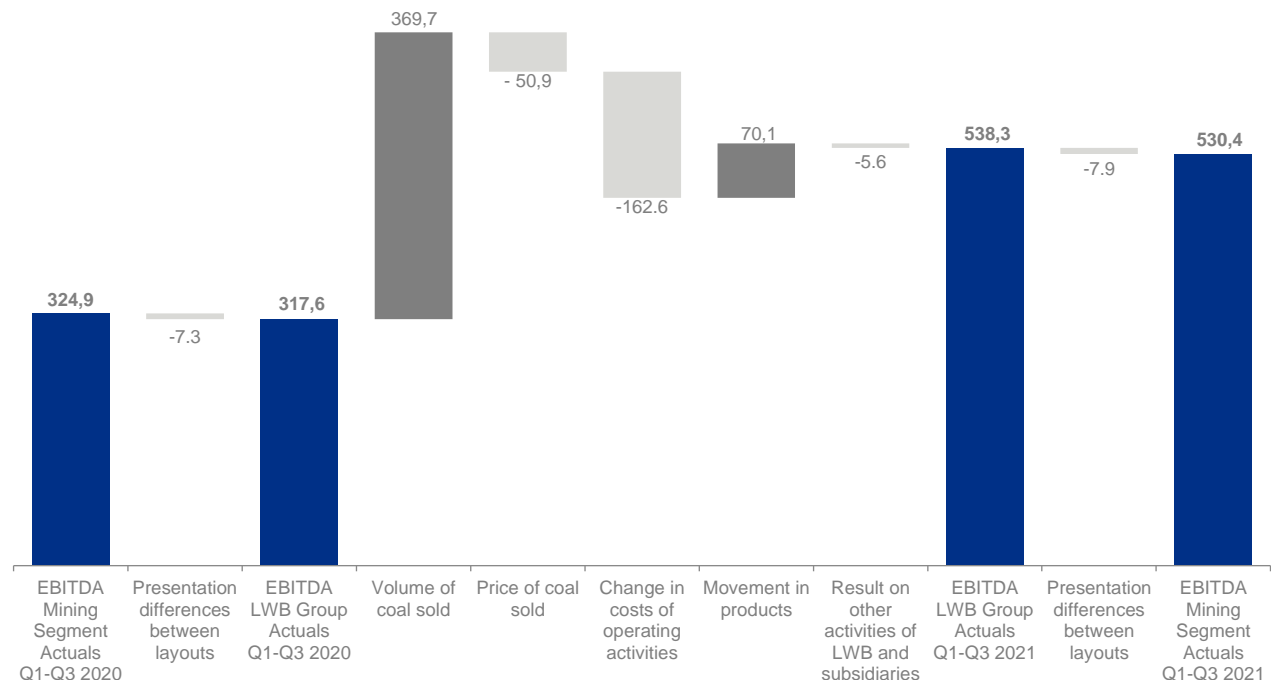
The Mining Area presents the financial results of the LW Bogdanka Group with the parent company - Lubelski Węgiel Bogdanka S.A. and its subsidiaries.

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

The main buyers are commercial and industrial energy sectors.

[PLN 000s]	Q1-Q3 2020	Q1-Q3 2021	Change	% change	Q3 2020	Q3 2021	Change	% change
Net revenue from sales	1,346,439	1,662,301	315,862	23.5%	502,243	619,885	117,642	23.4%
coal	1,320,231	1,627,001	306,770	23.2%	493,996	608,438	114,442	23.2%
other products and services	16,837	22,340	5,503	32.7%	4,916	6,284	1,368	27.8%
goods and materials	9,371	12,960	3,589	38.3%	3,331	5,163	1,832	55.0%
Revenue from leases and operating subleases	7,095	6,181	-914	-12.9%	2,279	2,002	-277	-12.2%
Revenue from sales and other income	1,353,534	1,668,482	314,948	23.3%	504,522	621,887	117,365	23.3%
EBIT	75,328	235,057	159,729	212.0%	9,306	103,653	94,347	1,013.8%
Amortization and depreciation	250,439	295,298	44,859	17.9%	101,097	108,375	7,278	7.2%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	(838)	87	925	110.4%	212	81	-131	-61.8%
<b>EBITDA</b>	<b>324,929</b>	<b>530,442</b>	<b>205,513</b>	<b>63.2%</b>	<b>110,615</b>	<b>212,109</b>	<b>101,494</b>	<b>91.8%</b>
CAPEX	495,873	210,344	-285,529	-57.6%	96,388	73,220	-23,168	-24.0%
Share of the area's sales revenue in the Group's net revenue from sales	8%	9%	1 p.p.	-	9%	9%	-	-

PLN million



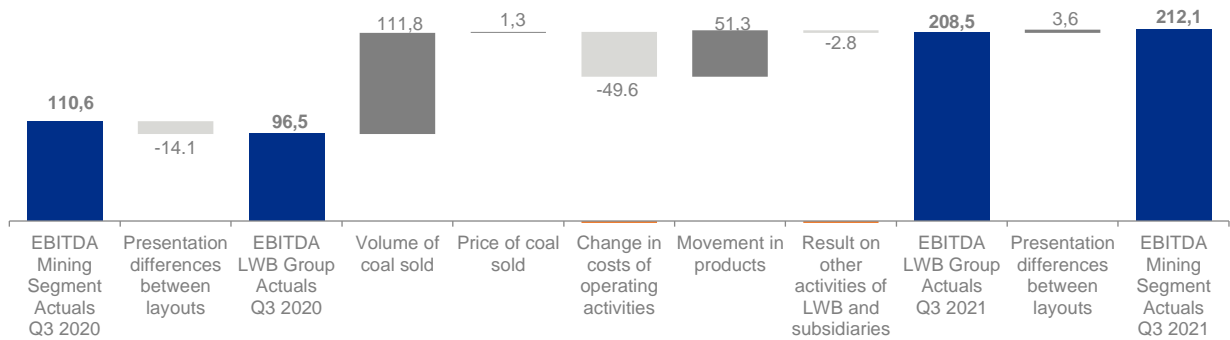
### EBITDA drivers in the first three quarters of 2021:

- (+) Greater revenue from sales of coal in connection with the higher volume of coal sales (+1,544 thous. tons).
- (-) Greater volume of sales coupled with a lower price of coal sold.
- (-) Higher mining cash cost – mining volume was up by 2,075 thous. tons, which translated into a higher cost of consumption of materials and costs of third-party services (more mining days).

(-) In 2020, an increase in the number of employees taking advantage of the benefits introduced by the “anti-crisis shield” in connection with the current pandemic – reduced burden on the company. Due to the limited coal output in 2020, some employees were relocated to excavation works originally intended to be performed by external contractors. In 2020, a higher value of employee compensations was derecognized to CAPEX (it was activated and did not burden the company’s current financial result; effect of a lower base).

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

PLN  
million



**EBITDA drivers in Q3 2021:**

(+) Greater revenue from sales of coal in connection with the higher volume of coal sales (+477 thous. tons).

(+) Greater volume of sales coupled with a slightly higher price of coal sold.

(-) Higher mining cash cost – mining volume was up by 912 thous. tons, which translated into a higher cost of consumption of materials and costs of third-party services (more mining days).

(-) In 2020, an increase in the number of employees taking advantage of the benefits introduced by the “anti-crisis shield” in connection with the current pandemic – reduced burden on the company. Due to the limited coal output in 2020, some employees were relocated to excavation works originally intended to be performed by external contractors. In 2020, a higher value of employee compensations was derecognized to CAPEX (it was activated and did not burden the company’s current financial result; effect of a lower base).

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

## Other Activities Area in the first 3 quarters of 2021

[PLN 000s]	Q1-Q3 2020	Q1-Q3 2021	Change	% change	Q3 2020	Q3 2021	Change	% change
Net revenue from sales	361,912	382,254	20,342	5.6%	124,998	133,866	8,868	7.1%
Revenue from leases and operating subleases	2,646	2,345	-301	-11.4%	112	69	-43	-38.4%
Revenue from sales and other income	364,558	384,599	20,041	5.5%	125,110	133,935	8,825	7.1%
EBIT	30,804	41,965	11,161	36.2%	13,609	21,712	8,103	59.5%
Amortization and depreciation	53,171	54,514	1,343	2.5%	17,937	17,871	-66	-0.4%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	0	3,358	3,358	100.0%	0	0	-	-
<b>EBITDA</b>	<b>83,975</b>	<b>99,837</b>	<b>15,862</b>	<b>18.9%</b>	<b>31,546</b>	<b>39,583</b>	<b>8,037</b>	<b>25.5%</b>
CAPEX	27,827	22,870	-4,957	-17.8%	10,483	8,186	-2,297	-21.9%
Share of the segment's sales revenue in the Group's sales revenue	2%	2%	-	-	2%	2%	-	-

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

- activities supporting other Group companies:  
 ENEA Centrum – the Shared Services Center in the Group in the field of accounting, human resources, ITC and customer service, collection, procurement and administration  
 ENEA Innowacje – deals with ventures that offer a chance to become, in the future, innovative and modern products offered by the Group  
 ENEA Badanie i Rozwój – responsible for research and experimental development on other natural sciences and engineering. On 12 April 2021, the Extraordinary General Meeting of ENEA Badania i Rozwój adopted a resolution on the merger with ENEA Innowacje through the acquisition of ENEA Badania i Rozwój by ENEA Innowacje, as a result of which an entry was made on 1 June 2021 in the National Court Register on the merger of ENEA Innowacje and ENEA Badania i Rozwój.
- accompanying activities:  
 ENEA Oświetlenie – a company specializing in indoor and outdoor lighting; it designs and builds road lighting, illumination for urban spaces, illumination for historic and public buildings, provides services of construction and comprehensive operation of photovoltaic power plants.

## Ratio analysis<sup>1)</sup>

	Q1-Q3 2020	Q1-Q3 2021	Q3 2020	Q3 2021
<b>Profitability ratios</b>				
ROE – return on equity	-0.4%	12.2%	1.0%	16.4%
ROA – return on assets	-0.2%	5.3%	0.5%	7.1%
Net profitability	-0.3%	8.7%	0.8%	10.9%
Operating profitability	6.9%	10.6%	8.7%	13.3%
EBITDA profitability	19.6%	18.1%	18.0%	20.5%
<b>Liquidity and financial structure ratios</b>				
Current liquidity ratio	1.2	1.1	1.2	1.1
Coverage of non-current assets with equity	64.5%	65.6%	64.5%	65.6%
Total debt ratio	52.4%	56.7%	52.4%	56.7%
Net debt / EBITDA	1.37	0.31	1.37	0.31
<b>Economic activity ratios</b>				
Current receivables turnover in days <sup>2)</sup>	47	46	47	43
Trade and other payables turnover in days <sup>3)</sup>	62	75	60	72
Inventory turnover in days	39	32	38	31

<sup>1)</sup> definitions of the ratios are presented on page 67

<sup>2)</sup> trade receivables – trade receivables, assets under contracts with customers and costs of concluding contracts

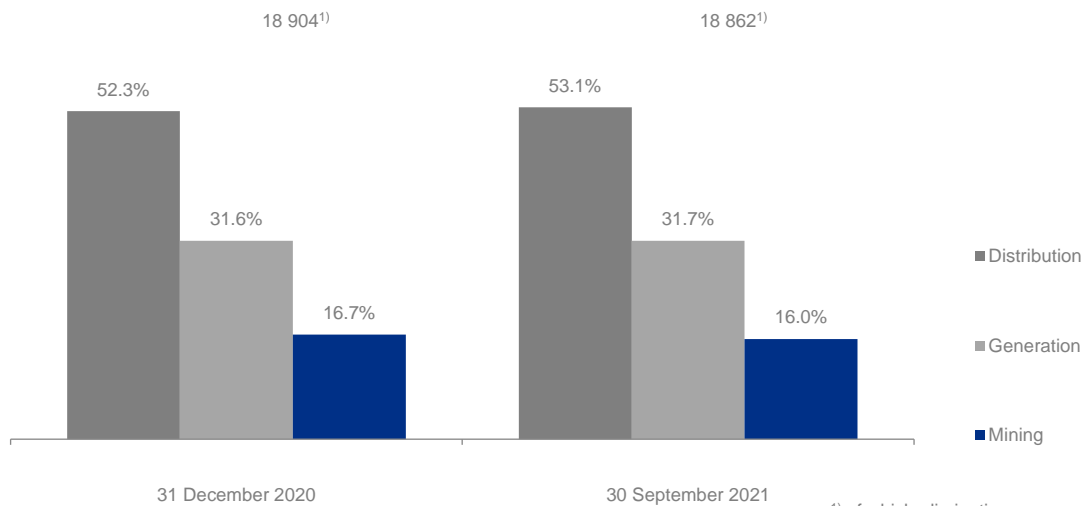
<sup>3)</sup> trade payables – trade payables, liabilities under contracts with customers

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

Assets [PLN 000s]	As at:			
	31 December 2020	30 September 2021	Change	% change
<b>Non-current assets</b>	<b>21,767,810</b>	<b>22,144,849</b>	<b>377,039</b>	<b>1.7%</b>
Property, plant and equipment	18,903,722	18,862,207	-41,515	-0.2%
Right-of-use asset	730,078	745,410	15,332	2.1%
Intangible assets	359,365	341,311	-18,054	-5.0%
Investment property	21,239	20,507	-732	-3.4%
Investments in associates and jointly controlled entities	133,647	132,508	-1,139	-0.9%
Deferred tax assets	1,296,061	1,308,053	11,992	0.9%
Financial assets at fair value	97,957	152,042	54,085	55.2%
Trade and other receivables	72,381	428,725	356,344	492.3%
Costs incurred to obtain a contract	11,256	12,183	927	8.2%
Receivables under leases and finance subleases	513	677	164	32.0%
Funds accumulated in the Mine Liquidation Fund	141,591	141,226	-365	-0.3%
<b>Current assets</b>	<b>8,122,053</b>	<b>11,442,029</b>	<b>3,319,976</b>	<b>40.9%</b>
CO <sub>2</sub> emission allowances	2,529,059	1,103,209	-1,425,850	-56.4%
Inventories	1,129,975	1,290,731	160,756	14.2%
Trade and other receivables	2,132,191	2,451,206	319,015	15.0%
Costs incurred to obtain a contract	13,428	11,348	-2,080	-15.5%
Assets arising from contracts with customers	322,446	421,800	99,354	30.8%
Receivables under leases and finance subleases	975	933	-42	-4.3%
Current income tax receivables	10,470	460	-10,010	-95.6%
Financial assets at fair value	41,894	95,045	53,151	126.9%
Debt financial assets measured at amortized cost	61	0	-61	-100.0%
Other short-term investments	0	31,607	31,607	100.0%
Cash and cash equivalents	1,941,554	6,035,690	4,094,136	210.9%
<b>Total Assets</b>	<b>29,889,863</b>	<b>33,586,878</b>	<b>3,697,015</b>	<b>12.4%</b>

PLN million

### Structure of non-current assets



### Change drivers for non-current assets (up by PLN 377 million):

- PLN 356 million increase in trade and other receivables – mainly in the value of collateral margins related to the contracting of CO<sub>2</sub> emission allowances
- PLN 54 million increase in financial assets measured at fair value – mainly due to an increase in the valuation of forward contracts for the purchase of electricity, gas and property rights
- PLN 42 million decrease in property, plant and equipment – an increase in fixed assets by PLN 885 million, with a concurrent increase in accumulated depreciation by PLN 927 million

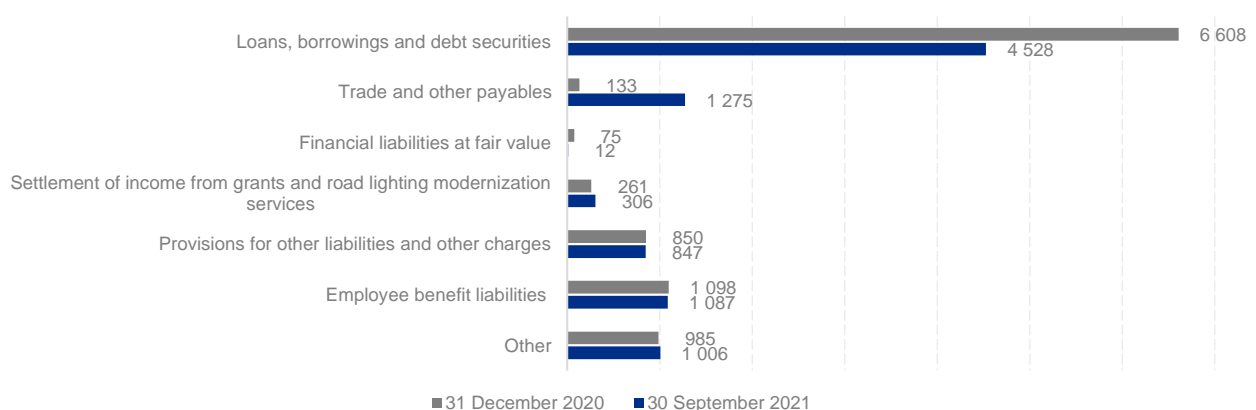
### Change drivers for current assets (up by PLN 3,320 million):

- PLN 4,094 million increase in cash and cash equivalents – chiefly due to a change in the amount of earmarked funds for trade in CO<sub>2</sub> emission allowances, revenues from the Capacity Market and cash generated from ongoing activity of companies
- PLN 319 million increase in trade and other receivables – mainly in the value of trade receivables, an increase in collateral margins related to the contracting of CO<sub>2</sub> emission allowances, with a concurred drop in tax receivables
- PLN 161 million increase in inventories – mainly an increase in inventories of energy origin certificates
- PLN 99 million increase in assets arising from contracts with customers – largely due to a higher volume of non-invoiced electricity sales
- PLN 53 million increase in financial assets measured at fair value – mainly due to an increase in the valuation of forward contracts for the purchase of electricity, gas and property rights
- PLN 1,426 million decrease in the value of CO<sub>2</sub> emission allowances, including: PLN -1,923 million redemption of rights, PLN 497 million purchase of allowances in 2021

Equity and liabilities [PLN 000s]	As at			
	31 December 2020	30 September 2021	Change	Change [%]
<b>Total equity</b>	<b>13,094,353</b>	<b>14,537,153</b>	<b>1,442,800</b>	<b>11.0%</b>
Share capital	588,018	588,018	-	-
Share premium	3,632,464	2,692,784	-939,680	-25.9%
Revaluation reserve – measurement of financial instruments	-16,295	0	16,295	100.0%
Revaluation reserve – measurement of hedging instruments	-105,534	-14,010	91,524	86.7%
Retained earnings	7,938,162	10,150,298	2,212,136	27.9%
Non-controlling interests	1,057,538	1,120,063	62,525	5.9%
<b>Total liabilities</b>	<b>16,795,510</b>	<b>19,049,725</b>	<b>2,254,215</b>	<b>13.4%</b>
Non-current liabilities	10,009,542	9,060,792	-948,750	-9.5%
Current liabilities	6,785,968	9,988,933	3,202,965	47.2%
<b>Total equity and liabilities</b>	<b>29,889,863</b>	<b>33,586,878</b>	<b>3,697,015</b>	<b>12.4%</b>

PLN million

### Structure of non-current liabilities



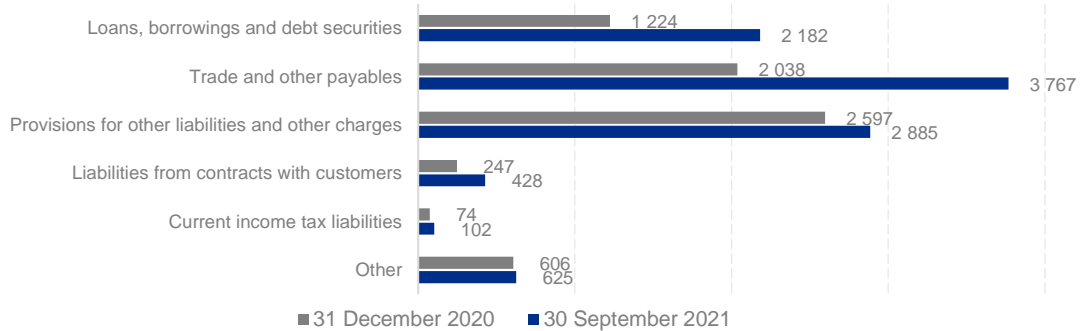


### Change drivers for non-current liabilities (down by PLN 949 million)

- PLN 2,080 million decrease in loans, borrowings and other debt securities – mainly through reclassification of non-current liabilities to current liabilities
- PLN 63 million decrease in financial liabilities measured at fair value – remeasurement of IRS financial instruments hedging against an increase in costs caused by changes in interest rates
- PLN 1,142 million increase in trade and other payables – mainly an increase in liabilities caused by the valuation of CO<sub>2</sub> futures transactions
- PLN 45 million increase in subsidy income settlements and road lighting modernization services – mainly deferred income from subsidies

PLN  
million

### Structure of current liabilities

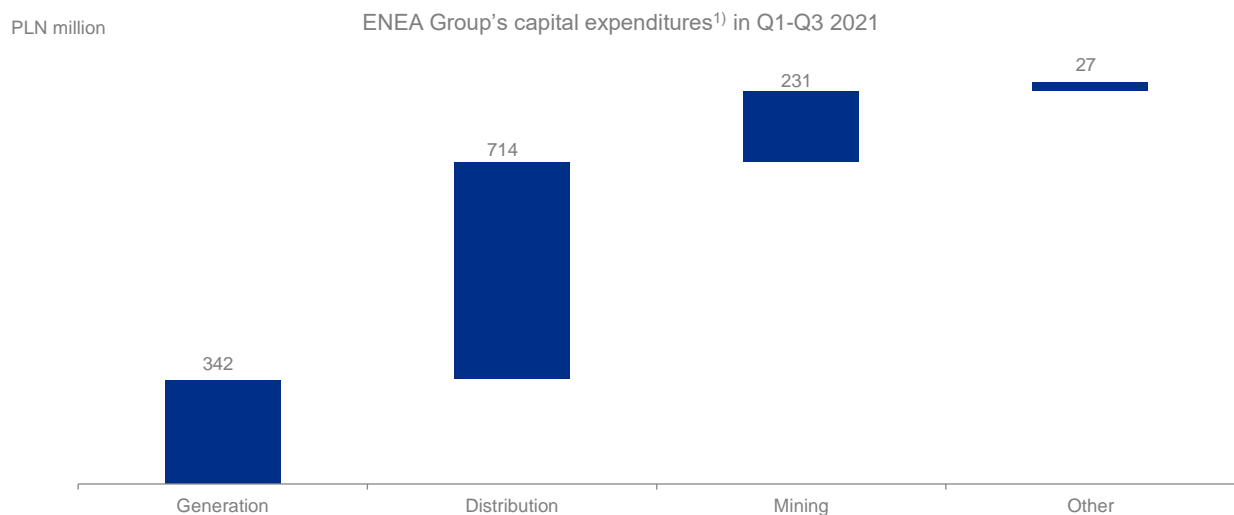
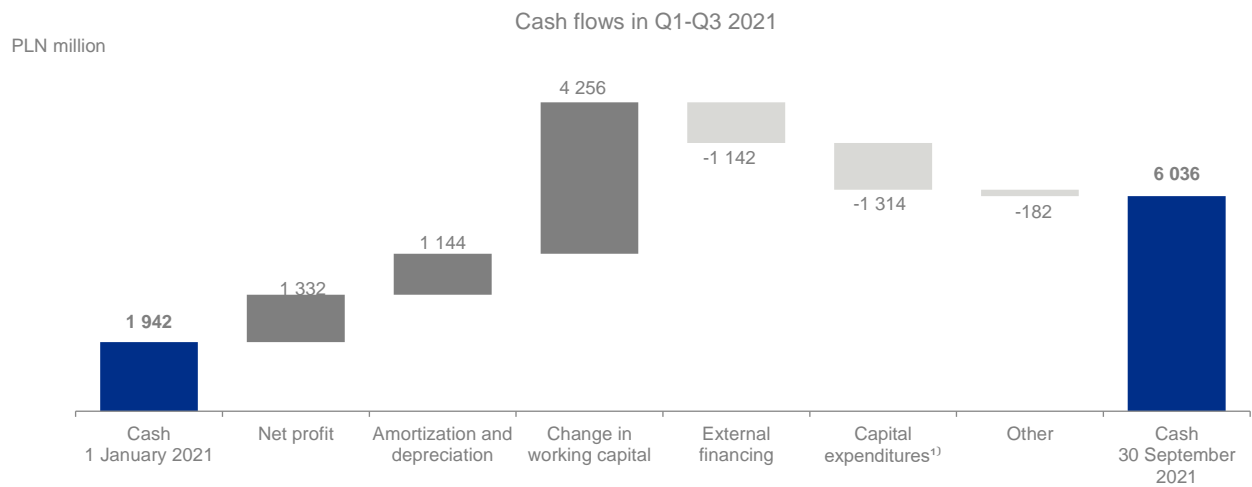


### Change drivers for current liabilities (up by PLN 3,203 million)

- PLN 1,729 million decrease in trade and other payables – an increase in liabilities related to the valuation of futures transactions for CO<sub>2</sub> emission allowances and an increase in trade liabilities, with a concurrent drop in investment liabilities and tax liabilities
- PLN 958 million increase in loans, borrowings and other debt securities – mainly reclassification of non-current to current liabilities with a simultaneous redemption of bonds by ENEA S.A.
- PLN 181 million increase in liabilities from contracts with customers – mainly an increase in advances for connection fees
- PLN 288 million increase in provisions for other liabilities and other charges – mainly an increase in provisions for energy origin certificates, an increase in provisions for the purchase of CO<sub>2</sub> emission allowances, partial reversal of the provision for future investment commitments to the Ostrołęka Power Plant (recognized in 2020)

## Cash position of the ENEA Group

Statement of cash flows [PLN 000s]	Q1-Q3 2020	Q1-Q3 2021	Change	% change
Net cash flows from operating activities	3,994,082	6,669,894	2,675,812	67.0%
Net cash flows from investing activities	(1,685,343)	(1,289,680)	395,663	23.5%
Net cash flows from financing activities	(1,489,578)	(1,286,078)	203,500	13.7%
Increase / (decrease) in net cash	819,161	4,094,136	3,274,975	399.8%
Cash at the beginning of reporting period	3,761,947	1,941,554	-1,820,393	-48.4%
<b>Cash at the end of reporting period</b>	<b>4,581,108</b>	<b>6,035,690</b>	<b>1,454,582</b>	<b>31.8%</b>



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

## 6. Shares and shareholders

### 6.1. Equity and shareholding structure

As at 30 September 2021 and as at the publication date of this report, the share capital of ENEA S.A. amounts to PLN 441,442,578 and is divided into 441,442,578 ordinary bearer shares with a nominal value of PLN 1 each. The total number of votes resulting from all outstanding shares of the Issuer corresponds to the number of shares, translating into 441,442,578 votes.

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

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

The table above presents the shareholding structure of ENEA S.A. as at the date of the periodic report for the first three quarters of 2021.

Shareholder	Number of shares / number of votes at the General Meeting	Interest in the share capital / share in the total number of votes
State Treasury	227,353,628	51.5%
Others	214,088,950	48.5%
<b>TOTAL</b>	<b>441,442,578</b>	<b>100.0%</b>

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

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

In the first three quarters of 2021, the ENEA S.A. stock price rose from PLN 6.535 to PLN 9.28, that is by PLN 2.745, or 42%. The highest closing price of ENEA S.A. stock in the first three quarters of 2021 was recorded on 16 September 2021 (PLN 10.29), while the lowest price was recorded on 19 and 25 March 2021 (PLN 6.04).

Share of the Company's stock in stock exchange indices as at 30 September 2021, in %:

Data	Q1-Q3 2021
Number of shares	441,442,578
Minimum [PLN]	6.04
Maximum [PLN]	10.29
Stock price at the end of the period [PLN]	9.28
Stock price at the end of the previous period [PLN]	6.535
Average trading volume	510,522



0.8



2.5



12.9



0.6

## 7. Company authorities

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

As at 1 January and as at the date of this report	
Name	Position
Paweł Szczeszek	President of the Management Board
Tomasz Siwak	Management Board Member for Commercial Matters
Tomasz Szczegieliński	Management Board Member for Corporate Matters
Marcin Pawlicki	Management Board Member for Operational Matters
Rafał Mucha	Management Board Member for Financial Matters

During the reporting period and until the publication date of the report for the first three quarters of 2021, there were no changes in the composition of the Company's Management Board.

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

As at 1 January 2021	
Name	Position
Izabela Felczak-Poturnicka	Supervisory Board Chairwoman
Roman Stryjski	Supervisory Board Deputy Chairman
Michał Jaciubek	Supervisory Board Secretary
Mariusz Fistek	Supervisory Board Member
Paweł Korobłowski	Supervisory Board Member
Ireneusz Kulka	Supervisory Board Member
Maciej Mazur	Supervisory Board Member
Piotr Mirkowski	Supervisory Board Member
Mariusz Pliszka	Supervisory Board Member
Rafał Włodarski	Supervisory Board Member

As at the publication date of the report for the first three quarters of 2021	
Name	Position
Rafał Włodarski	Chairman of the Supervisory Board
Roman Stryjski	Supervisory Board Deputy Chairman
Michał Jaciubek	Supervisory Board Secretary
Mariusz Fistek	Supervisory Board Member
Paweł Korobłowski	Supervisory Board Member
Maciej Mazur	Supervisory Board Member
Piotr Mirkowski	Supervisory Board Member
Mariusz Pliszka	Supervisory Board Member
Dorota Szymanek	Supervisory Board Member
Tomasz Lis.	Supervisory Board Member

- On 4 January 2021, the Company received a resignation tendered by Ms. Izabela Felczak-Poturnicka from the position of Chairwoman of the Supervisory Board and from her membership in the ENEA S.A. Supervisory Board as of 5 January 2021.
- On 7 January 2021, the Extraordinary General Meeting of ENEA S.A. appointed Mr. Rafał Włodarski as Chairman of the ENEA S.A. Supervisory Board.
- On 7 January 2021, the Company's Extraordinary General Meeting adopted a resolution by the power of which Ms. Dorota Szymanek was appointed to the ENEA S.A. Supervisory Board of the 10th term of office.
- On 15 September 2021, the Company received a letter of resignation tendered by Mr. Ireneusz Kulka from serving in the capacity of an ENEA S.A. Supervisory Board member and in the capacity of the Chairman of the Audit Committee as of 16 September 2021.
- On 18 November 2021, the Company's Extraordinary General Meeting adopted a resolution by the power of which Mr. Tomasz Lis was appointed to the ENEA S.A. Supervisory Board of the 10th term of office.

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

As at the day of publication of this report, the Audit Committee operates in the following composition:

Audit Committee	
Name	Position
Tomasz Lis <sup>1) 2) 3)</sup>	Member
Dorota Szymanek <sup>1)</sup>	Member
Maciej Mazur <sup>1)</sup>	Member
Piotr Mirkowski <sup>1) 3)</sup>	Member
Mariusz Pliszka <sup>1) 3)</sup>	Member
Roman Stryjski <sup>1)</sup>	Member

<sup>1)</sup> An independent member within the meaning of Article 129(3) of the Act of 11 May 2017 on certified auditors, auditing firms and public supervision and within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2021,

<sup>2)</sup> Member with knowledge and skills in the field of accounting or auditing of financial statements, based on his/her education and previous professional experience.

<sup>3)</sup> Member with knowledge and skills in the industry in which the issuer operates, based on his/her education and previous professional experience.

As at the publication date of this report, the Nominations and Remuneration Committee is composed of:

Nominations and Remuneration Committee	
Name	Position
Roman Stryjski <sup>1)</sup>	Chairman
Mariusz Fisteck <sup>1)</sup>	Member
Michał Jaciubek <sup>1)</sup>	Member
Paweł Korobłowski <sup>1)</sup>	Member
Piotr Mirkowski <sup>1)</sup>	Member
Rafał Włodarski	Member

<sup>1)</sup> An independent member within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2021.

As at the publication date of this report, the Strategy and Investment Committee is composed of:

Strategy and Investment Committee	
Name	Position
Rafał Włodarski	Chairman
Dorota Szymanek	Member
Michał Jaciubek	Member
Paweł Korobłowski	Member
Tomasz Lis	Member
Maciej Mazur	Member
Mariusz Pliszka	Member

### 7.3. Number of shares and rights to ENEA S.A. shares held by members of the Management Board and Supervisory Board

Name	Position	Number of ENEA S.A. shares as at 16 September 2021	Number of ENEA S.A. shares as at 25 November 2021
Michał Jaciubek	Supervisory Board Member	5,020	5,020
Mariusz Pliszka	Supervisory Board Member	3,880	3,880

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

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## 8. Other information relevant to evaluation of the issuer's standing

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### Regulatory environment

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

#### 8.1. Internal electricity market

The business of entities operating in the power sector is also governed by a number of EU regulations. Information on key regulations in force in this area is provided in Chapter 10 of the "Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2020". In the first three quarters of 2021 and after the balance sheet date, there were no changes in material regulations governing the operation of the internal electricity market.

#### 8.2. Demand for electricity

It is estimated that net domestic demand for electricity will surpass 181 TWh in 2030 and 204 TWh in 2040. Demand for maximum capacity will reach nearly 28 GW in 2030 and over 31 GW in 2040. The overall increase in net demand for electricity in 2020–2040 will be 27.7%. The peak demand for electricity will increase 27.8%<sup>1)</sup> during this period.

<sup>1)</sup> <https://www.gov.pl/web/klimat/polityka-energetyczna-polski>

#### 8.3. Amendment to the Energy Law

On 18 June 2021, the Act of 20 May 2021 amending the Energy Law Act and certain other laws was published in the Journal of laws. It introduces a number of solutions that are important for the functioning of the members of the energy market. Key amendments include the rollout of smart metering in Poland. This action will be deployed by distribution system operators, and thus also by ENEA Operator. The amended legislation contains a schedule for the installation of remote reading meters at electricity consumption points and stipulates that by 31 December 2028 such meters must be installed by at least 80% of end users. Moreover, the law provides that by 31 December 2023 there must be 15% of such users, by 31 December 2025 – 35%, and by 31 December 2027 – 65%.

The Act also introduces, among other things, changes in the scope of activity of the Negotiations Coordinator working for the ERO President, rules for entering into agreements with dynamic pricing, strengthens the existing customer rights and introduces new rights associated with the sales of electricity (new contractual terms, billing obligations, dispute resolution with the seller, disclosure obligations).

The amended law also provides for the appointment of the Energy Market Information Operator (OIRE), which function will be entrusted to PSE S.A. The Energy Market Information Operator will manage the Central Energy Market Information System (CSIRE), scheduled to be deployed within 3 years from the date of entry into force of the amended Energy Law, the uses of which will include the processing of data obtained from smart meters. The Central Energy Market Information System will usher in fundamental changes to the method of information exchange between energy market participants.

The amended law also contains solutions reinforcing the position of consumers and improving consumer protection on the energy and gaseous fuel market, and facilitating the operation of energy companies by creating a legal framework for the operation of closed distribution systems and energy storage facilities.

#### 8.4. Electricity tariffs for 2021

The ERO President approved the Tariff for electricity distribution services of ENEA Operator. The decision of the ERO President no. DRE.WPR.4211.67.11.2020.KKu of 8 January 2021 was published in the ERO Industry Bulletin "Energia Elektryczna" (Electricity) No. 2 (3247) of 8 January 2021. The new Tariff has been approved for application until 31 December 2021.

Pursuant to Resolution No. 15/2021 of the ENEA Operator Management Board of 12 January 2021, the tariff came into force on 1 February 2021.

On 9 December 2020, the ERO President made a decision to approve the electricity tariff for Tariff Group G for ENEA S.A. for the period from 1 January 2021 to 31 December 2021. The tariff entered into force on 1 January 2021.

#### 8.5. Financial markets (EMIR)

The European Market Infrastructure Regulation (EMIR) is Regulation (EU) No. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, along with implementing regulations issued on its basis – as amended by Regulation 2019/834 of 20 May 2019 (EMIR Refit).

The EMIR requirements vary depending on the classification of entities into distinct categories. As regards non-financial entities, the classification is made on the basis of the average value of the entity's contractual position. ENEA S.A. has been classified into the category of the so-called non-financial counterparties minus, which reduces the extent of requirements applicable to the Company arising from the said Regulation down to the need to notify any executed transactions to the Transaction Repository at the Central Securities Depository of Poland (KDPW).

## 8.6. Capacity Market

In 2021, pursuant to the provisions of:

- The Capacity Market Act of 8 December 2017,
- The Capacity Market Regulations approved by the decision of the ERO President of 30 December 2020;
- the Regulations of the Minister of Energy:
  - of 18 July 2018 on performance of the capacity obligation, its settlement and demonstration, and execution of transactions on the secondary market;
  - of 3 September 2018 on financial collateral provided by power suppliers and participants of preliminary auctions.
- Regulation of the Minister of Climate on main auction parameters and additional auction parameters. Polskie Sieci Elektroenergetyczne S.A. conducted the following capacity market processes:
  - general certifications;
  - certifications for the main auctions for the years 2021–2026;
  - certifications for the additional auctions for the years 2021-2022;
  - main auction for 2021 – 15 November 2018,
  - main auction for 2022 – 5 December 2018,
  - main auction for 2023 – 21 December 2018,
  - main auction for 2024 – 6 December 2019,
  - additional auctions for 2021 – 18 March 2020;
  - main auction for 2025 – 14 December 2020;
  - additional auctions for 2022 – 16 March 2021.

### 8.6.1. Contracted capacity obligations of ENEA Wytwarzanie and ENEA Elektrownia Połaniec

[MW]	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1-year contract (existing)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5-year contract (modernized)	2,711	2,711	2,711	2,711	2,711	-	-	-	-	-	-	-	-	-	-
15-year contract (new)	915	915	915	915	915	915	915	915	915	915	915	915	915	915	915
<b>Total</b>	<b>3,626</b>	<b>3,626</b>	<b>3,626</b>	<b>3,626</b>	<b>3,626</b>	<b>915</b>	<b>915</b>	<b>915</b>	<b>915</b>	<b>915</b>	<b>915</b>	<b>915</b>	<b>915</b>	<b>915</b>	<b>915</b>

### 8.6.2. Estimated revenue from the capacity market of ENEA Wytwarzanie and ENEA Elektrownia Połaniec

[PLN million] <sup>1)</sup>	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1-year contract (existing)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5-year contract (modernized)	652	652	652	652	652	-	-	-	-	-	-	-	-	-	-
15-year contract (new)	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220
<b>Total</b>	<b>872</b>	<b>872</b>	<b>872</b>	<b>872</b>	<b>872</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>

<sup>1)</sup> Non-indexed value

ENEA Elektrownia Połaniec participated in all the aforementioned processes and, as a result, signed 2 capacity contracts for 5-year periods of 2021-2025, for units 2 and 7. This resulted from the ENEA Group's strategy approved by decisions of the ENEA S.A. Management Board before each of the main auctions. The other units, except for unit 9, were notified for participation in the secondary market. ENEA Elektrownia Połaniec and ENEA Wytwarzanie executed a joint venture agreement in the area of the capacity market providing for the companies' joint operation in the capacity market and mutual reservations.

ENEA Wytwarzanie participated in all the aforementioned processes and, as a result, signed:

- nine capacity contracts for 5-year supply periods of 2021-2025, for units 1-10 without unit 3,
- one capacity contract for a 15-year supply period of 2021-2035 for unit 11,
- 1-year supply contracts for 2021, 2022, 2023, 2024 and 2025, for three Capacity Market units from the RES Segment (hydro power plants) with a total capacity of approx. 37 MW were transferred to ENEA Nowa Energia.

These assumptions resulted from the ENEA Group's strategy approved by decisions of the ENEA S.A. Management Board before each of the main auctions. Unit 3 and coal-fired units in Elektrociepłownia Białystok and MEC Piła were notified for participation in the secondary market.

### 8.6.3. Contracted capacity obligations of ENEA Ciepło

[MW]	2021				2022				2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4													
Quarterly contracts (existing)	29	-	22	34	-	-	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1-year contract (existing)	-	-	-	-	-	-	-	-	29	37 <sup>1)</sup>	-	-	-	-	-	-	-	-	-	-	-
5-year contract (modernized)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15-year contract (new)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>29</b>	<b>-</b>	<b>22</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>29</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1)</sup> The capacity contract of ENEA Ciepło for 2025 is valid from 1 January 2025 to 30 June 2025.

### 8.6.4. Estimated revenue from the capacity market of ENEA Ciepło

[PLN million] <sup>2)</sup>	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Quarterly contracts (existing)	4	3	-	-	-	-	-	-	-	-	-	-	-	-	-
1-year contract (existing)	-	-	-	8	3 <sup>1)</sup>	-	-	-	-	-	-	-	-	-	-
5-year contract (modernized)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15-year contract (new)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4</b>	<b>3</b>	<b>-</b>	<b>8</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1)</sup> The capacity contract of ENEA Ciepło for 2025 is valid from 1 January 2025 to 30 June 2025.

<sup>2)</sup> Non-indexed value

ENEA Ciepło participated in the aforementioned processes and, as a result, concluded two quarterly capacity contracts in delivery year 2021 (Q1 and Q4) for unit 2, two quarterly capacity contracts in delivery year 2022 (Q1 and Q4) for unit 2, and one 1-year capacity contract in delivery year 2024 for unit 3 and one 6-month contract in delivery period from 1 January 2025 to 30 June 2025 for unit 3.

This results from the documents entitled: "Strategy for participation of ENEA Ciepło CMU in the main auction of the capacity market" for delivery years 2024, 2025 and "Strategy for participation of ENEA Group CMU in additional auctions" for delivery years 2021, 2022, drawn up under the leadership of ENEA Trading and approved by decisions of the Management Board of ENEA Ciepło before the auctions. Unit 3 has been registered for participation in the secondary market for 2021 and 2022, while units 1, 2 and 4 were registered for 2024 and 2025.

### 8.6.5. Contracted capacity obligations of Enea Nowa Energia

[MW]	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1-year contract (existing)	37	37	37	38	37	-	-	-	-	-	-	-	-	-	-
5-year contract (modernized)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15-year contract (new)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>38</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 8.6.6. Estimated revenue from the capacity market of Enea Nowa Energia

[PLN million] <sup>1)</sup>	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1-year contract (existing)	9	7	8	10	6	-	-	-	-	-	-	-	-	-	-
5-year contract (modernized)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15-year contract (new)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9</b>	<b>7</b>	<b>8</b>	<b>10</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1)</sup> Non-indexed value

ENEA Nowa Energia (formerly: ENEA Wytwarzanie RES Segment) participated in all the aforementioned capacity market processes and, as a result, concluded one-year contracts for deliveries for the period 2021-2025, for three units with the average capacity of approx. 37 MW in a given delivery year.



### 8.6.7. Contracted capacity obligations of MEC Piła

[MW]	2021				2022				2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4													
Quarterly contracts (existing)	-	-	-	-	-	6	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1-year contract (existing)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5-year contract (modernized)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15-year contract (new)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	6	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-

### 8.6.8. Estimated revenue from the capacity market of MEC Piła

[PLN million] <sup>1)</sup>	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Quarterly contracts (existing)	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
1-year contract (existing)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5-year contract (modernized)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15-year contract (new)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-

<sup>1)</sup> Non-indexed value

MEC Piła participated in all the aforementioned processes on the capacity market and, as a result, concluded 2 quarterly capacity contracts in delivery year 2022 (Q2 and Q3).

### 8.7. REMIT

REMIT is Regulation (EU) No. 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency. In accordance with this regulation, the electricity market is subject to specific restrictive rules governing the publication and disclosure of information that may affect the prices of energy products on the wholesale energy market, including an absolute prohibition of any market manipulation.

REMIT requires that every market participant be registered in the national register. Market participants are required to report data on the transactions they execute on wholesale energy markets, including any orders they place. REMIT also imposes the obligation to make public, by way of a formalized announcement, the so-called inside information concerning the capacity and use of facilities for production, storage, consumption or transmission of electricity, including concerning planned or unplanned unavailability of these facilities. REMIT prohibits manipulation or attempts to manipulate the market and prohibits the use of inside information for commercial activities. REMIT equips regulatory authorities with powers to conduct investigations, enforce the provisions of the regulation and establish penalties for failure to fulfill the obligations.

The ACER Agency published the sixth edition of the „ACER Guidance on the application of Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency”, which introduced changes to simplify the document and also added content with examples of prohibited insider trading and market manipulation practices.

### 8.8. EU Emissions Trading System (EU ETS)

The beginning of 2021 marked the launch of Phase IV of the EU ETS. The changes introduced as part of the EU ETS (e.g. Directive 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814 as regards the establishment of the Modernisation Fund and Decision 2015/1814 of the European Parliament and of the Council of 6 October 2015 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC) will significantly affect the framework for the operation of entities covered by the EU ETS in Phase IV, that is in 2021–2030. The most important mechanisms within the EU ETS, which contribute to a decreased supply in the EU ETS market, is the linear reduction factor increased from the current 1.74% to 2.2% starting from 2021 and the market stability reserve functioning since the beginning of 2019.

In turn, the increased demand for EUAs is largely affected by announced and scheduled legislative initiatives of European Union institutions pursuing the objectives of the “European Green Deal” announced in 2019.

Accordingly, the European Commission announced that it was working on the preparation of a broad package of legislative proposals under the name of “Fit for 55”, which it published on 14 July 2021. Detailed information on the package is provided in section 8.9. In this context, a strong upward trend in the quotations of greenhouse gas emission allowances has been observed since November 2020, continuing also until the end of Q3 2021.

## 8.9. European Green Deal and “Fit for 55” Package

One of the priorities of the European Commission 2019-2024 is the so-called European Green Deal, which is an action plan for sustainable EU economy, which is supposed to materialize Europe’s aspiration for becoming the first climate-neutral continent. To this end, numerous legislative initiatives are taken and planned for subsequent years.

- In December 2019, the European Council adopted the climate neutrality objective for the entire European Union (any greenhouse gas emissions must be totally compensated by their increased removal) by 2050.
- On 21 April 2021, the European Parliament and representatives of the Council of the European Union reached an agreement on the regulation related to the so-called European Climate Law. The draft regulation was adopted by the European Parliament on 24 June 2021 and by the EU Council on 28 June 2021. On 9 July 2021, Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (“European Climate Law”) was published in the Official Journal of the European Union.

The key assumptions of the regulation included:

- The European Union as a whole (rather than each Member State) commits to achieving climate neutrality by 2050;
- also for the Union as a whole, a net greenhouse gas emission reduction target was set at no less than 55% by 2030, compared to 1990 levels;
- the commitment to raise the ambition of carbon sink while limiting the amount of absorbed emissions that can count towards the emission reduction target, meaning that the actual reduction target for 2030 will be 57%;
- in relevant cases, the EC may set an additional intermediate emission reduction target for 2040, no later than within 6 months of the first global review carried out under the Paris Agreement, which will have to take into account the projected ‘greenhouse gas budget’ for 2030-2050, i.e. the maximum Union emissions during the period 2030-2050 that will not jeopardize the achievement of the EU’s commitments under the Paris Agreement;
- the Union has been obligated to achieve negative emissions after 2050;
- new legislative proposals will be reviewed in terms of compliance with the climate neutrality objective; the absence of such compliance will have to be expressly indicated in the draft proposal.
- The implementation of the European Green Deal involves the necessity to revise a large set of currently applicable EU regulations and introduce many new ones. In connection with the above, on 14 July 2021, the European Commission published a broad package of legislative proposals under the name of “Fit for 55”. The package will include amount others the following documents and propose the following changes:
  - revision of Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading, in which the main amendments will introduce:
    - increase of the emission reduction target in the sectors that are covered by the EU ETS (power, industry, intra-European aviation) to 61% by 2030 as compared to 2005;
    - extension of EU ETS to new sectors: shipping and construction;
    - an increase in the level of the linear reduction factor (LRF) to 4.2% in the year following the effective date of the document’s revision, further strengthened by the introduction of a one-off reset of emission allowances;
    - preventing the financing of investments in fossil fuels (gas) from the Modernization Fund;
    - increase of the Modernization Fund by an additional 2.5%;
    - Member States will have to use 100% of their revenues from sales of emission allowances for investments supporting emission reductions; until then, 50% of the funds were earmarked for this purpose;
    - receipt of free allowances will depend on the requirement of conducting an energy audit and implementing its requirements;
  - revision of Directive 2018/2001/EU on the promotion of the use of energy from renewable sources, in which the main amendments will introduce:
    - revision of the RES share target from 32% to 40%;
    - member states will be obliged to support and promote PPAs;
    - member states will be obliged to have at least one trans-border project within 3 years;
    - increased annual RES consumption target in the district heating and cooling industry, by 1.1% until 2030;
    - tightening of the existing sustainability criteria for agricultural biomass production, also to include forest biomass;
    - application of greenhouse gas reduction thresholds in electricity production, heating and cooling from biomass fuels also for existing installations, i.e. 70% by the end of 2025 and 80% from the beginning of 2026;
    - extension of sustainable development criteria for biomass fuels also in smaller installations and lowering of current thresholds for applying the criteria – at least 20 MW for solid biomass and 2 MW for biogas;
    - tightening of the terms of participation of biomass-fired installations in support systems, also through the proposed hierarchy of handling biomass;
    - Introduction, starting in 2027, of a rule not to support electricity production from forest biomass in electricity-only generation facilities.
  - revision of directive 2012/27/EU on energy efficiency, with the following key amendments:
    - a change of the definition of efficient heating and cooling systems by introducing progressively changeable minimum conditions that an installation must satisfy to be classified as efficient;
    - increase of the mandatory energy efficiency target to 36% by 2030. The contribution of member states to the achievement of the target will remain indicative;
  - revision of the Directive on taxation of energy products and electricity, with the following main amendments:
    - the Commission proposes that the presented amendments come into effect as of 1 January 2023.
    - maintaining the option of applying tax credits and reduced tax rates for RES electricity.

- maintaining the option of applying tax credits and reduced tax rates for electricity produced in cogeneration, meeting the definition of high-efficiency cogeneration under the EED.
  - the presented proposal of minimal taxation rates for heating fuels is as follows: for natural gas and non-sustainable biogas: initially EUR 0.6 per GJ in 2023 and ultimately EUR 0.9 per GJ in 2033; for coal EUR 0.9 per GJ from 2023; for sustainable biogas: EUR 0.45 per GJ from 2023, for unsustainable forest biomass EUR 0.9 per GJ from 2023; and for sustainable forest biomass EUR 0.45 per GJ from 2023;
  - the presented proposal of the minimum tax rate for electricity is EUR 0.15 per GJ from 2023.
- implementation of new reduction targets by adapting the Regulation on the inclusion of greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry (LULUCF).

A public consultation on the “Fit for 55” package announced by the European Commission is currently underway and will close in mid-November this year.

Up to 50 EU legal acts could be affected by the changes by the end of 2022 to ensure they are consistent with the objectives adopted in the Climate Law Regulation.

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

The Electromobility and Alternative Fuels Act of 11 January 2018 requires distribution system operators to build publicly accessible charging points for electric vehicles in the areas of their operation installed in generally accessible charging stations. In the area of operation of ENEA Operator, this obligation involves the construction of 417 charging points located in publicly available charging stations in 4 townships: Poznań, Szczecin, Bydgoszcz and Gorzów Wielkopolski. This number is the difference between the minimum number of publicly available charging points, which according to the Act should be built in the territory of the said four townships by 31 March 2021, and the existing and planned number of such points to be built by private investors. For this reason, ENEA Operator is currently carrying out a project entitled “Implementation of ENEA Operator’s statutory obligations related to electromobility under the Electromobility and Alternative Fuels Act”. Currently, the parliament is working on a bill amending the Act on Electromobility and Alternative Fuels and certain other acts, implementing Directive (EU) 2019/944 of the European Parliament and of the Council into the Polish legal system. The legislator intends to phase out the so-called intervention mechanism to account for the content of the above Directive, according to which DSOs may not own, create, operate or manage electric vehicle charging points, except for private charging points exclusively for their own use. The project is currently at the stage of parliamentary work, which is aimed, among others, at working of transitory regulations setting the scope of the obligation, which must be performed by the DSOs.

## **8.11 Act on Renewable Energy Sources**

On 4 October 2021, the President of Poland signed an act amending the act on renewable energy sources (RES Act). Among other things, the RES Act revises the support programs associated with sales of electricity at fixed prices (the so-called FiT system) or the right to co-payment to market electricity prices (the so-called FiP system), which were extended until 30 June 2047.

## **8.12. Operating Capacity Reserve (OCR)**

Detailed information on the Operating Reserve Mechanism is provided in Chapter 10 of the “Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2020” and, as at the preparation date of this report, it remains valid.

## **8.13. Number of customers exercising their right to change the seller**

As at the end of September 2021, the number of business customers (tariff groups A, B, C and R) which changed their electricity seller was 222.8 thousand, having increased by nearly 6 thousand customers (or 2.9%) from the end of 2020. As regards customers in the household segment (Tariff Group G), at the end of the third quarter, the number was 713 thousand, up 22.7 thousand, or 3.3%, from the end of 2020. The above data show that the dynamics of seller switches in 2021 was low.

## **8.14. Concessions**

Energy groups operate in the Polish energy market on the basis of the concessions granted to them. Considering the medium and long-term validity of the individual concessions, detailed information of the concessions held by each company from the ENEA Group is presented in annual reports.

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

Pursuant to Article 49 of the Energy Law, the ERO President may exempt a utility company from the duty to submit tariffs for approval if the ERO President considers the company to operate in a competitive environment. A possible exemption from the duty to submit tariffs for approval may have a favorable impact on the electricity sales margin of ENEA S.A. in the future. The regulatory model, in which tariffs for buyers from tariff groups G must be submitted to the ERO President for approval, remains in effect in the current legal status. The administrative procedure is performed in the last quarter of the year preceding the introduction of the new tariff G based on the guidelines of the ERO President regarding the calculation of prices transferring justified costs while taking into account the model unit profit.

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

Provisions of the European law, in particular the energy package named Clean Energy for All Europeans, have an increasing impact on the functioning of ENEA Operator. These include Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity and Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU. These regulations contribute to the achievement of the EU’s goals of achieving a more competitive, secure and sustainable energy system and reducing greenhouse gas emissions by 2030. Commitments in this respect provide for a reduction of greenhouse gas emissions by at least 40% compared to 1990 levels while increasing energy efficiency by 32.5% and increasing the share of energy generation from renewable sources to 32% of final consumption. A consequence of the pursuit of these commitments will be a steady, as has

already been observed, increase in installed capacity from renewable energy sources, which has created room for new energy market participants, led to a change in the manner of the power grid management and changed the roles of existing participants, including DSOs.

This effect will be strengthened by “Fit for 55”, a legislative package on climate and energy announced by the European Commission on 14 July 2021, which includes, among others, proposals for further reduction of greenhouse gas emissions by 55% by 2030 and, which is particularly important from the DSO point of view, a revision of the RED II directive, which features the assumption that the share of RES in electricity consumption would rise to 40% in 2030, or a revision of the energy efficiency directive. All the member states will have to contribute to the achievement of these goals. “Fit for 55” is a key element of the European Green Deal, adopted in December 2019, which aims to transform member states’ economies to adjust them to the largest climate and energy reform in the European Union’s history. The package will now be negotiated between the EU bodies and its member states and will then be subject to approval by the Council of the European Union and the European Parliament. It is estimated that the new legal solutions will come into effect in 2024.

The rapid development of distributed energy sources combined with new technologies, including ICT technologies, has had a significant impact on the distribution network, while shaping the new role of DSOs on the energy market. New challenges in this area for ENEA Operator include: the new role of DSOs as entities supporting market development (local markets in particular), tapping into the flexibility of distributed energy sources, data management, cooperation with TSOs/DSOs, new IT and ICT technologies, development of smart grids (emergence of bi-directional energy flows), activation of customers, dynamic increase in the number and capacity of dispersed energy sources, in particular microinstallations, emergence of energy communities (energy clusters and cooperatives, local balancing areas, owners of energy storage, electric cars and car charging stations), cyber security and development of research and development and innovation activities.

The main consequence of changes on the energy market will be the gradual decline in the volume of energy distributed through DSO’s grids. On the other hand, the quantity of energy produced by end users for their own needs, especially by prosumers, will increase. The changing model of the energy market and the consequences for its current players, such as distribution system operators, will also require transformation of the current regulatory model.

The President of the Energy Regulatory Office kicked off the work of a team, which is to develop a social agreement between the sector regulator and the distribution industry, i.e. “Charter for effective transformation of distribution networks in the Polish power sector”. The objective of the project is to diagnose the key needs related to grid operation resulting from the formal and legal requirements imposed on DSOs in the 2030 perspective and related to the growing number of renewable sources connected to the DSO grid, as well as to identify the tools that will allow to meet these needs, determine the manner and sources of financing these tools and assess the impact/transfer of these expenses to the DSO tariff.

Changes occurring in the energy market force market participants to implement a number of innovative solutions. ENEA Operator is following the same path. For this reason, ENEA Operator adopted a framework enabling external entities to suggest and jointly execute various pilot and innovative projects with the Company. The pursuit of such initiatives will provide the opportunity to jointly develop or test new innovative technical and technological solutions in real-life conditions.

### **8.17. SO GL grid code in ENEA Operator’s business**

Since 1 January 2021, RES producers from across Poland have been bound by new laws concerning the sending of data about electricity produced and fed into the power grid, following from the System Operation Guideline (SO GL) for the operation of the electricity transmission system. The process of sending of the information obtained from producers to PSE is achieved via distribution system operators, with ENEA Operator being one of them. Experts of this company decided to share their knowledge and experience to make it easier for undertakings producing electricity from renewable sources to adapt to the new obligations already at the very beginning of their application. A webinar was prepared for generators to clarify the purpose of the Guideline and the manner of complying with it. On the Company’s website, the tab <https://www.operator.enea.pl/dlawytworcw> contains, among others, templates of forms for entering the data arising from SO GL. ENEA Operator’s experts also respond to questions and doubts of RES producers under the dedicated email address: [wytworcy@operator.enea.pl](mailto:wytworcy@operator.enea.pl). Work is currently underway to launch a Generator Portal to facilitate and automate data submission according to SO GL.

### **8.18. ENEA Operator’s Distribution System User Nondiscriminatory Treatment Assurance Program**

During the reporting period, the Company complied with the provisions of the *Compliance Program – ENEA Operator’s Distribution System User Nondiscriminatory Treatment Assurance Program* (hereinafter referred to as “Compliance Program”) to fulfill the obligation arising from Article 9d sec. 4 of the Energy Law. Projects undertaken and executed by ENEA Operator as part of the Compliance Program during the reporting period gave the system users and the potential system users an equal access to the distribution system and enabled them to use the electricity distribution services on equal rules.

### **8.19. Quality regulation model**

The key component affecting ENEA Operator’s activity is the quality regulation introduced by the ERO President. At present, its rules are specified in the “Quality Regulation in 2018-2025 for Distribution System Operators” in its wording of 29 May 2019.

On 7 October 2019, the ERO President set ENEA Operator’s settlement objectives for the 2018-2025 period. Accordingly, the following indicators for 2018-2025 directly affect ENEA Operator’s regulated revenue in the part concerning return on capital: interruption duration indicator (CTP) and interruption frequency indicator (CP) in the area of large cities, towns with county rights, towns and villages.

### **8.20. Membership of ENEA Operator in international organizations**

ENEA Operator is involved in international cooperation with electricity market entities. In particular, this cooperation involves such European organizations and entities as EDSO and the EU DSO Entity established under Directive 2019/944. Within the framework

of this cooperation, events of a technological and legislative nature are monitored across Europe on an ongoing basis. Moreover, proposals for changes in and development of the electricity distribution market are presented and deployed in consideration of the outlook and specific features of the Polish market.

### 8.21. General Data Protection Regulation (GDPR)

GDPR (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC) is a legal act of the European Union, which has been in effect in all member states since 25 May 2018. New rules have been introduced for processing personal data and new obligations imposed on data controllers. In its business, the ENEA Group observes the requirements of the indicated regulations, also by ensuring an appropriate level of security of personal data processing, paying particular attention to the protection of the rights and freedoms of data subjects. Pursuant to Article 37 of GDPR, ENEA Group companies appointed Data Protection Officers, who discuss important matters concerning personal data protection in the ENEA Group.

### 8.22. Court and administrative proceedings

As at the date of this report, there are no pending proceedings regarding payables or receivables to which ENEA S.A. or any of its subsidiaries would be a party.

A detailed description of the proceedings is provided in Note 25 to the “Condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to 30 September 2021”.

### 8.23. Litigation related to actions for annulment or repealing of general meeting resolutions

During the reporting period, the Company was a party to two cases related to actions for annulment or repealing of general meeting resolutions. The following is a summary of information on each of these proceedings.

Plaintiff	Subject of the statement of claim (literal wording)	Status of the proceedings
Synergia Inter-Company Trade Union of ENEA Group Employees	Action for annulment of a resolution of the Company's general meeting or, alternatively, to repeal the resolution of the Company's general meeting <sup>1)</sup>	The lawsuit was discontinued in the 1st instance (the decision is final); in the 2nd instance, a lawsuit on costs of proceedings is pending before the Court of Appeals in Poznań.
Synergia Inter-Company Trade Union of ENEA Group Employees	Action to repeal a resolution of the Company's General Meeting <sup>2)</sup>	Proceedings before the Regional Court in Poznań – as the court of first instance. Case pending.

<sup>1)</sup> concerns Resolution No. 3 of the Extraordinary General Meeting of ENEA S.A. of 24 September 2018 to express a directional consent to proceed with the Construction Stage under the Ostrołęka C project.

<sup>2)</sup> concerns Resolution Nos. 7, 8, 9 and 11 of the Ordinary General Meeting of ENEA S.A. of 30 July 2020 to grant a discharge to individual former Members of the Company's Management Board on the performance of their duties in 2019.

### 8.24. Rules for the preparation of financial statements

The condensed financial statements of ENEA S.A. and the ENEA Group included in the extended consolidated report of ENEA S.A. for the first three quarters of 2021 have been prepared in accordance with the requirements of International Financial Reporting Standard IAS 34 'Interim Financial Reporting', as endorsed by the European Union.

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

### 8.25. Collective disputes

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

### 8.26. Headcount

As at 30 September 2021, the headcount in ENEA Group companies included 17,394 employees with employment contracts. As at 30 September 2021, the headcount in ENEA S.A. was 406 employees with employment contracts.

These figures, broken down by operating segments, are as follows:

Distribution: 5,384; Trading: 508; Mining: 5,763; Generation: 3,998; Other: 1,741.

### 8.27. Financial projections

The ENEA S.A. Management Board did not publish any projections of its financial performance for 2021.

### 8.28. Rating

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

### 8.29. Amendments resulting from COVID-19

In connection with the state of coronavirus pandemic existing in Poland, anti-crisis shield programs have been introduced, which also covered the energy sector. Detailed information on the changes introduced by Shields 1.0 through 6.0 are described in Chapter 10 of the "Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2020". In the first three quarters of 2021, Shields 7.0, 8.0 and 9.0 entered into force. Their provisions did not affect the area covered by ENEA S.A.'s licensed business.

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

In March 2020, the state of epidemic caused by the SARS-CoV-2 coronavirus was introduced in Poland. The occurrence and effects of the virus as well as the consequences of countermeasures taken by the state to restrict the pandemic had a significant impact on the condition of the Polish economy. After the wave of infection subsided and the mass vaccination program was implemented, most of the restrictions were lifted from the national economy, which caused a clear recovery of macroeconomic growth parameters. For the ENEA Group, the effects were as follows:

- In the Mining segment, an increased demand for coal was recorded (by approx. 36% compared to the corresponding period of 2020).
- In the Trading segment, in the first three quarters of 2021, compared to the corresponding period of 2020, the total sales volume of electricity and gaseous fuel increased by 2,562 GWh, i.e. 16%. The increase pertained mainly to sales of electricity in the business customer segment. In the business customer segment, the electricity sales volume went up by 2,234 GWh, or 20%, and was caused by a higher contracted business volume in 2021 vs. the previous year. The increase in the volume of electricity sales in the household segment was 104 GWh, or 3%. The sales volume of gaseous fuel also increased compared to the corresponding period of the previous year, by 224 GWh, or 24%. Total revenue from sales of electricity and gaseous fuel increased in the first three quarters of 2021 by PLN 693 million, or 15%, as compared to the corresponding period of 2020. This increase affected revenues both in both the business customer segment and in the household segment (by 17% and 10%, respectively).
- In the Generation segment, production of electricity in the first three quarters of 2021 is higher by approx. 16% compared to the corresponding period of 2020. This translates into an increase in revenues of this segment (by approx. 15% compared to the corresponding period of 2020).
- In the Distribution segment, in the first three quarters of 2021, the Group observed an increase in sales of distribution services to end users by 6% as compared to the same period of the previous year, driven chiefly by an increase in sales in Tariff Groups B and G.
- Since the pandemic started, the Company has made additional analyses of the possible impact related to the COVID-19 pandemic on the level of allowances for receivables. The effect of the analyses is a review of the allowance for the expected losses. The level of the additional allowance – since the analyses began – has been insignificant from the reporting point of view. Nevertheless, the Group believes that if the restrictions related to the prevention of the COVID-19 epidemic effects are maintained and thus business activity continues to be limited, it is quite possible that the receivables turnover ratio will deteriorate as a result of the reduced payment capacity of electricity buyers.
- In connection with the reorganization of work, increased security measures caused by the state of epidemic and temporary unavailability of contractors, the Group has identified the risk of delaying the completion dates of scheduled overhauls and modernizations of the generation units, including those concerning BAT conclusions. The risk materialization consequences will be limited in time and conditioned, among others, on the current market situation.

As at the date of this periodic report, it is difficult to predict how the situation will develop in 2021 and 2022 and what further negative effects it may exert on the operations and financial standing of the Parent Company and the Group. If the virus starts to spread again, the restrictions may be restored and business activity may decline. The Group, however, takes preventive measures to mitigate such risks.

The ENEA S.A. Management Board has established the ENEA Group *Crisis Management and Coordination Center*. All Group companies have appointed Teams to coordinate continuity assurance tasks for ENEA Group companies in the context of the coronavirus threat. The ENEA S.A. Management Board coordinates all the activities in this respect acting through the Center. The Crisis Center and the Teams take actions to protect the health of employees by providing personal protective equipment (including masks, antibacterial gel, gloves), implementing safe working principles (including remote working being introduced where possible, limiting direct meetings in workplaces, disinfecting rooms, introducing limits on numbers of employees in rooms, maintaining safe distances between employees). The precautions taken to prevent coronavirus infections have translated into shifts in operating expenses, which, along with changes in the level of revenues, ultimately affects the Group's consolidated financial result.

In the first three quarters of 2021, the COVID-19 pandemic did not have such a strong impact on the activity of LW Bogdanka as in 2020. Additionally, through efforts to maximize the production capacity, intensive work of the teams and optimization of the longwall run arrangement and schedule in the period of increased demand for coal, it was possible to achieve very good production results, which translated into the financial performance in the three quarters of 2021.

However considering the risks associated with COVID-19, LW Bogdanka continues to apply appropriate measures and security mechanisms to protect it against the adverse consequences of COVID-19 on the company's operations and results. These measures include, in particular, personal protective equipment, keeping a distance, appropriate work organization and the use of shift work and remote working where possible, as well as appropriate technical measures to facilitate prevention of disease.

As at the date of this periodic report, the Group has not identified any risk regarding its capacity to continue as a going concern.

### **8.31. Termination/rescission of property right purchase agreements by ENEA S.A.**

On 28 October 2016, ENEA S.A. made a statement of termination or rescission of long-term property right purchase agreements resulting from the certificates of origin of energy from renewable sources (the so-called green certificates). These agreements were dissolved. The reason for the Company's termination/rescission of the individual agreements was exhaustion of all possibilities of restoring contract balance and equivalence of the parties' performances resulting from amendments to the law. The financial consequences of dissolving the abovementioned agreements will be the avoidance by the Company of the loss being the balance of the contractual prices and the market price of green certificates. At present, three cases are pending before the Regional Court in Poznań for declaring ineffectiveness of termination (rescission) by ENEA S.A. of property right sale agreements. In addition, some proceedings are pending against ENEA S.A. for payment of the fee for property rights resulting from the deduction of payment for the damage caused to ENEA S.A. through the contracting parties' non-fulfillment of their contractual obligation to participate, in good faith, in renegotiating the long-term property right sale agreements pursuant to the adaptation clause binding on the parties. The estimate total net value of ENEA S.A.'s contractual liabilities was approx. PLN 1,187 million.

### **8.32. Analyses for the Power Plant consisting of a coal gasification system and a combined cycle power unit (IGCC plant) in the Łęczna township**

In April 2020, ENEA Badania i Rozwój filed an application with the Łęczna Township to issue an environmental conditions decision (DUŚ) for a power plant project using the integrated coal gasification combined cycle (IGCC Project) technology in the Łęczna township. The application was accompanied by an environmental impact report, which is one of the many concept research and development documents for the IGCC Project. The decision to implement the investment project is conditional upon the progress of the analyses carried out by the ENEA Group, while taking into account the changing market and regulatory environment. In August 2020, due to the information about the expected changes in the energy group operation concept announced by the Ministry of State Assets, and in particular due to the plans to separate coal assets from the energy group structures, it was recommended to withhold the expenditure for the implementation of the IGCC Project until the program for coal assets is formed. By the notice of 22 September 2020, the Mayor of Łęczna suspended the proceeding on obtaining the DUŚ for the IGCC Project at the company's request.

### **8.33. Analyses of the transmission and collection of gaseous fuel from the transmission network by ENEA Wytwarzanie**

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

In ENEA Wytwarzanie, conceptual work on the selection of technological solutions and economic analyses for the "Restoration of generation capacity of 200 MW coal-fired units in ENEA Wytwarzanie based on the gaseous fuel combustion technology" has been completed. Corporate approvals have been obtained to launch Stage 1, which entails pre-investment work, i.e. development of ToR, including a model contract and update of the project's financial model (including an audit of the financial model). The work on this stage is under way.

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

On 26 March 2021, an agreement was executed between ENEA, PGE, TAURON and KGHM on the one side and the State Treasury on the other side for the acquisition by the State Treasury of a 100% stake in PGE EJ1. Under the provisions of the Share Purchase Agreement, the title to PGE EJ1 shares was transferred on 31 March 2021. ENEA sold to the State Treasury 532,523 shares in PGE EJ1, representing 10% of the share capital and carrying the right to 10% of votes at the general meeting of PGE EJ1. The purchase price for the 100% equity stake was PLN 531,362 thousand, of which PLN 53,136 was payable to ENEA. The purchase price will be subject to adjustment based on the valuation of PGE EJ1 updated as at the transaction closing date. On 2 June 2021, ENEA S.A. settled the price adjustment concerning the sale of its stake in PGE EJ1, i.e. paid PLN 533 thousand to the State Treasury.

Moreover, on 26 March 2021, the Shareholders and PGE EJ1 executed an Annex to the Agreement of 15 April 2015 regarding a dispute between PGE EJ1 and the WorleyParsons consortium. Under the Annex, the amount of the Shareholders' liability towards PGE EJ1 arising from the Agreement for the outcome of the dispute with the WorleyParsons consortium was limited, and in the event of the settlement of the dispute in favor of PGE EJ1, the Shareholders will be entitled to pertinent benefits from PGE EJ1. Information on the progress of the dispute between PGE EJ1 and the WorleyParsons consortium was disclosed in the respective periodic reports.

In connection with the acquisition by the State Treasury of a 100% stake in PGE EJ1, the Shareholders also terminated the Shareholders' Agreement of 3 September 2014 with effect from 26 March 2021.

Due to the sale of all shares in PGE EJ1 held by ENEA S.A. to the State Treasury, ENEA S.A. ceased to be a shareholder of PGE EJ1.

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

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

On 19 August 2021, the Extraordinary General Meeting of ElectroMobility Poland S.A. adopted a resolution to reduce the company's share capital by PLN 17,700 thousand through a decrease in the par value of all its shares from the current amount of PLN 7,000.00

each to a new par value of PLN 5,230.05 per share. The decrease in the share capital is aimed at transferring funds from the share capital to supplementary capital. The General Meeting also adopted a resolution to increase the share capital by PLN 249,996 thousand to PLN 302,297 thousand, for the total issue price of PLN 250,000 thousand, to be contributed exclusively in cash. The issue of the new shares was effected by way of a private placement. All the new shares are ordinary registered shares. The share premium (excess of the total issue price over the total par value) was transferred to supplementary capital. The new shares were taken up and paid for by the State Treasury. On 30 September 2021, the registration court registered the share capital increase. ENEA S.A. currently holds a 4.325% stake in the company's share capital.

### **8.36. Research and development projects carried out in ENEA Operator**

ENEA Operator executes numerous research and development projects:

1. The project entitled "System of power and energy balancing and monitoring the quality of electricity supply of distributed energy sources and storage facilities" executed together with the AGH University of Science and Technology. Continuous monitoring systems cover a broad range of issues associated with the process of continuous monitoring of the operation of power grids, quality of electricity, measurement instruments and the whole ICT infrastructure required in order to transmit the measurement data, as well as remote management of measurement systems and instruments. The project has received co-funding from the National Centre for Research and Development as part of Measure 1.2: "Sector R&D Programmes" of Operational Programme Smart Growth 2014–2020. Implementation of the project is in progress. The industrial research phase has been completed and the experimental development phase is currently in progress.
2. The project entitled "Innovative system services of energy storage increasing the quality and efficiency of electricity usage" implemented together with the University of Zielona Góra provides for the testing of strategies and methods, including business ones, for using energy storage facilities in electric power grids in order to improve quality and efficiency of electricity usage and for developing a product offering for customers. The project has received co-funding from the National Centre for Research and Development as part of Measure 1.2: "Sector R&D Programmes" of Operational Programme Smart Growth 2014–2020. The industrial research phase has been completed and the experimental development phase is currently in progress.
3. The project entitled "A flexible system of increasing competences of technical service employees using virtual reality technology" implemented together with the Poznań University of Technology and the Poznań University of Economics and Business, concerns the application of VR techniques in the training of technical service employees on virtual models of electric power facilities using realistic interaction methods. The project has received co-funding from the National Centre for Research and Development as part of Measure 2/1.1.1/2018 "Quick Path" of Operational Programme Smart Growth 2014–2020. The project is currently in the experimental development phase (the industrial research phase has been completed).
4. The project entitled "eNeuron: greEN Energy hUBs for local integRated energy cOMmunities optimizatioN" carried out under the Horizon 2020 program. The goal of the project is to develop innovative tools to optimize the process of designing and operating local power systems with the main purpose of effectively integrating distributed energy sources. The Energy Hub concept, defined as the model for controlling and managing distributed energy sources to be integrated in the system in order to optimize their operation, will be analyzed and tested in practice. The outcome is to ensure effective, economical and sustainable solutions offered to entities potentially interested in implementing such systems, including, among others, distribution grid operators, local communities and individual prosumers.
5. The project entitled "DRES2Market: Technical, business and regulatory approaches to enhance the renewable energy capabilities to take part actively in the electricity and ancillary services markets", executed as part of the Horizon 2020 program. The primary goal of the DRES2Market project is to prepare a comprehensive and cost-efficient approach to facilitate the effective participation of distributed generation based on renewable energy in electricity markets and to enable the provision of balancing and storage services in accordance with market criteria. The DRES2Market project focuses on overcoming the existing barrier (technological and regulatory framework) impeding the development of integration of these technologies.
6. The project entitled "Development of a smart unmanned system for stabilizing the operation of distribution power grids based on modular installations of a hydrogen energy buffer with prospects for commercial use of hydrogen" executed under the Smart Development Operational Program, Action: Research and development works – National Center for Research and Development. The project is executed in an industrial and scientific consortium in collaboration with the West Pomeranian University of Technology in Szczecin and the University of Szczecin.

The Company also executes pilot projects, which were submitted both by external entities and by the employees. Apart from providing an opportunity to develop or test ideas in real conditions jointly, such initiatives permit a reliable assessment of new solutions regarding technological maturity, development prospects, benefits and costs, as well as risk factors. This way ENEA Operator appreciates the potential of its employees and establishes cooperation with successive external entities.

### **8.37. Construction of a photovoltaic farm on land owned by LW Bogdanka**

The photovoltaic farm project to be developed on the land owned by LW Bogdanka will enable proper development of the mine's land and may contribute to a significant reduction of the costs of electricity powering the LW Bogdanka's technical infrastructure, while protecting the environment and using renewable technologies.

In 2020, "Feasibility study for the construction of photovoltaic farms in the areas of LW Bogdanka" was completed. Based on the document, in Q3 2021, the procedure started for selecting a contractor for the photovoltaic farm for the needs of the field of Bogdanka.

### **8.38. Construction of photovoltaic farms in cooperation with KOWR, the National Support Center for Agriculture**

The project of building large-scale photovoltaic plants in cooperation with the National Support Center for Agriculture is one of the key projects underlying the assumptions for ENEA Group's energy transition. In performance of the ENEA Group Strategy, updated in December 2019, development of PV projects up to the total capacity of 1500-2000 MWp (base/dynamic scenario) is considered.



The cooperation between the ENEA Group and KOWR fits the assumptions of Poland's Energy Policy until 2040, which provides for development of renewable energy sources for the purpose of diversification of the production structure and reduction of energy sector's emissions.

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

Detailed information on the execution of the Ostrołęka C Power Plant construction project are described in Note 11 of the "Condensed Interim Consolidated Financial Statements of the ENEA Group for the period from 1 January to 30 September 2021".

### **8.40. Activity of ENEA Innowacje**

ENEA Innowacje is a company established by the ENEA S.A. Management Board on 29 September 2015. Its business involves initiatives and undertakings which have a chance of becoming actual, innovative and modern products or services offered in the future by the ENEA Group. Responsibilities of the company include: seeking, analyzing and evaluating projects in terms of attractiveness and conformity to the Group's strategy and supporting operational and strategic integration of processes. It eagerly supports projects with global ambitions. The company's core interests include seeking and implementing solutions to seize the opportunities existing in the respective areas, i.e. circular economy, energy storage and new RES technologies, electromobility, Smart Cities, Internet of Things, artificial intelligence and automation.

In order to optimize its operations, on 1 June the company formally acquired ENEA Badania i Rozwój and its functional area. In the first three quarters of this year ENEA Innowacje did not conduct any research and development work, but it established cooperation with scientific entities, which support the company in this area. As part of the cooperation, the first work was carried out on the analysis of technologies and products of interest to the company.

At the end of June 2021, ENEA Innowacje signed a master cooperation agreement with NCBR Investment Fund ASI S.A., a co-investment public venture capital fund owned and managed by the National Center for Research and Development. According to the master agreement, ENEA Innowacje will act as a management entity for the common investment portfolio. Its main responsibility will be investing common funds on an arm's length basis in shares of selected companies that are in the growth or expansion phase and already commercializing the results of their previous research and development work. The goal of these investment activities is an increase in the value of portfolio companies and the maximization of the value of the entire investment portfolio for both entities (investors).

In July and August, the company signed cooperation agreements with the University of Life Sciences in Lublin, University of Technology and Humanities in Radom, AGH University of Science and Technology, Lublin University of Technology, Gdansk University of Technology and Warsaw University of Technology, and NDAs with Silesian University of Technology and Lukasiewicz Research Network.

In October, the company signed an agreement with the Norwegian company CAPTICO2, CAPTICO Rights and Łęczyńska Energetyka on the testing of the CO<sub>2</sub> capture technology. The company will cooperate with CAPTICO2 in testing the possibility of capturing and storing CO<sub>2</sub> in Poland. The technology pilot will be conducted in Łęczyńska Energetyka, a subsidiary of LW Bogdanka. The Norwegian company has the sequestration technology, which is likely to be successfully applied in heating and power installations. The main goal of the agreement and the pilot is to develop a technology limiting CO<sub>2</sub> emissions to the atmosphere and to confirm the readiness level of the technology at the TRL 7 level, i.e. prototype testing in operational environment.

As part of its core operations, the company conducts intensive work on developing innovation projects and building an investment portfolio. As a result, at the current first stage of business area analysis, several initiatives were assessed to have high business and innovative potential and additional advanced work was undertaken in relation to them. The company also cooperates closely with other entities in the ENEA Group in order to create synergies and ensure growth in the Group, strictly following the assumptions of the ENEA Group Strategy.

### **8.41. Report on Application of Best Practice for WSE Listed Companies 2021**

The "Best Practice for WSE Listed Companies 2021" is a new edition of the set of corporate governance rules that issuers of shares listed on the WSE Main Market have been subject to since 2002 under the Regulations of the Exchange. The Best Practice takes into account the existing legal status and the latest trends in corporate governance, and address the demands of market players interested in improving corporate governance in listed companies. In respect to the rules included in The Best Practice, the "comply or explain" formula applies.

At the end of July, ENEA S.A. published the Best Practice application report. The Company complies with a large majority of the rules. the entire report may be downloaded in the Corporate Governance tab on the <https://ir.enea.pl> website.

### **8.42 National Energy Security Agency**

On 23 July 2021, ENEA S.A., PGE Polska Grupa Energetyczna S.A., TAURON Polska Energia S.A., Energa S.A. and the State Treasury entered into a memorandum of understanding on cooperation in a spin-off of coal assets and their integration within the National Energy Security Agency. In a document entitled "Transformation of the power sector in Poland. Spin-off of coal assets from companies with a State Treasury shareholding", published by the Ministry of State Assets, a concept has been developed to spin off, from the corporate groups of each Utility Company, assets associated with the generation of electricity in conventional coal-fired units ("Coal Assets"). The objectives of the Transformation envisage, among other outcomes, the integration of the Coal Assets within a single entity, specifically PGE Górnictwo i Energetyka Konwencjonalna S.A., which is a subsidiary of PGE S.A. and will ultimately run its business under the name of Narodowa Agencja Bezpieczeństwa Energetycznego (National Energy Security Agency).

Keeping the foregoing in mind, the Parties to the Memorandum of Understanding recognize the need to coordinate their cooperation in the spin-off process of the Coal Assets and their integration in NABE. Under the Memorandum of Understanding, the Parties declare their mutual exchange of necessary information, including information on the organizational structures, processes and

objectives for the direction of the Transformation, to the extent such exchange remains in compliance with the applicable laws. The Memorandum of Understanding will enable an efficient and effective execution of the process aimed at the establishment of NABE.

### 8.43. Curtailing emissions of air pollutants

Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control, Industrial Emissions Directive, IED), introduced on 1 January 2016 new and more stringent environmental protection standards for combustion installations with a total delivered fuel power  $\leq 50$  MW. The regulations arising under IED were supplemented by the so-called BAT conclusions (BATc) published on 17 August 2017 for large combustion plants (Commission Implementing Decision (EU) 2017/1442 of 31 July 2017 laying down BAT conclusions for large combustion plants in accordance with Directive 2010/75/EU of the European Parliament and of the Council) were published in the Official Journal of the European Union. The BAT conclusions, which came into force on 18 August 2021 after a 4-year adaptation period, introduced more stringent (than in the IED Directive) requirements for pollutants such as sulfur dioxide, nitrogen oxides and dust. The BAT-associated emission levels also apply to other substances, such as: mercury, hydrogen chloride, hydrogen fluoride and ammonia.

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

Years	SO <sub>2</sub>			NO <sub>x</sub>			Dust			CO <sub>2</sub>		Production of electricity gross [MWh]
	SO <sub>2</sub> emissions [Mg]	SO <sub>2</sub> emission factor [kg/MWh]	SO <sub>2</sub> emission fee [PLN000s]	NO <sub>x</sub> emissions [Mg]	NO <sub>x</sub> emission factor [kg/MWh]	NO <sub>x</sub> emission fee [PLN000s]	Dust emissions [Mg]	Dust emissions ratio [kg/MWh]	Dust emission fee [PLN 000s]	CO <sub>2</sub> emissions [Mg]	CO <sub>2</sub> emission factor [kg/MWh]	
Q1-Q3 2021	5,481.4	0.547	3,069.6	6,572.3	0.656	3,680.5	275.5	0.027	104.7	8,509,472.4	849	10,025,182.5
Q1-Q3 2020	6,355.1	0.749	3,495.3	5,975.1	0.704	3,286.3	317.5	0.037	117.5	7,241,312.7	854	8,482,532.3
% change	-13.75	-27.00	-12.18	9.99	-6.88	12.00	-13.23	-25.73	-10.89	17.51	-0.61	18.19

In 2021, the emission fee rates increased:

SO<sub>2</sub>: 0.55 PLN/kg in 2020 => 0.56 PLN/kg in 2021

NO<sub>x</sub>: 0.55 PLN/kg in 2020 => 0.56 PLN/kg in 2021

Dust: 0.37 PLN/kg in 2020 => 0.38 PLN/kg in 2021

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

Years	SO <sub>2</sub>			NO <sub>x</sub>			Dust			CO <sub>2</sub>		Production of electricity gross [MWh]
	SO <sub>2</sub> emissions [Mg]	SO <sub>2</sub> emission factor [kg/MWh]	SO <sub>2</sub> emission fee [PLN000s]	NO <sub>x</sub> emissions [Mg]	NO <sub>x</sub> emission factor [kg/MWh]	NO <sub>x</sub> emission fee [PLN000s]	Dust emissions [Mg]	Dust emissions ratio [kg/MWh]	Dust emission fee [PLN000s]	CO <sub>2</sub> emissions [Mg]	CO <sub>2</sub> emission factor [kg/MWh]	
Q1-Q3 2021 Unit 11 <sup>1)</sup>	1,421.6	0.313	796.1	1,824.3	0.402	1,021.6	56.4	0.012	21.4	3,409,075.6	751	4,539,291.9
Q1-Q3 2020 Unit 11 <sup>1)</sup>	1,391.1	0.336	765.1	1,659.5	0.401	912.7	66.7	0.016	24.7	3,097,977.0	749	4,138,623.5
Q1-Q3 2021 Units 1-10	5,481.4	0.547	3,069.6	6,572.3	0.656	3,680.5	275.5	0.027	104.7	8,509,472.4	849	10,025,182.5
Q1-Q3 2020 Units 1-10	6,355.1	0.749	3,495.3	5,975.1	0.704	3,286.3	317.5	0.037	117.5	7,241,312.7	854	8,482,532.3

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

#### ENEA Elektrownia Polaniec

Years	SO <sub>2</sub>			NO <sub>x</sub>			Dust			CO <sub>2</sub>		Production of electricity gross [MWh]
	SO <sub>2</sub> emissions [Mg]	SO <sub>2</sub> emission factor [kg/MWh]	SO <sub>2</sub> emission fee [PLN000s]	NO <sub>x</sub> emissions [Mg]	NO <sub>x</sub> emission factor [kg/MWh]	NO <sub>x</sub> emission fee [PLN000s]	Dust emissions [Mg]	Dust emissions ratio [kg/MWh]	Dust emission fee [PLN000s]	CO <sub>2</sub> emissions [Mg]	CO <sub>2</sub> emission factor [kg/MWh]	
Q1-Q3 2021	3,455.3	0.564	1,935.0	3,872.2	0.632	2,168.5	313.3	0.051	119.1	4,269,215.0	696.5	6,129,892.6
Q1-Q3 2020	4,693.8	0.911	2,581.6	3,724.5	0.723	2,048.5	250.8	0.049	92.8	3,402,367.8	660.7	5,149,895.1
% change	-26.4	-38.1	-25.0	4.0	-12.6	5.9	24.9	4.1	28.3	25.5	5.4	19.0

### Białystok CHP Plant

Years	SO <sub>2</sub>			NO <sub>x</sub>			Dust			CO <sub>2</sub>		Production of electricity gross [MWh]
	SO <sub>2</sub> emissions [Mg]	SO <sub>2</sub> emission factor [kg/MWh]	SO <sub>2</sub> emission fee [PLN000s]	NO <sub>x</sub> emissions [Mg]	NO <sub>x</sub> emission factor [kg/MWh]	NO <sub>x</sub> emission fee [PLN000s]	Dust emissions [Mg]	Dust emissions ratio [kg/MWh]	Dust emission fee [PLN000s]	CO <sub>2</sub> emissions [Mg]	CO <sub>2</sub> emission factor [kg/MWh]	
Q1-Q3 2021	148.9	0.133	83.4	368.4	0.328	206.3	22.8	0.020	8.6	220,186.6	196.3	368,257.2
Q1-Q3 2020	68.1	0.072	37.4	320.1	0.336	176.1	29.4	0.031	10.9	122,242.9	128.5	314,645.8
% change	118.7	85.5	122.7	15.1	-2.4	17.2	-22.8	-34.5	-20.7	80.1	52.8	17.0

### Białystok "Zachód" Heat Plant

Years	SO <sub>2</sub>			NO <sub>x</sub>			Dust			CO <sub>2</sub>		Production of electricity gross [MWh]
	SO <sub>2</sub> emissions [Mg]	SO <sub>2</sub> emission factor [kg/MWh]	SO <sub>2</sub> emission fee [PLN000s]	NO <sub>x</sub> emissions [Mg]	NO <sub>x</sub> emission factor [kg/MWh]	NO <sub>x</sub> emission fee [PLN000s]	Dust emissions [Mg]	Dust emissions ratio [kg/MWh]	Dust emission fee [PLN000s]	CO <sub>2</sub> emissions [Mg]	CO <sub>2</sub> emission factor [kg/MWh]	
Q1-Q3 2021	16.7	-	9.3	14.2	-	8.0	0.5	-	0.2	14,671	-	-
Q1-Q3 2020	4.0	-	2.2	3.5	-	1.9	0.4	-	0.1	7,314	-	-
% change	317.5	-	322.7	305.7	-	321.1	25.0	-	100.0	100.6	-	-

## 8.44. Compliance with formal and legal requirements

### ENEA Wytwarzanie

On 30 June 2020, the Koziencice Power Plant terminated its participation in the Transitional National Plan (PPK) and, as of 1 July 2020, complies with the emission standards pursuant to provisions of the IED. On 18 August 2021, the BAT conclusions (BATc) for large combustion plants came into effect.

Considering the above, starting on 18 August 2021, the following more restrictive legal requirements apply to the installations of units 1-10 and unit 11 of the Koziencice Power Plant in respect to emissions of air pollutants:

- pursuant to the Regulation of the Minister of Climate of 24 September 2020 on emission standards for certain installation types, fuel combustion sources and waste combustion or co-combustion installations (Journal of Laws of 2020, Item 1860), emissions are deemed compliant on the following terms and conditions:
  - none of the approved average monthly concentrations of dust, SO<sub>2</sub> and NO<sub>x</sub> exceed 100% of the emission standard,
  - 95% of all approved average hourly concentrations of dust, SO<sub>2</sub> and NO<sub>x</sub> during the year does not exceed 200% of the emission standard.
- According to the Commission Implementing Decision (EU) 2017/1442 of 31 July 2017 laying down BAT conclusions for large combustion plants in accordance with Directive 2010/75/EU of the European Parliament and of the Council) were published in the Official Journal of the European Union (OJ EU 2017 L.212 p1), emissions are deemed compliant on the following terms and conditions:
  - none of the approved average annual concentrations of dust, SO<sub>2</sub>, NO<sub>x</sub>, CO, HCl, HF, NH<sub>3</sub> and Hg exceed the annual threshold emission levels,
  - none of the approved average daily concentrations of dust, SO<sub>2</sub> and NO<sub>x</sub> exceed the daily threshold emission levels,

**No exceedance of the emission standards, threshold emission levels and other formal and legal requirements was found in the first three quarters of 2021.**

Koziencice Power Plant effectively complies with the objectives set by the national and community law (IED directive, BAT conclusion, Environmental Protection Law act and implementing regulations). The Power Plant operates five flue gas desulfurization (FDG) installations, which guarantee the required reduction of SO<sub>2</sub> emissions from flue gases of all units. All units of the Power Plant are equipped with highly efficient electrostatic precipitators, which are upgraded on an ongoing basis in order to maintain high dust removal efficiency. All units (excluding unit 3) are also equipped with selective catalytic NO<sub>x</sub> reduction (SCR) installations. Built-in environmental protection equipment and installations will ensure full compliance with formal and legal requirements.

### ENEA Ciepło

As part of the "Zachód" Heat Plant installation, ENEA Ciepło takes advantage of the heat derogation arising from the IED as regards SO<sub>2</sub>, dust and NO<sub>x</sub> emissions.

In the period of validity of the heat derogation, i.e. from 1 January 2016 to 31 December 2022, emission standards as at 31 December 2015 are applicable.

### ENEA Elektrownia Połaniec

ENEA Elektrownia Połaniec S.A. takes advantage of the derogation arising from the IED – natural derogation of 17,500 hours covering boiler 1.

In the first three quarters of 2021, 1,541 hours of the limit were used. A total of 15,113 hours were used.

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## 9. CSR – Corporate social responsibility

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### 1. Fight against COVID-19

Up until now, the ENEA Group spent more than PLN 6.2 million on support for medical centers and institutions that were involved in combating the pandemic. The amount was provided to 43 hospitals and other treatment facilities across Poland. In the first three quarters of 2021, the ENEA Foundation donated PLN 1,895,600 for combating COVID-19 and for rehabilitation of coronavirus patients.

### 2. Historical education project: “From Greater Poland to Independent Poland. The youth speaks about 27 December 1918”

ENEA S.A. cooperated with the Educational Project Society Foundation to implement a historical and educational project about the Greater Poland Uprising (Powstanie Wielkopolskie), implementing the quality education goal of the Sustainable Development Goals. They developed educational materials and didactic aids necessary to conduct lessons on the uprising as well as the campaign’s website <https://1918pamietamy.enea.pl>. Additionally, two historical education conferences were organized and a large-format exhibition for schools was prepared. From 1 October to 12 November, there was a contest with prizes testing the knowledge provided during the lessons about the Uprising. The goal of the project was to spread knowledge and educate the young generation about the Greater Poland Uprising and its significance for building the independence of Poland as well as integration of the local community and building the sense of community and patriotism.

### 3. #OgarnijHejt social campaign

The OgarnijHejt [Know About Hate] campaign was part of the Year of Lem established by the Sejm of the Republic of Poland, of which the ENEA Group is a partner. The ENEA Group cooperated with the Stanisław Lem Poland of the Future Institute to promote knowledge about safety on the Internet and cyber-bullying prevention. During the campaign, students, parents and teachers in 30 schools, which were eligible for the program, participated in free workshops on safe and responsible use of the Internet and the social media. Another goal of the project was to prevent the negative impact of the pandemic on the youth and adults and to provide psychological care. On 10-15 September, the “Megabit Bomb” education festival was held with the participation of ENEA Group representatives. It was devoted to the writings of Stanisław Lem and the risks and opportunities arising from technological development.

### 4. “Together let’s rush to the table” social campaign

ENEA is committed to the pursuit of sustainable development goals in the area of good health and well-being. It encouraged Poles to take care of their physical condition by organizing a social campaign entitled “Together let’s rush to the table”. The goal of the campaign was to integrate the local communities from the ENEA Group’s area of operation. The campaign rewarded physical activity together and benefited entire local communities. From 19 August to 24 September, the participants walked, ran, engaged in sightseeing hikes, nordic walking, rode bicycles, scooters and inline skates in order to collect kilometers, which were converted into points in a mobile application and credited to cities and townships in ENEA’s area of activity. Each of the five local governments, which posted the largest numbers of kilometers, received two professional table tennis tables from ENEA. More than one hundred most active residents received individual prizes related to sports, including electric scooters and table tennis sets. Overall, more than 1600 people took part in the challenge, covering 429,173 kilometers.

### 5. Clean Baltic Project

The big beach cleanup is an initiative of the Clean Poland Association and the United Nations Global Compact, which ENEA joined. During the first record-breaking edition, nearly two tons of trash was collected over the period of two days. This was done by 1787 volunteers from across Poland. However cleaning up trash from seaside beaches was just an intermediate goal. The key objective is education, a change in awareness and harmful habits. ENEA wants to draw attention to the problem of waste, its proper segregation and recycling and reach a broad audience and show positive models of behavior.

### 6. Bird lookout

ENEA Group is also working to protect biodiversity, thereby pursuing two of the Sustainable Development Goals of climate action and its effects and stopping biodiversity loss. Through cooperation with the State Forests, on September 30th a bird lookout was built in the Biskupice forest district. The wooden lookout is located on the Grudniański Reservoir, in a place, from which water and wetland fowl may be successfully observed. This is a second structure of this type on the territory of the Piła Directorate of the State Forests. The structure was built within a short distance from the existing forest parking lot, which is connected with a road ensuring access also for the disabled. During the opening, a nature photography workshop was carried out by a recognized nature photographer, Hubert Gajda.

## 10. Appendices

### Appendix 1 - Statement of profit and loss of ENEA Operator in the first three quarters of 2021

[PLN 000s]	Q1-Q3 2020	Q1-Q3 2021	Change	% change
Revenue from sales of distribution services to end users	2,143,696	2,223,599	79,903	3.7%
Revenue from additional fees	1,952	3,263	1,311	67.2%
Revenue from non-invoiced sale of distribution services	1,435	19,110	17,675	1,231.7%
Settlement of the balancing market	26,329	2,837	-23,492	-89.2%
Grid connection fees	112,765	63,552	-49,213	-43.6%
Revenue from illegal use of electricity	3,972	6,613	2,641	66.5%
Revenue from services	20,360	21,085	725	3.6%
Revenue from sales of distribution services to other entities	19,609	19,057	-552	-2.8%
Revenue from sales of goods and materials and other revenue	953	1,339	386	40.5%
<b>Revenue from sales</b>	<b>2,331,071</b>	<b>2,360,455</b>	<b>29,384</b>	<b>1.3%</b>
Depreciation of fixed assets and amortization of intangible assets	462,337	495,231	32,894	7.1%
Employee benefit costs	370,784	386,279	15,495	4.2%
Consumption of materials and supplies and cost of goods sold	22,143	24,736	2,593	11.7%
Purchase of energy for own needs and grid losses	261,992	219,573	-42,419	-16.2%
Costs of transmission services	348,789	324,439	-24,350	-7.0%
Other third-party services	201,894	206,983	5,089	2.5%
Taxes and charges	173,594	179,905	6,311	3.6%
<b>Tax-deductible expenses</b>	<b>1,841,533</b>	<b>1,837,146</b>	<b>-4,387</b>	<b>-0.2%</b>
Other operating revenue	85,998	29,670	-56,328	-65.5%
Other operating costs	48,365	26,102	-22,263	-46.0%
Profit/ (loss) on the sale and liquidation of property, plant and equipment	(3,894)	(1,273)	2,621	67.3%
<b>Operating profit / (loss)</b>	<b>523,277</b>	<b>525,604</b>	<b>2,327</b>	<b>0.4%</b>
Finance income	3,538	4,992	1,454	41.1%
Finance costs	66,928	44,333	-22,595	-33.8%
<b>Profit / (loss) before tax</b>	<b>459,887</b>	<b>486,263</b>	<b>26,376</b>	<b>5.7%</b>
Income tax	90,811	96,263	5,452	6.0%
<b>Net profit / (loss) for the reporting period</b>	<b>369,076</b>	<b>390,000</b>	<b>20,924</b>	<b>5.7%</b>
<b>EBITDA</b>	<b>985,614</b>	<b>1,020,835</b>	<b>35,221</b>	<b>3.6%</b>

#### ENEA Operator – EBITDA drivers in the first three quarters of 2021 (up by PLN 35 million):

(+) revenue from sales of distribution services to end users up by PLN 98 million, largely due to a higher volume of distributed energy. The consequences of the pandemic and restrictions in the business sector do not significantly affect total demand for electricity. Moreover, we are constantly observing the impact of end users working from home on the level of demand for electricity in Tariff Groups G.

(+) costs of purchasing transmission and distribution services down by PLN 24 million, in particular as a consequence of a decline in contractual capacity, higher volume of energy consumed and lower variable and fixed fee rates in settlements with PSE SA and neighboring DSO, respectively.

(-) revenues from grid connection fees down PLN 49 million as a result of the settlement, in 2020, of a connection which entailed a large connection fee in Connection Group II.

(+) costs of purchasing electricity to cover the balancing difference (balance) down by PLN 19 million, chiefly as a result of a decline in wholesale prices with delivery in 2021.

(-) higher operating expenses by PLN 29 million resulting mainly from higher employee benefit costs, higher costs of third-party services and higher costs of taxes and charges.

(-) lower result on other operating activities by PLN 31 million resulting mainly from lower revenue from contractual penalties and indemnities, lower revenues from the removal of collisions and changes in impairment losses offset by a higher liquidation result.

## Appendix 2 - Statement of profit and loss of ENEA Operator in the third quarter of 2021

[PLN 000s]	Q3 2020	Q3 2021	Change	% change
Revenue from sales of distribution services to end users	721,182	734,984	13,802	1.9%
Revenue from additional fees	407	992	585	143.7%
Revenue from non-invoiced sale of distribution services	-3,325	-563	2,762	83.1%
Settlement of the balancing market	6,070	330	-5,740	-94.6%
Grid connection fees	11,961	27,155	15,194	127.0%
Revenue from illegal use of electricity	1,187	1,529	342	28.8%
Revenue from services	6,576	6,979	403	6.1%
Revenue from sales of distribution services to other entities	6,695	6,341	-354	-5.3%
Revenue from sales of goods and materials and other revenue	322	433	111	34.5%
<b>Revenue from sales</b>	<b>751,075</b>	<b>778,180</b>	<b>27,105</b>	<b>3.6%</b>
Depreciation of fixed assets and amortization of intangible assets	157,263	167,198	9,935	6.3%
Employee benefit costs	113,194	120,899	7,705	6.8%
Consumption of materials and supplies and cost of goods sold	7,489	8,426	937	12.5%
Purchase of energy for own needs and grid losses	85,178	71,989	-13,189	-15.5%
Costs of transmission services	117,325	111,604	-5,721	-4.9%
Other third-party services	71,289	68,848	-2,441	-3.4%
Taxes and charges	59,007	59,030	23	0.0%
<b>Tax-deductible expenses</b>	<b>610,745</b>	<b>607,994</b>	<b>-2,751</b>	<b>-0.5%</b>
Other operating revenue	19,096	9,555	-9,541	-50.0%
Other operating costs	5,797	8,695	2,898	50.0%
Profit/ (loss) on the sale and liquidation of property, plant and equipment	(1,235)	(134)	1,101	89.1%
<b>Operating profit / (loss)</b>	<b>152,394</b>	<b>170,912</b>	<b>18,518</b>	<b>12.2%</b>
Finance income	598	483	-115	-19.2%
Finance costs	17,794	14,887	-2,907	-16.3%
<b>Profit / (loss) before tax</b>	<b>135,198</b>	<b>156,508</b>	<b>21,310</b>	<b>15.8%</b>
Income tax	26,909	30,714	3,805	14.1%
Net profit / (loss) for the reporting period	108,289	125,794	17,505	16.2%
<b>EBITDA</b>	<b>309,657</b>	<b>338,110</b>	<b>28,453</b>	<b>9.2%</b>

### ENEA Operator – EBITDA drivers in the third quarter of 2021 (up by PLN 28 million):

(+) revenue from sales of distribution services to end users up by PLN 17 million, largely due to a higher volume of distributed energy

(+) costs of purchasing transmission and distribution services down by PLN 6 million, in particular as a consequence of a decline in contractual capacity, higher volume of energy consumed and lower variable and fixed fee rates in settlements with PSE SA and neighboring DSO, respectively

(+) revenues from grid connection fees up by PLN 15 million

(+) costs of purchasing electricity to cover the balancing difference (balance) down by PLN 7 million, chiefly as a result of a decline in wholesale prices with delivery in 2021

(-) higher operating expenses by PLN 6 million resulted mainly from higher employee benefit costs

(-) lower result on other operating activities by PLN 11 million resulting mainly from a remeasurement of provisions for grid assets, lower revenue from contractual penalties and indemnities, offset by a higher liquidation result.

### Appendix 3 - Statement of profit and loss of ENEA Wytwarzanie in the first three quarters of 2021

[PLN 000s]	Q1-Q3 2020 <sup>1)</sup>	Q1-Q3 2021	Change	% change
Revenue from sales of electricity	3,990,530	3,898,157	-92,373	-2.3%
generation license	3,345,257	3,757,809	412,552	12.3%
trading license	569,285	116,546	-452,739	-79.5%
Regulatory System Services	75,988	23,802	-52,186	-68.7%
Revenue from the Capacity Market	0	458,803	458,803	100.0%
Revenue from certificates of origin	22,613	91	-22,522	-99.6%
Revenue from sales of heat	642	1,169	527	82.1%
Revenue from sales of other products and services	4,873	4,046	-827	-17.0%
Revenue from sales of goods and materials	10,707	20,309	9,602	89.7%
<b>Net revenue from sales</b>	<b>4,029,365</b>	<b>4,382,575</b>	<b>353,210</b>	<b>8.8%</b>
Revenue from leases and operating subleases	252	425	173	68.7%
<b>Net revenue from sales and other income</b>	<b>4,029,617</b>	<b>4,383,000</b>	<b>353,383</b>	<b>8.8%</b>
Depreciation of fixed assets and amortization of intangible assets	305,553	170,457	-135,096	-44.2%
Employee benefit costs	195,444	202,956	7,512	3.8%
Consumption of materials and supplies and cost of goods sold	2,440,819	3,060,253	619,434	25.4%
Purchase of energy for subsequent sale	455,591	313,658	-141,933	-31.2%
Transmission services	1	3	2	200.0%
Other third-party services	87,790	98,996	11,206	12.8%
Taxes and charges	56,393	59,510	3,117	5.5%
<b>Tax-deductible expenses</b>	<b>3,541,591</b>	<b>3,905,833</b>	<b>364,242</b>	<b>10.3%</b>
Other operating revenue	37,614	16,529	-21,085	-56.1%
Other operating costs	8,322	9,473	1,151	13.8%
Profit / (loss) on the sale and liquidation of property, plant and equipment	193	64	-129	-66.8%
Impairment loss allowance on non-financial non-current assets	522,822	0	-522,822	-100.0%
<b>Operating profit / (loss)</b>	<b>(5,311)</b>	<b>484,287</b>	<b>489,598</b>	<b>9,218.6%</b>
Finance income	476	7,665	7,189	1,510.3%
Finance costs	106,258	65,954	-40,304	-37.9%
Dividend income	152	121	-31	-20.4%
<b>Profit / (loss) before tax</b>	<b>(110,941)</b>	<b>426,119</b>	<b>537,060</b>	<b>484.1%</b>
Income tax	-21,188	82,377	103,565	488.8%
<b>Net profit / (loss) for the reporting period</b>	<b>(89,753)</b>	<b>343,742</b>	<b>433,495</b>	<b>483.0%</b>
<b>EBITDA</b>	<b>823,064</b>	<b>654,744</b>	<b>-168,320</b>	<b>-20.5%</b>

<sup>1)</sup> data for 2020 do not include the RES Segment spun-off from ENEA Wytwarzanie as of 1 December 2020

#### **ENEA Wytwarzanie – key EBITDA drivers in the first three quarters of 2021 (down by PLN 168 million):**

- (-) trading and Balancing Market margin down by PLN 284.9 million
- (-) generation margin down by PLN 229.8 million
- (-) revenue from Regulatory System Services down by PLN 52.2 million
- (-) decrease in other drivers by PLN 36.8 million, including result on other operating activities down by PLN 22.2 million, revenue from sales of property rights down by PLN 22.5 million, result on sales of materials up by 9.5 million
- (-) fixed costs up by PLN 23.5 million
- (+) revenue from the Capacity Market of 458.8 million

#### Appendix 4 - Statement of profit and loss of ENEA Wytwarzanie in the third quarter of 2021

[PLN 000s]	Q3 2020 <sup>1)</sup>	Q3 2021	Change	% change
Revenue from sales of electricity	1,443,497	1,562,526	119,029	8.2%
generation license	1,398,812	1,550,217	151,405	10.8%
trading license	27,516	5,940	-21,576	-78.4%
Regulatory System Services	17,169	6,369	-10,800	-62.9%
Revenue from the Capacity Market	0	160,328	160,328	100.0%
Revenue from certificates of origin	43	0	-43	-100.0%
Revenue from sales of heat	121	595	474	391.7%
Revenue from sales of other products and services	1,606	1,432	-174	-10.8%
Revenue from sales of goods and materials	4,415	8,284	3,869	87.6%
<b>Net revenue from sales</b>	<b>1,449,682</b>	<b>1,733,165</b>	<b>283,483</b>	<b>19.6%</b>
Revenue from leases and operating subleases	90	123	33	36.7%
<b>Net revenue from sales and other income</b>	<b>1,449,772</b>	<b>1,733,288</b>	<b>283,516</b>	<b>19.6%</b>
Depreciation of fixed assets and amortization of intangible assets	101,148	55,822	-45,326	-44.8%
Employee benefit costs	62,276	67,647	5,371	8.6%
Consumption of materials and supplies and cost of goods sold	1,003,160	1,270,293	267,133	26.6%
Purchase of energy for subsequent sale	80,009	80,591	582	0.7%
Other third-party services	32,204	40,745	8,541	26.5%
Taxes and charges	19,885	19,843	-42	-0.2%
<b>Tax-deductible expenses</b>	<b>1,298,682</b>	<b>1,534,941</b>	<b>236,259</b>	<b>18.2%</b>
Other operating revenue	1,567	2,379	812	51.8%
Other operating costs	1,331	1,557	226	17.0%
Profit / (loss) on the sale and liquidation of property, plant and equipment	274	53	-221	-80.7%
<b>Operating profit / (loss)</b>	<b>151,600</b>	<b>199,222</b>	<b>47,622</b>	<b>31.4%</b>
Finance income	129	-868	-997	-772.9%
Finance costs	30,612	16,794	-13,818	-45.1%
Dividend income	0	1	1	100.0%
<b>Profit / (loss) before tax</b>	<b>121,117</b>	<b>181,561</b>	<b>60,444</b>	<b>49.9%</b>
Income tax	22,365	-54,899	-77,264	-345.5%
<b>Net profit / (loss) for the reporting period</b>	<b>98,752</b>	<b>236,460</b>	<b>137,708</b>	<b>139.4%</b>
<b>EBITDA</b>	<b>252,748</b>	<b>255,044</b>	<b>2,296</b>	<b>0.9%</b>

<sup>1)</sup> data for 2020 do not include the RES Segment spun-off from ENEA Wytwarzanie as of 1 December 2020

#### **ENEA Wytwarzanie – key EBITDA drivers in the third quarter of 2021 (up by PLN 2 million):**

- (+) revenue from the Capacity Market of 160.3 million
- (+) contribution of other drivers up by PLN 4.4 million, including a PLN 4.2 million increase in the result on sales of materials
- (-) revenue from Regulatory System Services down by PLN 10.8 million
- (-) fixed costs up by PLN 18.1 million
- (-) trading and Balancing Market margin down by PLN 36.7 million
- (-) generation margin down by PLN 96.8 million



## Appendix 5 - Statement of profit and loss of ENEA Elektrownia Połaniec in the first three quarters of 2021

[PLN 000s]	Q1-Q3 2020	Q1-Q3 2021	Change	% change
Revenue from sales of electricity	1,646,089	1,885,321	239,232	14.5%
generation license	1,287,775	1,377,753	89,978	7.0%
trading license	337,021	498,404	161,383	47.9%
Regulatory System Services	21,293	9,164	-12,129	-57.0%
Revenue from the Capacity Market	0	185,360	185,360	100.0%
Revenue from certificates of origin	176,035	215,176	39,141	22.2%
Revenue from sales of heat	34,781	50,464	15,683	45.1%
Revenue from sales of other products and services	4,034	3,960	-74	-1.8%
Revenue from sales of goods and materials	2,837	1,545	-1,292	-45.5%
Excise duty	40	42	2	5.0%
<b>Revenue from sales and other income</b>	<b>1,863,736</b>	<b>2,341,784</b>	<b>478,048</b>	<b>25.6%</b>
Depreciation of fixed assets and amortization of intangible assets	49,528	60,289	10,761	21.7%
Employee benefit costs	55,261	56,773	1,512	2.7%
Consumption of materials and supplies and cost of goods sold	1,075,237	1,259,638	184,401	17.1%
Purchase of energy for subsequent sale	247,022	610,073	363,051	147.0%
Transmission services	239	305	66	27.6%
Other third-party services	181,877	175,551	-6,326	-3.5%
Taxes and charges	25,908	25,613	-295	-1.1%
<b>Tax-deductible expenses</b>	<b>1,635,072</b>	<b>2,188,242</b>	<b>553,170</b>	<b>33.8%</b>
Other operating revenue	9,895	20,990	11,095	112.1%
Other operating costs	1,447	1,011	-436	-30.1%
Profit / (loss) on the sale and liquidation of property, plant and equipment	56	0	-56	-100.0%
<b>Operating profit / (loss)</b>	<b>237,168</b>	<b>173,521</b>	<b>-63,647</b>	<b>-26.8%</b>
Finance income	152	827	675	444.1%
Finance costs	4,737	7,098	2,361	49.8%
Dividend income	2,635	3,614	979	37.2%
<b>Profit / (loss) before tax</b>	<b>235,218</b>	<b>170,864</b>	<b>-64,354</b>	<b>-27.4%</b>
<b>Income tax</b>	<b>43,795</b>	<b>31,744</b>	<b>-12,051</b>	<b>-27.5%</b>
Net profit / (loss) for the reporting period	191,423	139,120	-52,303	-27.3%
<b>EBITDA</b>	<b>286,696</b>	<b>233,810</b>	<b>-52,886</b>	<b>-18.4%</b>

### ENEA Elektrownia Połaniec – key EBITDA drivers in the first three quarters of 2021 (down by PLN 53 million):

#### **System Power Plants Segment (EBITDA down by PLN 130.3 million):**

- (-) trading and Balancing Market margin down by PLN 201.7 million
- (-) generation margin down by PLN 110.1 million
- (-) revenue from sales of Regulatory System Services down by PLN 12.1 million
- (+) revenue from the Capacity Market of 185.4 million
- (+) fixed costs down by PLN 8.2 million

#### **RES Segment (EBITDA up by PLN 69.7 million):**

- (+) RES energy production margin up by PLN 67.4 million
- (+) fixed costs down by PLN 3.2 million
- (-) Green Block's margin on sales of green certificate inventories down by PLN 0.9 million

#### **Heat Segment (EBITDA up by PLN 7.7 million)**

- (+) margin on heat up by PLN 7.5 million due to: higher volume of heat production PLN +1.5 million, higher sale price of heat PLN +7.4 million, lower cost of fuel PLN +2.3 million, higher cost of CO<sub>2</sub> PLN -3.8 million
- (+) fixed costs down by PLN 0.2 million

## Appendix 6 - Statement of profit and loss of ENEA Elektrownia Połaniec in Q3 2021

[PLN 000s]	Q3 2020	Q3 2021	Change	% change
Revenue from sales of electricity	556,240	707,833	151,593	27.3%
generation license	405,874	546,246	140,372	34.6%
trading license	145,200	159,131	13,931	9.6%
Regulatory System Services	5,166	2,456	-2,710	-52.5%
Revenue from the Capacity Market	0	64,194	64,194	100.0%
Revenue from certificates of origin	49,118	90,765	41,647	84.8%
Revenue from sales of heat	12,948	16,945	3,997	30.9%
Revenue from sales of other products and services	1,269	1,309	40	3.2%
Revenue from sales of goods and materials	973	422	-551	-56.6%
Excise duty	13	9	-4	-30.8%
<b>Revenue from sales and other income</b>	<b>620,535</b>	<b>881,459</b>	<b>260,924</b>	<b>42.0%</b>
Depreciation of fixed assets and amortization of intangible assets	17,883	21,679	3,796	21.2%
Employee benefit costs	17,323	17,900	577	3.3%
Consumption of materials and supplies and cost of goods sold	341,045	487,147	146,102	42.8%
Purchase of energy for subsequent sale	118,662	215,471	96,809	81.6%
Transmission services	75	85	10	13.3%
Other third-party services	63,355	62,264	-1,091	-1.7%
Taxes and charges	8,113	7,873	-240	-3.0%
<b>Tax-deductible expenses</b>	<b>566,456</b>	<b>812,419</b>	<b>245,963</b>	<b>43.4%</b>
Other operating revenue	1,082	2,988	1,906	176.2%
Other operating costs	532	482	-50	-9.4%
<b>Operating profit / (loss)</b>	<b>54,629</b>	<b>71,546</b>	<b>16,917</b>	<b>31.0%</b>
Finance income	14	817	803	5,735.7%
Finance costs	1,162	2,294	1,132	97.4%
Dividend income	2,635	97	-2,538	-96.3%
<b>Profit / (loss) before tax</b>	<b>56,116</b>	<b>70,166</b>	<b>14,050</b>	<b>25.0%</b>
Income tax	-12,845	10,009	22,854	177.9%
<b>Net profit / (loss) for the reporting period</b>	<b>68,961</b>	<b>60,157</b>	<b>-8,804</b>	<b>-12.8%</b>
<b>EBITDA</b>	<b>72,512</b>	<b>93,225</b>	<b>20,713</b>	<b>28.6%</b>

### ENEA Elektrownia Połaniec – key EBITDA drivers in the third quarter of 2021 (up by PLN 21 million):

#### **System Power Plants Segment (EBITDA down by PLN 29.5 million):**

- (-) trading and Balancing Market margin down by PLN 83.1 million
- (-) generation margin down by PLN 4.6 million
- (-) revenue from sales of Regulatory System Services down by PLN 2.7 million
- (-) fixed costs up by PLN 3.3 million
- (+) revenue from the Capacity Market of 64.2 million

#### **RES Segment (EBITDA up by PLN 48.1 million):**

- (+) RES energy production margin up by PLN 48.6 million
- (+) fixed costs down by PLN 3.4 million
- (-) Green Block's margin on sales of green certificate inventories down by PLN 3.9 million

#### **Heat Segment (EBITDA up by PLN 2.1 million)**

- (+) margin on heat up by PLN 1.7 million due to: higher volume of heat production PLN +0.4 million, higher sale price of heat PLN +2.5 million, lower cost of fuel PLN +0.5 million, higher cost of CO<sub>2</sub> PLN -1.8 million
- (+) fixed costs down by PLN +0.4 million

## 11. Glossary of terms and abbreviations

This is a glossary of terms and abbreviations used in this report. Definitions and calculation methodologies of alternative performance measures are the same as the definitions and calculation methodologies of the same measures used in the activity reports / additional information forming part of ENEA Group's previous periodic reports. Some of the definition may are also included in the glossary of terms and abbreviations available on the Company's website at <https://ir.enea.pl/slownik>.

Information on the individual measures calculated for respective reporting periods is monitored on a regular basis and presented in the Company's successive periodic reports. The presented measures are typical ratios used in financial analysis with special consideration of the industries, in which the ENEA Group operates.

Financial ratios	Item
<b>Current receivables turnover in days</b>	Average balance of trade and other receivables x days / Revenue from sales and other income
<b>Trade and other payables turnover in days</b>	Average balance of trade and other payables x days / Cost of goods and materials sold
<b>Inventory turnover in days</b>	Average balance of inventories x days / Cost of goods and materials sold
<b>Net debt / EBITDA</b>	(Loans, borrowings and non-current and current debt securities + non-current and current finance lease liabilities + non-current and current financial liabilities measured at fair value - cash and cash equivalents - non-current and current financial assets measured at fair value - non-current and current debt financial assets measured at amortized cost) / EBITDA LTM
<b>EBITDA</b>	Operating profit (loss) + depreciation and amortization + impairment losses on non-financial non-current assets
<b>EBITDA LTM</b>	EBITDA for the last 12 months
<b>EBIT</b>	Operating profit (loss)
<b>External financing</b>	Sum of the following Statement of cash flows items: Loans and borrowings received, Issue of bonds, Repayment of loans and borrowings, Redemption of bonds
<b>Operating expenses</b>	Depreciation and amortization; Employee benefit costs Consumption of materials and supplies and cost of goods sold; Purchase of energy and gas for subsequent sale; Transmission services; Other third-party services; Taxes and charges
<b>Cost of goods and materials sold</b>	Consumption of materials and supplies and cost of goods sold; purchase of energy and gas for subsequent sale; transmission services; other third-party services; taxes and charges; excise duty
<b>Fixed costs</b>	Costs that are independent of the electricity production volume. In a power plant, these costs include: payroll costs and charges, depreciation and amortization, costs of consumption of materials and supplies, costs of third-party services, costs of taxes and charges and other fixed costs
<b>Own costs</b>	Direct and indirect selling costs of ENEA S.A. and ENEA Trading
<b>Margin on heat</b>	Margin on sales of heat calculated as the difference between revenue from sales of heat and its variable production costs
<b>Margin on trading</b>	Difference between revenue from sales of electricity purchased in trading operations and the costs of purchasing electricity incorporating the result on sales of CO <sub>2</sub>
<b>Margin on RES energy production</b>	Margin on sales of energy and production of green certificates from the Green Unit, calculated as the difference between revenue from sales of energy and from the valuation of certificates produced and the variable costs of producing them

Financial ratios	Item
<b>Margin on the Balancing Market</b>	Difference between revenue from sales of electricity purchased on the balancing market and the costs of purchasing that electricity incorporating the result on CO <sub>2</sub> sales
<b>Margin on generation</b>	Difference between revenue from sales of electricity produced and revenue from certificates, and the variable costs related to production of that electricity
<b>Margin from licensed activities</b>	<p>Margin from licensed activities is a management indicator incorporating revenues and costs related to business activity involving distribution of electricity to customers located in a specified area. Those include primarily:</p> <ul style="list-style-type: none"> <li>• revenue from sales of distribution services to end users</li> <li>• costs of transmission and distribution services</li> <li>• costs of electricity purchased to cover the balancing difference and for own needs</li> <li>• revenue from grid connection fees ENEA Operator holds a concession granted by the President of the Energy Regulatory Office until 1 July 2030.</li> </ul>
<b>Green Block's margin on sales/remeasurement of green certificate inventories</b>	Margin on the sale of green certificates from the Green Block calculated as a difference between revenue from sales and the cost of sales of the certificates, which takes into account the updated inventories of green certificates, i.e. the updated average weighted price of the inventory of certificates to market price in case their market price drops significantly
<b>Coverage of non-current assets with equity</b>	Equity / Non-current assets
<b>Operating profitability</b>	Operating profit (loss) / Revenue from sales and other income
<b>Return on equity (ROE)</b>	Net profit (loss) for the reporting period / Equity
<b>Return on assets (ROA)</b>	Net profit (loss) for the reporting period / Total assets
<b>Net profitability</b>	Net profit (loss) for the reporting period / Revenue from sales and other income
<b>EBITDA profitability</b>	EBITDA / Revenue from sales and other income
<b>Adjusted first contribution margin</b>	Margin on retail trading of electricity and gaseous fuel earned by ENEA S.A., presented together with wholesale sales of ENEA Trading adjusted for presentation by other conditional factors, such as costs of provisions for claims of terminated PMOZE agreements, revenues and costs from sales and purchases of CO <sub>2</sub> emission allowances, valuation of CO <sub>2</sub> contracts, forward transactions for energy, gas and property rights presented in operating activities.
<b>Result on other operating activities</b>	Change in the following items: other operating revenue, other operating costs, profit/loss on a change, sale and liquidation of property, plant and equipment
<b>Current liquidity ratio</b>	Current assets / Current liabilities
<b>Total debt ratio</b>	Total liabilities / Total assets
<b>Change in working capital</b>	An item from the statement of cash flows

Abbreviation/term	Full name/definition
<b>ACER</b>	European Union Agency for the Cooperation of Energy Regulators
<b>Capacity auction</b>	A mechanism introduced by the Capacity Market Act of 8 December 2017 (Journal of Laws 2020, Item 247). In capacity auctions, electricity producers offer the operator a capacity obligation for the duration of a delivery period, which means that they undertake to maintain readiness in the delivery period to deliver the specified electric power output to the system and to deliver the specified electric power output to the system in emergency periods.
<b>BAT</b>	Best Available Techniques – a document drawing conclusions on best available techniques for the installations concerned and indicating the emission levels associated with the best available techniques.
<b>Blockchain</b>	A decentralized platform with a dispersed network infrastructure used to account for transactions, payments or accounting entries. Advantages of this technology include, among others, safety, which is ensured by the application of cryptographic algorithms, resilience to failures and transparency of transactions, while maintaining anonymity of users. The list of possible applications includes, among others, cryptocurrencies, the Internet of Things, exchange transactions without intermediaries and institutions, land and mortgage registers without notaries and mortgage courts, electricity trading between prosumers and buyers without intermediaries, accounting ledgers.
<b>CAPEX</b>	Capital expenditures on property, plant and equipment, intangible assets and right-to-use asset
<b>CDS (Clean dark spread)</b>	Difference between revenue from sales of electricity produced and the variable costs related to production of that electricity (unit CO <sub>2</sub> cost and unit cost of coal including transportation).
<b>Baseload price (BASE)</b>	Contract price for delivery of the same volume of electricity in each hour of the day
<b>CER</b>	Certified Emission Reduction – the unit of certified emission reduction
<b>CO</b>	Carbon monoxide
<b>CO<sub>2</sub></b>	Carbon dioxide
<b>CSR (Corporate Social Responsibility)</b>	Corporate Social Responsibility. Responsibility of an organization for the impact exerted by its decisions and actions on society and the environment; it is ensured by transparent and ethical conduct, which: <ul style="list-style-type: none"> <li>– contributes to sustainable development, including wellbeing and health of the society,</li> <li>– takes stakeholder expectations into account,</li> <li>– complies with the applicable law and consistent with international standards of conduct,</li> <li>– is integrated with the organization's activities and is practiced in its relations.</li> </ul>
<b>IED</b>	Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 concerning industrial emissions. It tightens the standards for emissions of sulfur dioxide, nitrogen oxides and dust from combustion plants
<b>EUA</b>	EU Emission Allowance - emission allowance under the European Emissions Trading System
<b>EU ETS European Emissions Trading System</b>	A European scheme to promote the reduction of greenhouse gas emissions
<b>GWh</b>	Gigawatt-hour
<b>HCL</b>	Hydrogen chloride
<b>HF</b>	Hydrogen fluoride
<b>Hg</b>	Mercury
<b>ICE</b>	Platform for trading EU CO <sub>2</sub> Emission Allowances (EUAs) and Certified Emission Reduction units (CERs) on the futures market
<b>IIP</b>	Inside Information Platform
<b>SCR installation</b>	Catalytic flue gas denitrification installation
<b>Stakeholder</b>	A person or group of persons interested in decisions or activities of an organization. A stakeholder is anyone who influences an organization and anyone influenced by it.
<b>Internet of Things</b>	A concept according to which various items, such as household appliances, lighting and heating products, may directly or indirectly collect, process or exchange data via a power installation or a computer network. The purpose of this concept is to create smart cities, transport, products, buildings, power supply systems, health systems or daily life systems.
<b>FGD</b>	Flue gas desulfurization and heavy metal reduction installation.
<b>IT</b>	Information technology. Computer hardware and software as well as tools and other techniques related to the collection, processing, transmission, storage, protection and presentation of information.
<b>Mg</b>	Megagram, or a ton.
<b>MWe</b>	Megawatt of electrical power
<b>MWh</b>	Megawatt-hour (1 GWh = 1,000 MWh)
<b>MWt</b>	Megawatt of thermal power
<b>NH<sub>3</sub></b>	Ammonia.
<b>Nm<sup>3</sup></b>	Normalized cubic meter of gas, i.e. the number of cubic meters that the gas would occupy in normal conditions.
<b>LV</b>	Low voltage grid supplying individual users with 50 Hz alternating current at 230 V phase voltage.
<b>NO<sub>x</sub></b>	Nitrogen oxides
<b>DSO</b>	Distribution System Operator

<b>TSO</b>	Transmission System Operator. Polskie Sieci Elektroenergetyczne S.A., a company wholly-owned by the State Treasury, which owns highest voltage grids and therefore is the operator of the power transmission system.
<b>RES</b>	Renewable energy sources
<b>“White” Property Rights</b>	Common name of PMOZE-BIO instruments
<b>“Blue” Property Rights</b>	Common name of PMEF, PMEF_F, PMEF-XXXX instruments
<b>“Green” Property Rights</b>	Same as PMOZE
<b>PMOZE</b>	Property rights under certificates of origin for energy from renewable sources
<b>PMOZE - BIO</b>	Property rights under certificates of origin of electricity from agricultural biogas plants
<b>PSCMI 1</b>	Reflects the price level of class 20-23/1 fine steam coal in sales to commercial and industrial energy sector.
<b>Energy Law</b>	Act of 10 April 1997 - Energy Law (Journal of Laws 2019 Item 755).
<b>DAM</b>	Day-Ahead Market (DAM) has been operating since 30 June 2000. It is a spot electricity market in Poland. Since the beginning of quotation, DAM prices are a benchmark for energy prices in bilateral contracts in Poland. The DAM is intended for the companies that want to actively and safely close their electricity purchase/sales portfolios on an ongoing basis at particular hours of the day
<b>REMIT</b>	Regulation (EU) No. 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency
<b>Balancing market</b>	Technical market operated by TSOs. Its objective is to ensure real-time balancing of demand for electricity and its production in the Polish Power System (PPS)
<b>SPOT market</b>	Cash (spot) market
<b>Forward market</b>	Electricity market where forward products are quoted
<b>SCR (Selective Catalytic Reduction)</b>	Catalytic flue gas denitrification installation – it operates based on the principle of reduction of nitrogen oxides to atmospheric nitrogen on the surface of a catalyst, using substances containing ammonia.
<b>Smart Grid</b>	Smart electrical grids, which feature communication between all the participants on the energy market, in order to supply energy services at lower costs, enhance efficiency and integrate dispersed energy sources, including renewable energy sources.
<b>MV</b>	Medium voltage grid, in which the phase-to-phase voltage ranges from 1 kV to 60 kV
<b>SO<sub>2</sub></b>	Sulfur dioxide
<b>PPE</b>	Polish Power Exchange
<b>TWh</b>	Terawatt-hour
<b>ERO</b>	Energy Regulatory Office
<b>Energy Law</b>	Act of 10 April 1997 entitled Energy Law
<b>HV</b>	High voltage grid. An electric power transmission grid, in which the phase-to-phase voltage ranges from 60 to 200 kV (in Poland: 110 kV). This grid is used to transmit electricity over large distances.

## Signatures of the Management Board

Date of approval and publication of

“Additional information to the extended consolidated report of ENEA S.A. for Q3 2021” – 25 November 2021.

Signed by:

President of the Management Board    Paweł Szczeszek

Vice-President of the Management Board for Commercial Matters    Tomasz Siwak

Vice-President of the Management Board for Corporate Matters    Tomasz Szczegieliński

Vice-President of the Management Board for Operational Matters    Marcin Pawlicki

Vice-President of the Management Board for Financial Matters    Rafał Mucha