ENEA GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from 1 January to 30 September 2021

in compliance with EU IFRS

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

Members of the Management Board

President of the Management Board	**Paweł Szczeszek**	....
Member of the Management Board	**Rafał Mucha**	....
Member of the Management Board	**Tomasz Siwak**	....
Member of the Management Board	**Tomasz Szczegielniak**	....
Member of the Management Board	**Marcin Pawlicki**	....

Prepared by: Robert Kiereta

Head of Consolidated Reporting ....

Poznań, 25 November 2021

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the 9-month period ended 30 September 2021 (unaudited)	For the 3-month period ended 30 September 2021 (unaudited)	For the 9-month period ended 30 September 2020 (unaudited)	For the 3-month period ended 30 September 2020 (unaudited)
Revenue from sales	7	15 335 718	5 482 552	13 502 346	4 527 432
Excise duty		(54 356)	(17 659)	(48 626)	(15 569)
Net revenue from sales		**15 281 362**	**5 464 893**	**13 453 720**	**4 511 863**
Revenue from operating leases and subleases		9 131	2 262	10 178	2 580
Revenue from sales and other income		**15 290 493**	**5 467 155**	**13 463 898**	**4 514 443**
Other operating revenue		145 683	65 824	182 284	46 793
Change in provision for onerous contracts		(11 066)	(7 330)	53 432	14 127
Depreciation/amortisation		(1 143 749)	(394 168)	(1 189 814)	(418 846)
Employee benefit costs		(1 564 250)	(521 937)	(1 454 779)	(473 840)
Use of materials and raw materials and value of goods sold		(3 375 160)	(1 277 198)	(2 642 122)	(979 061)
Purchase of electricity and gas for sales purposes		(6 180 123)	(2 063 161)	(5 469 283)	(1 786 374)
Transmission services		(329 480)	(112 295)	(355 046)	(118 151)
Other third-party services		(673 547)	(233 931)	(650 428)	(249 712)
Taxes and fees		(351 519)	(115 677)	(335 387)	(114 160)
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		(32 118)	(8 527)	(28 053)	(10 858)
Impairment losses on non-financial non-current assets		(3 445)	(81)	(521 984)	(212)
Other operating costs		(145 906)	(72 051)	(129 409)	(29 798)
Operating profit		**1 625 813**	**726 623**	**923 309**	**394 351**
Finance costs		(165 875)	(48 964)	(260 021)	(86 313)
Finance income		47 943	12 243	31 353	8 017
Dividend income		217	98	275	123
Impairment of financial assets at amortised cost		(13 762)	(3 774)	(141 470)	(2 733)
Share of results of associates and jointly controlled entities	11	126 054	4 850	(333 826)	(83 488)
Impairment of investments in associates and jointly controlled entities		–	–	(129 208)	(129 208)
Profit before tax		**1 620 390**	**691 076**	**90 412**	**100 749**
Income tax	8	(288 043)	(94 759)	(134 116)	(62 810)
Net profit/(loss) for the reporting period		**1 332 347**	**596 317**	**(43 704)**	**37 939**
Other comprehensive income					
Subject to reclassification to profit or loss:					
- measurement of hedging instruments		112 994	32 224	(131 580)	10 225
- income tax	8	(21 470)	(6 123)	25 015	(1 950)
Not subject to reclassification to profit or loss:					
- restatement of defined benefit plan		25 035	–	(46 504)	–
- other		(1 263)	–	–	–
- income tax	8	(4 757)	–	8 836	–
Net other comprehensive income		**110 539**	**26 101**	**(144 233)**	**8 275**
Comprehensive income for the reporting period		**1 442 886**	**622 418**	**(187 937)**	**46 214**
Including net profit/(loss):					
attributable to shareholders of the Parent		1 269 493	570 113	(62 417)	36 801
attributable to non-controlling interests		62 854	26 204	18 713	1 138
Including comprehensive income:					
attributable to shareholders of the Parent		1 380 275	596 214	(205 919)	45 076
attributable to non-controlling interests		62 611	26 204	17 982	1 138
Net profit/(loss) attributable to shareholders of the Parent		1 269 493	570 113	(62 417)	36 801
Weighted average number of ordinary shares		441 442 578	441 442 578	441 442 578	441 442 578
Net profit/(loss) attributable to the Parent's shareholders, per share (in PLN per share)		**2.88**	**1.29**	**(0.14)**	**0.08**
Diluted profit/(loss) per share (in PLN per share)		**2.88**	**1.29**	**(0.14)**	**0.08**

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2021 (unaudited)	As at 31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	9	18 862 207	18 903 722
Right-of-use assets		745 410	730 078
Intangible assets	10	341 311	359 365
Investment properties		20 507	21 239
Investments in associates and jointly controlled entities	11	132 508	133 647
Deferred income tax assets	8	1 308 053	1 296 061
Financial assets measured at fair value	20	152 042	97 957
Trade and other receivables		428 725	72 381
Costs related to the conclusion of agreements		12 183	11 256
Finance lease and sublease receivables		677	513
Funds in the Mine Decommissioning Fund		141 226	141 591
Total non-current assets		**22 144 849**	**21 767 810**
Current assets			
CO2 emission allowances		1 103 209	2 529 059
Inventories	12	1 290 731	1 129 975
Trade and other receivables		2 451 206	2 132 191
Costs related to the conclusion of agreements		11 348	13 428
Assets arising from contracts with customers	14	421 800	322 446
Finance lease and sublease receivables		933	975
Current income tax receivables		460	10 470
Financial assets measured at fair value	20	95 045	41 894
Debt financial assets at amortised cost	21	–	61
Other short-term investments		31 607	–
Cash and cash equivalents	15	6 035 690	1 941 554
Total current assets		**11 442 029**	**8 122 053**
Total assets		**33 586 878**	**29 889 863**

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

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2021 (unaudited)	31 December 2020
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent			
Share capital		588 018	588 018
Share premium		2 692 784	3 632 464
Revaluation reserve - measurement of financial instruments		–	(16 295)
Revaluation reserve - measurement of hedging instruments		(14 010)	(105 534)
Retained earnings		10 150 298	7 938 162
Total equity attributable to shareholders of the parent		**13 417 090**	**12 036 815**
Non-controlling interests		1 120 063	1 057 538
Total equity		**14 537 153**	**13 094 353**
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	17	4 527 985	6 607 756
Trade and other payables		1 275 129	132 793
Liabilities arising from contracts with customers	14	18 951	10 833
Lease liabilities		543 219	529 140
Accounting for subsidies and road lighting modernisation services	19	306 112	261 162
Deferred income tax provision	8	443 896	445 094
Employee benefit liabilities		1 086 739	1 097 643
Financial liabilities measured at fair value		12 027	75 131
Provisions for other liabilities and other charges	18	846 734	849 990
Total non-current liabilities		**9 060 792**	**10 009 542**
Current liabilities			
Credit facilities, loans and debt securities	17	2 181 655	1 224 061
Trade and other payables		3 766 784	2 037 926
Liabilities arising from contracts with customers	14	428 253	246 629
Lease liabilities		24 302	25 172
Accounting for subsidies and road lighting modernisation services	19	21 337	13 308
Current income tax liabilities		101 533	73 500
Employee benefit liabilities		479 585	497 483
Liabilities concerning the equivalent for rights to free purchase of shares		281	281
Financial liabilities measured at fair value		100 438	70 987
Provisions for other liabilities and other charges	18	2 884 765	2 596 621
Total current liabilities		**9 988 933**	**6 785 968**
Total liabilities		**19 049 725**	**16 795 510**
TOTAL EQUITY AND LIABILITIES		**33 586 878**	**29 889 863**

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

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(a) Q3 2021 (unaudited)

	Equity attributable to shareholders of the parent								
	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of financial instruments	Revaluation reserve - measurement of hedging instruments	Retained earnings	Non-controlling interests	Total equity
As at January 2021	441 443	146 575	**588 018**	**3 632 464**	**(16 295)**	**(105 534)**	**7 938 162**	**1 057 538**	**13 094 353**
Net profit for the reporting period	-	-	-	-	-	-	1 269 493	62 854	1 332 347
Net other comprehensive income	-	-	-	-	17 036	91 524	2 222	(243)	110 539
Net comprehensive income recognised in the period	**-**	**-**	**-**	**-**	**17 036**	**91 524**	**1 271 715**	**62 611**	**1 442 886**
Dividends	-	-	-	-	-	-	-	(86)	(86)
Coverage of net loss - transfer	-	-	-	(939 680)	-	-	939 680	-	-
Other	-	-	-	-	(741)	-	741	-	-
As at 30 September 2021	441 443	146 575	**588 018**	**2 692 784**	**-**	**(14 010)**	**10 150 298**	**1 120 063**	**14 537 153**

(b) Q3 2020 (unaudited)

	Equity attributable to shareholders of the parent								
	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of financial instruments	Revaluation reserve - measurement of hedging instruments	Retained earnings	Non-controlling interests	Total equity
As at 1 January 2020	441 443	146 575	**588 018**	**3 632 464**	**(16 295)**	**(17 356)**	**10 268 882**	**1 024 058**	**15 479 771**
Net profit for the reporting period	-	-	-	-	-	-	(62 417)	18 713	(43 704)
Net other comprehensive income	-	-	-	-	-	(106 565)	(36 937)	(731)	(144 233)
Net comprehensive income recognised in the period	**-**	**-**	**-**	**-**	**-**	**(106 565)**	**(99 354)**	**17 982**	**(187 937)**
Other	-	-	-	-	24	-	-	-	24
As at 30 September 2020	441 443	146 575	**588 018**	**3 632 464**	**(16 271)**	**(123 921)**	**10 169 528**	**1 042 040**	**15 291 858**

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the nine-month period ended 30 September 2021 (unaudited)	30 September 2020 (unaudited)
Cash flows from operating activities			
Net profit/(loss) for the reporting period		1 332 347	(43 704)
Adjustments:			
Income tax in profit or loss	8	288 043	134 116
Depreciation/amortisation		1 143 749	1 189 814
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		32 118	28 053
Impairment losses on non-financial non-current assets		3 445	521 984
Loss on sale of financial assets		2 805	40 261
Interest income		(13 705)	(11 844)
Dividend income		(217)	(275)
Interest costs		113 120	154 895
Gain on measurement of financial instruments		(60 693)	(74 850)
Impairment of financial assets at amortised cost		13 762	141 470
Share of profit of associates and jointly controlled entities		(126 054)	333 826
Impairment of investments in associates and jointly controlled entities		–	129 208
Other adjustments		(16 418)	(16 295)
Total adjustments		**1 379 955**	**2 570 363**
Paid income tax		(298 772)	(135 401)
Changes in working capital:			
CO_2 emission allowances		1 425 850	1 227 044
Inventories		(153 157)	51 769
Trade and other receivables		(492 551)	18 862
Trade and other payables		3 026 760	(50 814)
Employee benefit liabilities		(3 767)	25 741
Accounting for subsidies and road lighting modernisation services		52 775	13 501
Provisions for other liabilities and charges		400 454	316 721
Total changes in working capital		**4 256 364**	**1 602 824**
Net cash flows from operating activities		**6 669 894**	**3 994 082**
Cash flows from investing activities			
Purchase of non-current tangible and intangible assets and right-of-use assets		(1 314 070)	(1 687 983)
Proceeds from sale of non-current tangible and intangible assets and right-of-use assets		2 098	8 694
Purchase of financial assets		(31 607)	(7 800)
Proceeds from sale of financial assets		53 136	476
Purchase of associates and jointly controlled entities		(375)	(1 629)
Sale of associates and jointly controlled entities		982	–
Received dividends		97	275
Inflows/(outflows) concerning funds held at Mine Decommissioning Fund bank account		365	(984)
Received interest		23	2 533
Other (outflows)/inflows from investing activities		(329)	1 075
Net cash flows from investing activities		**(1 289 680)**	**(1 685 343)**
Cash flows from financing activities			
Credit and loans received		–	2 308
Repayment of credit and loans		(144 391)	(103 848)
Bond buy-back		(997 110)	(1 184 310)
Dividends paid		(104)	–
Repayment of lease liabilities		(31 945)	(21 054)
Interest paid		(108 434)	(178 864)
Other outflows under financing activities		(4 094)	(3 810)
Net cash flows from financing activities		**(1 286 078)**	**(1 489 578)**
Total net cash flows		**4 094 136**	**819 161**
Cash at the beginning of reporting period		1 941 554	3 761 947
Cash at the end of reporting period		**6 035 690**	**4 581 108**
including restricted cash		333 529	290 486

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

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ADDITIONAL INFORMATION AND EXPLANATIONS

General information

1. General information on the Parent

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

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

As at 30 September 2021, the Parent's shareholding structure was as follows:

	Poland's State Treasury	Other shareholders	Total
As at 30 September 2021	51.50%	48.50%	**100.00%**

As at 30 September 2021, the Parent's highest-level controlling entity was the State Treasury.

As at 30 September 2021, ENEA S.A.'s statutory share capital amounted to PLN 441 443 thousand (PLN 588 018 thousand after restatement to EU IFRS, taking into account hyperinflation and other adjustments) and was divided into 441 442 578 shares.

The Parent's duration is indefinite.

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

The Group's condensed consolidated interim financial statements cover the nine-month period ended 30 September 2021 and contain comparative data for the nine-month period ended 30 September 2020 and the year ended 31 December 2020.

2. Group composition

As at 30 September 2021, ENEA Group consisted of the parent - ENEA S.A., 14 subsidiaries, 9 indirect subsidiaries, 2 jointly controlled entities and 1 associate.

ENEA Group's principal business activities are as follows:

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

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Piła Sp. z o.o., ENEA Ciepło Sp. z o.o.);

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

	Company name	Activity	Registered office	ENEA S.A.'s stake in total number of voting rights as at 30 September 2021	ENEA S.A.'s stake in total number of voting rights as at 31 December 2020
SUBSIDIARIES					
1.	ENEA Operator Sp. z o.o.	distribution	Poznań	100%	100%
2.	ENEA Wytwarzanie Sp. z o.o.	generation	Świerże Górne	100%	100%
3.	ENEA Elektrownia Połaniec S.A.	generation	Połaniec	100%	100%
4.	ENEA Oświetlenie Sp. z o.o.	other activity	Szczecin	100%	100%
5.	ENEA Trading Sp. z o.o.	trade	Świerże Górne	100%	100%
6.	ENEA Serwis Sp. z o.o.	distribution	Lipno	100%	100%
7.	ENEA Centrum Sp. z o.o.	other activity	Poznań	100%	100%
8.	ENEA Pomiary Sp. z o.o.	distribution	Poznań	100%	100%
9.	ENERGO-TOUR Sp. z o.o. w likwidacji	other activity	Poznań	100%[6]	100%[6]
10.	ENEA Innowacje Sp. z o.o.	other activity	Warsaw	100%[7,8]	100%
11.	Lubelski Węgiel BOGDANKA S.A.	mining	Bogdanka	65.99%	65.99%
12.	ENEA Ciepło Sp. z o.o.	generation	Białystok	99.94%	99,94%
13.	ENEA Ciepło Serwis Sp. z o.o.	generation	Białystok	100%	100%
14.	ENEA Nowa Energia Sp. z o.o.	generation	Radom	100%	100%
INDIRECT SUBSIDIARIES					
15.	ENEA Logistyka Sp. z o.o.	distribution	Poznań	100%[5]	100%[5]
16.	ENEA Bioenergia Sp. z o.o.	generation	Połaniec	100%[1]	100%[1]
17.	ENEA Połaniec Serwis Sp. z o.o.	generation	Połaniec	100%[1]	100%[1]
18.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.	generation	Oborniki	99.93%[2]	99.93%[2]
19.	Miejska Energetyka Cieplna Piła Sp. z o.o.	generation	Piła	71.11%[2]	71.11%[2]
20.	EkoTRANS Bogdanka Sp. z o.o.	mining	Bogdanka	65.99%[3]	65.99%[3]
21.	RG Bogdanka Sp. z o.o.	mining	Bogdanka	65.99%[3]	65.99%[3]
22.	MR Bogdanka Sp. z o.o.	mining	Bogdanka	65.99%[3]	65.99%[3]
23.	Łęczyńska Energetyka Sp. z o.o.	mining	Bogdanka	58.53%[3]	58.53%[3]
24.	ENEA Badania i Rozwój Sp. z o.o.	other activity	Warsaw	-[4,8]	100%[4]
JOINTLY CONTROLLED ENTITIES					
25.	Polska Grupa Górnicza S.A.	-	Katowice	7.66%	7.66%
26.	Elektrownia Ostrołęka Sp. z o.o.	-	Ostrołęka	50%	50%
ASSOCIATES					
27.	Polimex – Mostostal S.A.	-	Warsaw	16,4%[10]	16.48%
28.	ElectroMobility Poland S.A.	-	Warsaw	-[9]	25%

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

[2] – indirect subsidiary through stake in ENEA Wytwarzanie Sp. z o.o.

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

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

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

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

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National Court Register were in progress.

[7] – on 7 May 2021 an Extraordinary General Meeting of ENEA Innowacje Sp. z o.o. adopted a resolution regarding an increase of the company's share capital by PLN 4 500 thousand, i.e. from PLN 26 360 thousand to PLN 30 860 thousand, by issuing 45 000 new shares with a nominal value of PLN 100.00 each. All of the new-issue shares were acquired by ENEA S.A. and were paid for with a cash contribution. The share capital increase was registered at the National Court Register on 1 July 2021.

[8] – on 12 April 2021 an Extraordinary General Meeting of ENEA Badania i Rozwój Sp. z o.o. adopted a resolution on a merger with ENEA Innowacje Sp. z o.o. through the acquisition of ENEA Badania i Rozwój Sp. z o.o. by ENEA Innowacje Sp. z o.o.
The merger of ENEA Innowacje Sp. z o.o. and ENEA Badania i Rozwój Sp. z o.o. was entered in the National Court Register on 1 June 2021.

[9]– on 19 August 2021, an Extraordinary General Meeting of ElectroMobility Poland S.A. adopted a resolution to reduce share capital by PLN 17 700 thousand, by decreasing the nominal value of all shares, from the existing amount of PLN 7 000.00 each to a new nominal value of PLN 5 230.05 each. The aim of this share capital reduction was to transfer funds from share capital to supplementary capital. The general meeting also adopted a resolution to increase share capital by PLN 249 996 thousand, to PLN 302 297 thousand, for a total issue price of PLN 250 000 thousand, which was paid for by the State Treasury with a monetary contribution. The new share issue was carried out as a private subscription. All of the new shares are ordinary registered shares. The share premium was transferred to supplementary capital. The new shares were taken up and paid for by the State Treasury. The share capital increase was registered by the register court on 30 September 2021. ENEA S.A. currently holds a 4.325% stake in share capital. ElectroMobility Poland S.A. shares are presented in the consolidated statement of financial position in the item: Financial assets measured at fair value.

[10] – in September 2021 the sale of 187 500 Polimex – Mostostal S.A. shares that had previously been held by ENEA S.A. was finalised, thus decreasing ENEA S.A.'s stake in that company's share capital from 16.48% to 16.40%. On 30 August 2021, the Company submitted a demand to exercise its call option and made a bank transfer for 187 500 Polimex - Mostostal S.A. shares. Following the exercise of the call option, ENEA will hold a 16.43% stake in that company's share capital.

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

Management Board

	As at 30 September 2021	As at 31 December 2020
President of the Management Board	Paweł Szczeszek	Paweł Szczeszek
Member of the Management Board, responsible for finance	Rafał Mucha	Rafał Mucha
Member of the Management Board, responsible for sales	Tomasz Siwak	Tomasz Siwak
Member of the Management Board, responsible for corporate affairs	Tomasz Szczegielniak	Tomasz Szczegielniak
Member of the Management Board, responsible for operations	Marcin Pawlicki	Marcin Pawlicki

Supervisory Board

	As at 30 September 2021	Appointment	As at 31 December 2020	Resignation
Chairperson of the Supervisory Board	Rafał Włodarski	7 January 2021	Izabela Felczak-Poturnicka	5 January 2021
Deputy Chairperson of the Supervisory Board	Roman Stryjski		Roman Stryjski	
Secretary of the Supervisory Board	Michał Jaciubek		Michał Jaciubek	
Member of the Supervisory Board	Dorota Szymanek	7 January 2021	Rafał Włodarski	
Member of the Supervisory Board	Maciej Mazur		Maciej Mazur	
Member of the Supervisory Board	Piotr Mirkowski		Piotr Mirkowski	
Member of the Supervisory Board	Paweł Koroblowski		Paweł Koroblowski	
Member of the Supervisory Board			Ireneusz Kulka	16 September 2021
Member of the Supervisory Board	Mariusz Pliszka		Mariusz Pliszka	
Member of the Supervisory Board	Mariusz Fistek		Mariusz Fistek	

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

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

On 7 January 2021, the Company's Extraordinary General Meeting adopted a resolution appointing Mrs. Dorota Szymanek as member of ENEA S.A.'s Supervisory Board, 10th term, effective from the same date.

On 15 September 2021 the Company received a statement from Mr. Ireneusz Kulka stating that he is resigning as member of ENEA S.A.'s Supervisory Board and Chairperson of the Audit Committee as of 16 September 2021.

On 18 November 2021, the Company's Extraordinary General Meeting adopted a resolution pursuant to which Mr. Tomasz Lis was appointed to ENEA S.A.'s Supervisory Board, Xth term, as of the same date.

4. Basis for preparing financial statements

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

The Parent's Management Board used its best knowledge as to the application of standards and interpretations as well as methods and rules for the measurement of items in ENEA Group's condensed consolidated interim financial statements in accordance with EU IFRS as at 30 September 2021. The presented tables and explanations are prepared with due diligence. These condensed consolidated interim financial statements have not been reviewed by a statutory auditor. The accounting rules below are applied consistently across all of the presented periods unless stated otherwise.

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

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

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

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

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

6. Functional currency and presentation currency

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

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

Operating segments

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

TRADE

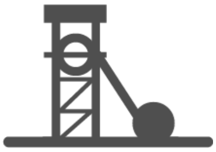
Purchase and sale of electricity.

DISTRIBUTION

Electricity distribution and transmission services.

GENERATION

Generation of electricity from conventional and renewable sources, generation of industrial heat.



MINING

Production and sale of coal, companies providing support services to mines.

AND

OTHER ACTIVITY

Maintenance and modernisation of road lighting equipment, transport services, repair and construction services.

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

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

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

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

Segment results:

Segment results for the period from 1 January to 30 September 2021 are as follows:

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	5 841 699	2 412 794	6 655 730	286 391	84 748	–	15 281 362
Inter-segment sales	1 280 001	25 822	549 962	1 375 910	297 506	(3 529 201)	–
Total net revenue from sales	**7 121 700**	**2 438 616**	**7 205 692**	**1 662 301**	**382 254**	**(3 529 201)**	**15 281 362**
Revenue from operating leases and subleases	–	–	652	6 181	2 345	(47)	9 131
Revenue from sales and other income	**7 121 700**	**2 438 616**	**7 206 344**	**1 668 482**	**384 599**	**(3 529 248)**	**15 290 493**
Total costs	(6 947 718)	(1 908 879)	(6 468 129)	(1 433 425)	(342 634)	3 491 933	(13 608 852)
Segment result	**173 982**	**529 737**	**738 215**	**235 057**	**41 965**	**(37 315)**	**1 681 641**
Depreciation/amortisation	(2 272)	(501 411)	(303 239)	(295 298)	(54 514)		
Impairment losses on non-financial non-current assets	–	–	–	(87)	(3 358)		
Segment result - EBITDA	**176 254**	**1 031 148**	**1 041 454**	**530 442**	**99 837**		
% of revenue from sales and other income	**2.5%**	**42.3%**	**14.5%**	**31.8%**	**26.0%**		
Unallocated costs at Group level (administration expenses)							(55 828)
Operating profit							**1 625 813**
Finance costs							(165 875)
Finance income							47 943
Dividend income							217
Impairment of financial assets at amortised cost							(13 762)
Share of results of associates and jointly controlled entities							126 054
Income tax							(288 043)
Net profit							**1 332 347**
Share of profit attributable to non-controlling interests							**62 854**

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

Segment results:

Segment results for the period from 1 July to 30 September 2021 are as follows:

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	1 985 516	802 251	2 536 280	111 655	29 191	–	5 464 893
Inter-segment sales	489 862	7 777	205 867	508 230	104 675	(1 316 411)	–
Total net revenue from sales	**2 475 378**	**810 028**	**2 742 147**	**619 885**	**133 866**	**(1 316 411)**	**5 464 893**
Revenue from operating leases and subleases	–	–	202	2 002	69	(11)	2 262
Revenue from sales and other income	**2 475 378**	**810 028**	**2 742 349**	**621 887**	**133 935**	**(1 316 422)**	**5 467 155**
Total costs	(2 308 707)	(635 682)	(2 458 321)	(518 234)	(112 223)	1 311 976	(4 721 191)
Segment result	**166 671**	**174 346**	**284 028**	**103 653**	**21 712**	**(4 446)**	**745 964**
Depreciation/amortisation	(673)	(169 345)	(102 101)	(108 375)	(17 871)		
Impairment losses on non-financial non-current assets	–	–	–	(81)	–		
Segment result - EBITDA	**167 344**	**343 691**	**386 129**	**212 109**	**39 583**		
% of revenue from sales and other income	**6.8%**	**42.4%**	**14.1%**	**34.1%**	**29.6%**		
Unallocated costs at Group level (administration expenses)							(19 341)
Operating profit							**726 623**
Finance costs							(48 964)
Finance income							12 243
Dividend income							98
Impairment of financial assets at amortised cost							(3 774)
Share of results of associates and jointly controlled entities							4 850
Income tax							(94 759)
Net profit							**596 317**
Share of profit attributable to non-controlling interests							**26 204**

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

Segment results:

Segment results for the period from 1 January to 30 September 2020 are as follows:

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	4 956 747	2 374 588	5 858 019	183 960	80 406	–	13 453 720
Inter-segment sales	914 797	23 115	412 558	1 162 479	281 506	(2 794 455)	–
Total net revenue from sales	**5 871 544**	**2 397 703**	**6 270 577**	**1 346 439**	**361 912**	**(2 794 455)**	**13 453 720**
Revenue from operating leases and subleases	–	–	474	7 095	2 646	(37)	10 178
Revenue from sales and other income	**5 871 544**	**2 397 703**	**6 271 051**	**1 353 534**	**364 558**	**(2 794 492)**	**13 463 898**
Total costs	(5 813 717)	(1 872 281)	(6 012 750)	(1 278 206)	(333 754)	2 821 482	(12 489 226)
Segment result	**57 827**	**525 422**	**258 301**	**75 328**	**30 804**	**26 990**	**974 672**
Depreciation/amortisation	(1 031)	(468 605)	(427 879)	(250 439)	(53 171)		
(Impairment loss)/reversal of impairment loss on non-financial non-current assets	–	–	(522 822)	838	–		
Segment result - EBITDA	**58 858**	**994 027**	**1 209 002**	**324 929**	**83 975**		
% of revenue from sales and other income	**1.0%**	**41.5%**	**19.3%**	**24.0%**	**23.0%**		
Unallocated costs at Group level (administration expenses)							(51 363)
Operating profit							**923 309**
Finance costs							(260 021)
Finance income							31 353
Dividend income							275
Impairment of financial assets at amortised cost							(141 470)
Share of results of associates and jointly controlled entities							(333 826)
Impairment of investments in associates and jointly controlled entities							(129 208)
Income tax							(134 116)
Net loss							**(43 704)**
Share of profit attributable to non-controlling interests							**18 713**

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

Segment results:

Segment results for the period from 1 July to 30 September 2020 are as follows:

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	1 618 094	767 163	2 047 419	51 644	27 543	–	4 511 863
Inter-segment sales	254 288	8 222	117 625	450 599	97 455	(928 189)	–
Total net revenue from sales	**1 872 382**	**775 385**	**2 165 044**	**502 243**	**124 998**	**(928 189)**	**4 511 863**
Revenue from operating leases and subleases	–	–	201	2 279	112	(12)	2 580
Revenue from sales and other income	**1 872 382**	**775 385**	**2 165 245**	**504 522**	**125 110**	**(928 201)**	**4 514 443**
Total costs	(1 854 202)	(619 506)	(1 971 877)	(495 216)	(111 501)	946 387	(4 105 915)
Segment result	**18 180**	**155 879**	**193 368**	**9 306**	**13 609**	**18 186**	**408 528**
Depreciation/amortisation	(368)	(159 649)	(143 555)	(101 097)	(17 937)		
Impairment losses on non-financial non-current assets	–	–	–	(212)	–		
Segment result - EBITDA	**18 548**	**315 528**	**336 923**	**110 615**	**31 546**		
% of revenue from sales and other income	**1.0%**	**40.7%**	**15.6%**	**21.9%**	**25.2%**		
Unallocated costs at Group level (administration expenses)							(14 177)
Operating profit							**394 351**
Finance costs							(86 313)
Finance income							8 017
Dividend income							123
Impairment of financial assets at amortised cost							(2 733)
Share of results of associates and jointly controlled entities							(83 488)
Impairment of investments in associates and jointly controlled entities							(129 208)
Income tax							(62 810)
Net profit							**37 939**
Share of profit attributable to non-controlling interests							**1 138**

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

Other information concerning segments as at 30 September 2021 and for the nine-month period ended on that date is as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 950	10 007 554	5 986 761	3 020 401	348 020	(524 975)	18 852 711
Trade and other receivables	2 164 976	358 726	1 110 120	324 765	364 479	(1 445 487)	2 877 579
Costs related to the conclusion of agreements	23 531	-	-	-	-	-	23 531
Assets arising from contracts with customers	187 190	248 056	24	-	272	(13 742)	421 800
Total	**2 390 647**	**10 614 336**	**7 096 905**	**3 345 166**	**712 771**	**(1 984 204)**	**22 175 621**
ASSETS excluded from segments							11 411 257
- including property, plant and equipment							9 496
- including trade and other receivables							2 352
TOTAL ASSETS							**33 586 878**
Trade and other payables	350 709	456 186	1 048 747	229 701	208 101	(737 510)	1 555 934
Liabilities arising from contracts with customers	755 825	395 323	-	17 775	-	(721 719)	447 204
Total	**1 106 534**	**851 509**	**1 048 747**	**247 476**	**208 101**	**(1 459 229)**	**2 003 138**
Equity and liabilities excluded from segments							31 583 740
- including trade and other payables							3 485 979
TOTAL EQUITY AND LIABILITIES							**33 586 878**
for the 9-month period ending 30 September 2021							
Investment expenditures on property, plant and equipment and intangible assets	769	555 481	287 828	210 353	10 597	(23 991)	1 041 037
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							–
Depreciation/amortisation	2 272	501 411	303 239	295 298	54 514	(15 341)	1 141 393
Amortisation excluded from segments							2 356
Recognition/(reversal/use) of impairment losses on receivables	5 171	2 943	(14 419)	2 516	15	-	(3 774)
Recognition of impairment losses on non-financial non-current assets	-	-	-	87	3 358	-	3 445

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

Other information concerning segments as at 31 December 2020 and for the nine-month period ended on 30 September 2020 is as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 392	9 889 504	5 978 596	3 158 735	368 500	(515 537)	18 894 190
Trade and other receivables	1 421 069	313 950	735 455	268 999	93 293	(630 881)	2 201 885
Costs related to the conclusion of agreements	24 684	-	-	-	-	-	24 684
Assets arising from contracts with customers	127 988	206 426	18	-	311	(12 297)	322 446
Total	**1 588 133**	**10 409 880**	**6 714 069**	**3 427 734**	**462 104**	**(1 158 715)**	**21 443 205**
ASSETS excluded from segments							8 446 658
- including property, plant and equipment							9 532
- including trade and other receivables							2 687
TOTAL ASSETS							**29 889 863**
Trade and other payables	338 466	526 855	625 379	244 462	204 054	(351 012)	1 588 204
Liabilities arising from contracts with customers	324 455	222 155	-	1 329	1 689	(292 166)	257 462
Total	**662 921**	**749 010**	**625 379**	**245 791**	**205 743**	**(643 178)**	**1 845 666**
Equity and liabilities excluded from segments							28 044 197
- including trade and other payables							582 515
TOTAL EQUITY AND LIABILITIES							**29 889 863**
for the 9-month period ending 30 September 2020							
Investment expenditures on property, plant and equipment and intangible assets	615	751 006	342 874	495 696	28 564	(30 702)	1 588 053
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							–
Depreciation/amortisation	1 031	468 605	427 879	250 439	53 171	(13 026)	1 188 099
Amortisation excluded from segments							1 715
Recognition/(reversal/use) of impairment losses on receivables	2 542	(9 386)	(9 825)	(1 671)	(94)	-	(18 434)
Recognition/(reversal) of impairment losses on non-financial non-current assets	-	-	522 822	(838)	-	-	521 984

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

Explanatory notes to the consolidated statement of comprehensive income

7. Revenue from sales

Net revenue from sales

	For the nine-month period ended	
	30 September 2021	30 September 2020
Revenue from the sale of electricity	11 217 400	10 338 327
Revenue from the sale of distribution services	2 338 031	2 309 758
Revenue from the sale of goods and materials	101 866	72 042
Revenue from the sale of other products and services	124 797	122 631
Revenue from origin certificates	1 744	8 629
Revenue from the sale of industrial heat	298 155	239 307
Revenue from the sale of coal	258 060	160 830
Revenue from the sale of gas	288 358	202 196
Revenue from Capacity Market	652 951	-
Total net revenue from sales	**15 281 362**	**13 453 720**

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

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

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

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

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

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

Revenue from the Capacity Market constitutes revenue from the performance of capacity contracts (obligations) executed as a result of the 2021 Auction. The Capacity Market is a market mechanism intended to ensure a stable supply of electricity to households and industry over the long term. At the end of each month, ENEA Group companies are entitled to remuneration from PSE S.A. for fulfilling a capacity obligation. In connection with this obligation, Group companies that are suppliers of capacity for PSE S.A. recognise revenue from Capacity Market transactions each month.

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

	For the nine-month period ended	
	30 September 2021	30 September 2020
Revenue from continuous services	14 496 740	12 850 281
Revenue from services provided at specified time	784 622	603 439
Total	**15 281 362**	**13 453 720**

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

8. Tax

Deferred income tax

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

	As at 30 September 2021	As at 31 December 2020
Net deferred income tax assets at the beginning of period, including:	**850 967**	**155 977**
- deferred income tax assets at the beginning of period	**1 296 061**	**569 369**
- deferred income tax provision at the beginning of period	**445 094**	**413 392**
(Charge)/addition to profit or loss	39 417	659 551
(Charge)/addition to other comprehensive income	(26 227)	35 439
Net deferred income tax assets at the end of period, including:	**864 157**	**850 967**
- deferred income tax assets at the end of period	**1 308 053**	**1 296 061**
- deferred income tax provision at the end of period	**443 896**	**445 094**

In the 9-month period ended 30 September 2021, the Group's profit before tax was credited as a result of an increase in net deferred income tax assets by PLN 39 417 (in the 9-month period ended 30 September 2020 the Group's profit before tax was credited as a result of an increase in net deferred income tax assets by PLN 90 300 thousand).

Explanatory notes to the consolidated statement of financial position

9. Property, plant and equipment

In the 9-month period ending 30 September 2021 the Group purchased property, plant and equipment items for a total of PLN 1 027 635 thousand (in the 9-month period ending 30 September 2020: PLN 1 950 025 thousand). These amounts mainly concern the generation segment (PLN 287 446 thousand), mining (PLN 210 109 thousand) and distribution (PLN 511 078 thousand).

In the 9-month period ending 30 September 2021 the Group sold and liquidated property, plant and equipment items with total net book value of PLN 35 551 thousand (in the 9 months ended 30 September 2020: PLN 31 687 thousand).

In the 9-month period ended 30 September 2021, impairment losses on property, plant and equipment decreased by PLN 5 215 thousand on a net basis (in the 9-month period ended 30 September 2020 impairment of property, plant and equipment increased by PLN 518 618 thousand on a net basis).

As at 30 September 2021, total impairment of property, plant and equipment amounted to PLN 4 841 552 thousand (as at 31 December 2020: PLN 4 846 767 thousand).

Future contract liabilities related to the purchase of property, plant and equipment incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 1 490 686 thousand as at 30 September 2021 (as at 31 December 2020: PLN 1 067 174 thousand).

10. Intangible assets

In the 9-month period ending 30 September 2021 the Group purchased intangible assets worth PLN 13 402 thousand (in the 9-month period ended 30 September 2020 the Group purchased intangible assets worth PLN 26 550 thousand).

In the 9-month period ending 30 September 2021 the Group did not conduct significant sales or liquidations of intangible assets (in the 9-month period ended 30 September 2020 the Group also did not conduct significant sales or liquidations of intangible assets).

Future contract liabilities related to the purchase of intangible assets incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 64 372 thousand as at 30 September 2021 (as at 31 December 2020: PLN 29 173 thousand).

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

11. Investments in associates and jointly controlled entities

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

As at 30 September 2021	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Polska Grupa Górnicza S.A.	Total
Stake	**50.00%**	**16,40%**	**7.66%**	
Current assets	94 214	1 518 079	1 657 604	3 269 897
Non-current assets	65 599	664 753	8 193 946	8 924 298
Total assets	**159 813**	**2 182 832**	**9 851 550**	**12 194 195**
Current liabilities	695 464	1 203 013	7 096 713	8 995 190
Non-current liabilities	-	226 169	2 890 947	3 117 116
Total liabilities	**695 464**	**1 429 182**	**9 987 660**	**12 112 306**
Net assets	**(535 651)**	**753 650**	**(136 110)**	**81 889**
Share in net assets	**-**	**123 599**	**-**	**123 599**
Goodwill	7 080	15 954	52 697	75 731
Impairment of goodwill	(7 080)	-	(52 697)	(59 777)
Elimination of unrealised gains/losses	-	(7 045)	-	(7 045)
Book value of equity-accounted investments at 30 September 2021	**-**	**132 508**	**-**	**132 508**

The Group made a consolidation adjustment concerning margins on sales in transactions between the Group and Polimex - Mostostal S.A. ElectroMobility Poland S.A. shares were reclassified into the item: Financial assets measured at fair value. A detailed description is presented in note 2.

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

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

Condensed consolidated interim financial statements for the period from 1 January to 30 September 2021 in PLN 000s

Change in investments in subsidiaries, associates and jointly controlled entities

	As at	
	30 September 2021	31 December 2020
As at the beginning of period	**133 647**	**373 016**
Change in the change in net assets	11 954	(110 161)
Purchase of investments	375	-
Sale of investments	(393)	-
Other changes	(13 075)	-
Impairment of investments in jointly controlled entities	-	(129 208)
As at the reporting date	**132 508**	**133 647**

Implementation of project to build Elektrownia Ostrołęka C

At 30 September 2021, ENEA S.A. held 9 124 821 shares of Elektrownia Ostrołęka Sp. z o.o., with a nominal value of PLN 50 each and total nominal value of PLN 456 241 thousand.

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

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

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

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

On 19 May 2020, ENEA S.A. received an electronic copy of Resolution no. 39/2020 of the Management Board of Elektrownia Ostrołęka Sp. z o.o. of 19 May 2020 regarding recognition of impairment losses on the book value of the Company's assets. As a result of an impairment test on non-current assets performed at Elektrownia Ostrołęka Sp. z o.o., which followed an update of business assumptions by Elektrownia Ostrołęka Sp. z o.o. regarding the construction of power plant Ostrołęka C based on coal technology, the Group's consolidated financial statements for 2019 include ENEA S.A.'s share of the net loss generated by Elektrownia Ostrołęka Sp. z o.o. Given the fact that it was higher than the value of the stake in this company, it was reduced to zero. Also as at 30 September 2021, ENEA S.A.'s stake in Elektrownia Ostrołęka Sp. z o.o. was worth PLN 0.

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

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

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

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

- subject to the reservations expressed below, continue cooperation between ENEA S.A. and ENERGA S.A. via the existing special-purpose vehicle, i.e. Elektrownia Ostrołęka Sp. z o.o., and settle costs related to the Project between ENEA S.A. and ENERGA S.A., along with settlements with Project contractors, in accordance with the existing rules,
- take into account PKN Orlen S.A.'s potential role in the Gas Project as a new shareholder,

- ENEA S.A.'s participation in the Gas Project as a minority shareholder with an investment cap, as a result of which the Company will not be an entity co-controlling Elektrownia Ostrołęka Sp. z o.o.,
- subject to the essential corporate approvals, execute a new shareholders agreement regarding the Gas Project that incorporates the aforementioned cooperation rules,
- undertake activities intended to secure financing for the Gas Project by ENERGA S.A. together with PKN Orlen S.A.

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

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

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

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

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

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

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

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

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

In accordance with the Division Agreement, Elektrownia Ostrołęka Sp. z o.o. would be divided through a spin-off (in the meaning of the Polish Commercial Companies Code) of the assets and liabilities (rights and obligations) and other elements that comprise the Gas Project.

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

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

Impairment of loans issued to Elektrownia Ostrołęka Sp. z o.o. as at 30 September 2021 amounted to PLN 223 547 thousand, together with interest (the value of these loans was written off to zero).

On 26 February 2021 ENEA S.A. and ENERGA S.A. executed with Elektrownia Ostrołęka Sp. z o.o. Annex 1 to the PLN 340 million loan agreement of 23 December 2019 and Annex 6 to the PLN 58 million loan agreement of 17 July 2019. Pursuant to the provisions of the aforementioned annexes, Elektrownia Ostrołęka Sp. z o.o. undertook to make a one-off loan repayment to ENEA S.A. of PLN 170 million and PLN 29 million, respectively, together with interest, by 30 June 2021. Next, on 30 June 2021, ENEA S.A. and ENERGA S.A. executed with Elektrownia Ostrołęka Sp. z o.o. Annex 2 to the PLN 340 million loan agreement of 23 December 2019 and Annex 7 to the PLN 58 million loan agreement of 17 July 2019. Pursuant to the provisions of the aforementioned annexes, Elektrownia Ostrołęka Sp. z o.o. undertook to make a one-off loan repayment to ENEA S.A. of PLN 170 million and PLN 29 million, respectively, together with interest, by 30 September 2021.

On 30 September 2021 ENEA S.A. and ENERGA S.A. executed with Elektrownia Ostrołęka Sp. z o.o. Annex 3 to the PLN 340 million loan agreement of 23 December 2019 and Annex 8 to the PLN 58 million loan agreement of 17 July 2019. Pursuant to the provisions of these annexes, the deadline for the one-off repayment by Elektrownia Ostrołęka Sp. z o.o. of the loans along with interest was prolonged to 29 October 2021. On 29 October 2021, ENEA S.A. and ENERGA S.A. executed with Elektrownia Ostrołęka Sp. z o.o. Annex 4 to the PLN 340 million loan agreement of 23 December 2019 and Annex 9 to the PLN 58 million loan agreement of 17 July 2019. Pursuant to the provisions of these annexes, the deadline for the one-off repayment by Elektrownia Ostrołęka Sp. z o.o. of the loans along with interest was extended to 29 April 2022.

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

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

In connection with this agreement being signed and based on the status of settlements between Elektrownia Ostrołęka Sp. z o.o. and the Coal Project Contractor, a provision for future investment liabilities toward Elektrownia Ostrołęka Sp. z o.o., amounting to PLN 222 200 thousand, was partially released in these condensed consolidated interim financial statements, with the amount released being PLN 114 100 thousand. This amount was recognised in the consolidated statement of comprehensive income in the item "Share of the results of associates and jointly-controlled entities." The provisions amounted to PLN 108 100 thousand as of 30 September 2021, which is the best possible estimate in connection with uncertainty related to final settlement amounts.

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

12. Inventories

Inventories

	As at	
	30 September 2021	31 December 2020
Materials	723 355	785 407
Semi-finished products and production in progress	2 503	1 237
Finished products	68 528	28 144
Energy origin certificates	512 682	350 664
Goods	23 554	10 230
Gross value of inventory	**1 330 622**	**1 175 682**
Impairment of inventory	(39 891)	(45 707)
Net value of inventory	**1 290 731**	**1 129 975**

In the 9-month period ended 30 September 2021, impairment of inventory decreased by PLN 5 816 thousand on a net basis (in the 9-month period ended 30 September 2020 impairment of inventory decreased by PLN 17 149 thousand).

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13. Energy origin certificates

Energy origin certificates

	As at 30 September 2021	31 December 2020
Net value at the beginning of period	**345 776**	**430 571**
Internal manufacture	268 903	282 693
Purchase	23 460	130 752
Depreciation	(118 114)	(491 718)
Sale	(12 231)	(7 788)
Change in impairment	-	1 266
Net value at the reporting date	**507 794**	**345 776**

14. Assets and liabilities arising from contracts with customers

Assets and liabilities arising from contracts with customers

	Assets arising from contracts with customers	Liabilities arising from contracts with customers
As at 1 January 2020	**330 447**	**115 701**
Transfer from contract assets to receivables	(8 018)	-
Increase due to prepayments	-	150 064
Liabilities resulting from sales adjustments	-	(8 303)
Impairment	17	-
As at 31 December 2020	**322 446**	**257 462**
Change in non-invoices receivables	99 411	-
Increase due to prepayments	-	190 951
Liabilities resulting from sales adjustments	-	(1 209)
Impairment	(57)	-
As at 30 September 2021	**421 800**	**447 204**

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

15. Restricted cash

As at 30 September 2021, the Group's restricted cash amounted to PLN 333 529 thousand (as at 31 December 2020: PLN 754 321 thousand). This mainly included cash for deposits for electricity and CO_2 emission allowance transactions (mainly cash for collateral in settlements with clearinghouse IRGiT), funds in a VAT account (split payment), collateral paid to suppliers and cash withholding as collateral for proper performance of work.

16. Coverage of loss

On 17 June 2021, an Ordinary General Meeting of ENEA S.A. adopted resolution no. 6, resolving to cover the net loss for the financial year covering the period from 1 January 2020 to 31 December 2020, amounting to PLN 3 356 750 thousand, using retained earnings (PLN 2 417 700 thousand) and supplementary capital (PLN 939 680 thousand).

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

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17. Debt-related liabilities

Credit facilities, loans and debt securities

	As at 30 September 2021	31 December 2020
Bank credit	1 551 806	1 686 985
Loans	38 138	46 717
Bonds	2 938 041	4 874 054
Long-term	**4 527 985**	**6 607 756**
Bank credit	209 783	208 339
Loans	11 519	11 723
Bonds	1 960 353	1 003 999
Short-term	**2 181 655**	**1 224 061**
Total	**6 709 640**	**7 831 817**

In the 9-month period ended 30 September 2021, the book value of credit facilities, loans and debt securities decreased by PLN 1 122 177 thousand on a net basis (9-month period ended 30 September 2020: down by PLN 1 282 362 thousand).

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

Credit facilities and loans

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

No.	Company	Lender	Contract date	Total contract amount	Debt at 30 September 2021	Debt at 31 December 2020	Interest	Contract period
1.	ENEA S.A.	EIB	18 October 2012 (A) and 19 June 2013 (B)	1 425 000	943 109	1 013 543	Fixed interest rate or WIBOR 6M + margin	17 June 2030
2.	ENEA S.A.	EIB	29 May 2015 (C)	946 000	814 667	878 500	Fixed interest rate or WIBOR 6M + margin	15 September 2032
3.	ENEA S.A.	PKO BP	28 January 2014, Annex 2 of 4 December 2019	300 000	-	-	WIBOR 1M + margin	31 December 2022
4.	ENEA S.A.	Pekao S.A.	28 January 2014, Annex 2 of 4 December 2019	150 000	-	-	WIBOR 1M + margin	31 December 2022
5.	ENEA S.A.	BGK	7 September 2020	250 000	-	-	WIBOR 1M +margin	7 September 2022
6.	ENEA Ciepło Sp. z o.o.	National Fund for Environmental Protection and Water Management (NFOŚiGW)	22 December 2015	60 075	36 111	41 327	Interest based on WIBOR 3M, no less than 2%	20 December 2026
7.	Other	-	-	-	15 454	20 385	-	-
	TOTAL			**3 131 075**	**1 809 341**	**1 953 755**		
Transaction costs and effect of measurement using effective interest rate					1 905	9		
	TOTAL			**3 131 075**	**1 811 246**	**1 953 764**		

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

ENEA S.A.

ENEA S.A. currently has credit agreements with the European Investment Bank (EIB) for a total amount of PLN 2 371 000 thousand (Agreement A PLN 950 000 thousand, Agreement B PLN 475 000 thousand and Agreement C PLN 946 000 thousand). Funds from the EIB were used to finance a multi-year investment plan aimed at modernising and expanding ENEA Operator Sp. z o.o.'s power network. Funds from Agreements A, B and C were fully used. Interest on credit facilities may be fixed or variable. In the 9-month period ended on 30 September 2021, ENEA S.A. did not execute new credit agreements.

ENEA Ciepło Sp. z o.o.

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

The total loan-related debt of ENEA Ciepło Sp. z o.o. as at 30 September 2021 amounted to PLN 36 111 thousand (at 31 December 2020: PLN 41 327 thousand).

Bond issue programs

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

No.	Bond issue program name	Program start date	Program amount	Value of outstanding bonds as at 30 September 2021	Value of outstanding bonds as at 31 December 2020	Interest	Buy-back deadline
1.	Bond issue program agreement with PKO BP S.A., Bank PEKAO S.A., Santander BP S.A., Citi BH S.A.	21 June 2012	3 000 000	1 799 000	2 140 000	WIBOR 6M + margin	One-off buy-back for each series from June 2020 to June 2022
2.	Bond issue program agreement with BGK	15 May 2014	1 000 000	640 000	720 000	WIBOR 6M + margin	Buy-back in tranches, last tranche due in December 2026
3.	Bond issue program agreement with PKO BP S.A., Bank PEKAO S.A. and mBank S.A.	30 June 2014	5 000 000	2 000 000	2 500 000	WIBOR 6M + margin	One-time buy-back of each series; PLN 878 million bought back in February 2020, next series in September 2021 and June 2024
4.	Bond issue program agreement with BGK	3 December 2015	700 000	456 669	532 779	WIBOR 6M + margin	Buy-back in tranches, last tranche due in September 2027
	TOTAL		**9 700 000**	**4 895 669**	**5 892 779**		
	Transaction costs and effect of measurement using effective interest rate			2 725	(14 726)		
	TOTAL		**9 700 000**	**4 898 394**	**5 878 053**		

In the 9-month period ended on 30 September 2021, ENEA S.A. did not execute new bond issue program agreements.

On 11 May 2021 the Management Board of ENEA S.A. decided to partially buy back series ENEA0921 bonds before maturity in order to redeem them, with principal amounting to PLN 350 000 thousand, plus interest due and bonus for the bondholders. Series ENEA0921 bonds were issued in the amount of PLN 500 000 thousand on 16 September 2015 as part of the "Program Agreement regarding a bond issue program up to PLN 5 000 000 thousand of 30 June 2014" as amended. The outstanding part of series ENEA0921 bonds, with a nominal value of PLN 150 000 thousand, is held by the bondholders until maturity, i.e. 16 September 2021

Interest rate hedges and currency hedges

In the 9-month period ending 30 September 2021 ENEA S.A. did not execute interest rate swaps. The total bond and credit exposure hedged with IRS transactions as at 30 September 2021 amounted to PLN 3 421 009 thousand. Moreover, ENEA S.A. has fixed-rate credit agreements totalling PLN 618 327 thousand. These transactions have material impact on the predictability of expense flows and finance costs. The Company presents the measurement of these instruments in the item: Financial liabilities measured at fair value Derivative instruments are treated as cash flow hedges, which is why they are recognised and accounted for using hedge accounting rules. As at 30 September 2021, financial liabilities at fair value concerning IRSs amounted to PLN 31 524 thousand (31 December 2020: PLN 139 673 thousand).

In the 9-month period ending 30 September 2021 the Company executed FX forward transactions for a total volume of EUR 1 116 thousand. The last transaction's settlement date is in December 2021. As at 30 September 2021, financial assets at fair value concerning the measurement of forward instruments amounted to PLN 5 thousand (31 December 2020: PLN 0).

Financing terms - covenants

Financing agreements require ENEA S.A. and ENEA Group to maintain certain financial ratios. As at 30 September 2021 and the date on which these condensed consolidated interim financial statements were prepared and in the course of 2021 the Group did not breach any credit agreement provisions such as would require early re-payment of long-term debt.

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18. Provisions

In the 9-month period ended 30 September 2021, provisions for other liabilities and charges increased by a net amount of PLN 284 888 thousand (in the 9-month period ended 30 September 2020, provisions for other liabilities and charges increased by PLN 555 846 thousand).

Change in provisions for other liabilities and charges in the period ended 30 September 2021

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO_2 emission allowance purchases	Mine liquidation	Other	Total
As at January 2021	**239 833**	**262 221**	**116 898**	**175 429**	**1 895 156**	**201 463**	**555 611**	**3 446 611**
Reversal of discount and change of discount rate	3 520	-	(7 547)	-	-	2 266	-	(1 761)
Increase in existing provisions	231	32 944	1 630	422 336	2 034 297	-	51 415	2 542 853
Use of provisions	(10 744)	(518)	-	(159 596)	(1 912 933)	-	(28 226)	(2 112 017)
Reversal of unused provision	(572)	(1 285)	(31)	(47)	-	(15 955)	(126 297)	(144 187)
As at 30 September 2021	**232 268**	**293 362**	**110 950**	**438 122**	**2 016 520**	**187 774**	**452 503**	**3 731 499**
Long-term								*846 734*
Short-term								*2 884 765*

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

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO_2 emission allowance purchases	Mine liquidation	Other	Total
As at 1 January 2020	**210 087**	**230 706**	**91 280**	**197 555**	**1 233 325**	**162 972**	**364 528**	**2 490 453**
Reversal of discount and change of discount rate	(7 199)	-	186	-	-	3 504	-	(3 509)
Increase in existing provisions	41 380	44 912	25 649	136 556	1 933 376	34 987	321 343	2 538 203
Use of provisions	(3 615)	(10 930)	-	(158 524)	(1 271 545)	-	(129 984)	(1 574 598)
Reversal of unused provision	(820)	(2 467)	(217)	(158)	-	-	(276)	(3 938)
As at 31 December 2020	**239 833**	**262 221**	**116 898**	**175 429**	**1 895 156**	**201 463**	**555 611**	**3 446 611**
Long-term								*849 990*
Short-term								*2 596 621*

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

Provision for other claims

In the 9-month period ending 30 September 2021 ENEA S.A. created a PLN 13 951 thousand provision for potential claims related to the termination by ENEA S.A. of agreements to purchase energy origin certificates for renewables, and the value of this provision as at 30 September 2021 was PLN 153 415 thousand (this provision is included in the table above in the column "Provision for other claims" and detailed information on this provision are presented in note 25.6).

Other provisions mainly concern:

- potential liabilities related to grid assets resulting from differences in the interpretation of regulations PLN 184 369 thousand (as at 31 December 2020: PLN 178 172 thousand); it is difficult to determine when this provision will be performed, however in these financial statements it is assumed that it will not happen within 12 months,
- costs to use forest land managed by State Forests PLN 58 877 thousand (as at 31 December 2020: PLN 64 421 thousand); it is difficult to determine when this provision will be performed, however in these financial statements it is assumed that it will not happen within 12 months,
- future investment liabilities toward Elektrownia Ostrołęka Sp. z o.o. PLN 108 100 thousand (PLN 222 200 thousand as at 31 December 2020), detailed information on this provision is available in note 11,
- onerous contracts PLN 61 887 thousand (as at 31 December 2020: PLN 50 821 thousand); this provision will be performed in 2021.

19. Accounting for subsidies and road lighting modernisation services

Accounting for income from subsidies and road lighting modernisation services

	As at	
	30 September 2021	31 December 2020
Long-term		
Accounting for deferred revenue - subsidies	208 139	168 473
Accounting for deferred revenue - road lighting modernisation services	97 973	92 689
Total non-current deferred revenue	**306 112**	**261 162**
Short-term		
Accounting for deferred revenue - subsidies	17 087	9 326
Accounting for deferred revenue - road lighting modernisation services	4 250	3 982
Total current deferred revenue	**21 337**	**13 308**

Schedule for accounting for deferred revenue

	As at	
	30 September 2021	31 December 2020
Up to one year	21 337	13 308
From one to five years	61 496	52 448
Over five years	244 616	208 714
Total deferred revenue	**327 449**	**274 470**

In the 9-month period ended 30 September 2021, the book value of accounting for grants and road lighting modernisation services increased by PLN 52 979 thousand on a net basis (in the 9-month period ended 30 September 2020, the book value of accounting for grants and road lighting modernisation services increased by a net amount of PLN 14 408 thousand).

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

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

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Financial instruments

20. Financial instruments and fair value

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

	As at 30 September 2021		As at 31 December 2020	
	Book value	Fair value	Book value	Fair value
FINANCIAL ASSETS				
Long-term	**717 124**	**152 042**	**308 797**	**97 957**
Financial assets measured at fair value	152 042	152 042	97 957	97 957
Trade and other receivables	423 179	(*)	68 736	(*)
Finance lease and sublease receivables	677	(*)	513	(*)
Funds in the Mine Decommissioning Fund	141 226	(*)	141 591	(*)
Short-term	**8 738 349**	**95 045**	**3 886 756**	**41 894**
Financial assets measured at fair value	95 045	95 045	41 894	41 894
Debt financial assets at amortised cost	-	(*)	61	(*)
Assets arising from contracts with customers	421 800	(*)	322 446	(*)
Other short-term investments	31 607	(*)	-	(*)
Trade and other receivables	2 153 274	(*)	1 579 826	(*)
Finance lease and sublease receivables	933	(*)	975	(*)
Cash and cash equivalents	6 035 690	(*)	1 941 554	(*)
TOTAL FINANCIAL ASSETS	**9 455 473**	**247 087**	**4 195 553**	**139 851**
FINANCIAL LIABILITIES				
Long-term	**6 358 360**	**4 579 760**	**7 344 820**	**6 749 538**
Credit facilities, loans and debt securities	4 527 985	4 567 733	6 607 756	6 674 407
Lease liabilities	543 219	(*)	529 140	(*)
Trade and other payables	1 275 129	(*)	132 793	(*)
Financial liabilities measured at fair value	12 027	12 027	75 131	75 131
Short-term	**5 743 628**	**2 282 093**	**2 900 566**	**1 295 048**
Credit facilities, loans and debt securities	2 181 655	2 181 655	1 224 061	1 224 061
Lease liabilities	24 302	(*)	25 172	(*)
Trade and other payables	3 403 126	(*)	1 548 057	(*)
Liabilities arising from contracts with customers	34 107	(*)	32 289	(*)
Financial liabilities measured at fair value	100 438	100 438	70 987	70 987
TOTAL FINANCIAL LIABILITIES	**12 101 988**	**6 861 853**	**10 245 386**	**8 044 586**

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

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

	As at 30 September 2021			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**24 100**	**209 325**	**13 662**	**247 087**
Derivative instruments used in hedge accounting	-	15	-	15
Equity instruments at fair value through other comprehensive income	-	-	12 587	12 587
Call options (at fair value through profit or loss)	-	20 236	-	20 236
Other derivative instruments at fair value through profit or loss	-	189 074	-	189 074
Interests at fair value through profit or loss	24 100	-	1 075	25 175
Total	**24 100**	**209 325**	**13 662**	**247 087**
Financial liabilities measured at fair value	**-**	**(112 465)**	**-**	**(112 465)**
Derivative instruments at fair value through profit or loss	-	(80 941)	-	(80 941)
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	(31 524)	-	(31 524)
Credit facilities, loans and debt securities	**-**	**(6 749 388)**	**-**	**(6 749 388)**
Total	**-**	**(6 861 853)**	**-**	**(6 861 853)**

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

Financial assets and financial liabilities at fair value include:

- shares in unrelated entities, the stake in which is below 20%; this line includes a stake in ElectroMobility Poland S.A., for which there is no market price quoted on an active market; having analysed the standard IFRS 9, the Group decided to qualify these interests as financial instruments through other comprehensive income; when the stake in ElectroMobility Poland S.A. was reclassified, it was measured at fair value and the measurement was recognised in the present-period financial result; in the event that interests in unrelated entities are quoted on the Warsaw Stock Exchange, their fair value is determined on the basis of stock market quotes;
- Polimex-Mostostal S.A. call options;
- derivative instruments, which include the measurement of interest rate swaps; the fair value of derivative instruments is established by calculating the net present value based on two yield curves, i.e. a curve to determine discount factors and a curve used to estimate future variable reference rates;
- forward contracts for the purchase of electricity and gas and property rights

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

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

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

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

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

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

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No transfers between the levels were made in the nine-month period ended 30 September 2021.

As at 30 September 2021, financial assets at fair value included call options for Polimex-Mostostal S.A. shares, among other things. Pursuant to a call option agreement for Polimex-Mostostal S.A. shares of 18 January 2017, as amended, ENEA S.A. holds 22 call options from Towarzystwo Finansowe Silesia Sp. z o.o. to purchase 6 937 500 shares, with a nominal value of PLN 2 each. The contractual share allocation date is at the end of each calendar quarter from September 2021 to December 2026. On 30 August 2021, the Company submitted a demand to exercise its call option and made a bank transfer for 187 500 Polimex - Mostostal S.A. shares. The fair-value measurement of the call option was carried out using the Black-Scholes model. The book value of these options as at 30 September 2021 was PLN 20 236 thousand (at 31 December 2020: PLN 15 982 thousand).

Moreover, the Group's financial assets at fair value include the measurement of derivative contracts for the purchase of electricity and gas and concerning property rights not used for the Group's own purposes worth PLN 189 074 thousand (as at 31 December 2020: PLN 53 928 thousand). The nominal value of contracts for the purchase and sale of electricity, gas and property rights maturing in 2021-2023, presented as financial assets and liabilities at fair value, amounts to PLN 1 616 146 thousand (PLN 711 009 thousand concerns procurement contracts and PLN 905 137 thousand concerns sales contracts).

21. Debt financial assets at amortised cost

Debt financial assets at amortised cost

	As at	
	30 September 2021	31 December 2020
Current debt financial assets at amortised cost		
Loans granted	-	61
Total current debt financial assets at amortised cost	**-**	**61**
Non-current debt financial assets at amortised cost		
Loans granted	-	-
Total non-current debt financial assets at amortised cost	**-**	**-**
TOTAL	**-**	**61**

Impairment of financial assets at amortised cost (concerns loans granted) as at 30 September 2021 amounted to PLN 223 547 thousand. The total impairment loss on loans issued and recognised in the nine-month period ended 30 September 2021 was PLN 13 762 thousand, and this amount was recognised in the consolidated statement of comprehensive income under "Impairment of financial assets at amortised cost."

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22. Impairment of trade and other receivables

Impairment of trade and other receivables

	As at	
	30 September 2021	31 December 2020
Impairment at the beginning of period	**139 595**	**157 844**
Created	18 025	18 633
Reversed	(16 368)	(26 424)
Used	(5 431)	(10 458)
Impairment at the reporting date	**135 821**	**139 595**

In the 9-month period ended 30 September 2021, impairment of trade and other receivables decreased by PLN 3 774 thousand (in the 9-month period ended 30 September 2020 impairment declined by PLN 18 434 thousand).

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

As at 30 September 2021, the Company carried out an additional analysis of the COVID-19 pandemic's potential impact on receivables impairment. An individual approach was applied to a list of ENEA S.A.'s largest debtors, using assumptions for a model described in the Company's existing *Methodology for determining expected credit losses for non-current debt assets and similar items*. As regards the model's quantitative module - available reporting data from the debtors was used, while the qualitative module incorporated the existing (and predicted) situation in the national economy as well as the counterparty's market and financial position. Based on this overall evaluation, a rating was assigned and subsequently transposed onto the Probability of Default parameter (in accordance with the aforementioned Methodology). As regards the Loss Given Default parameter, a value equal to 10% was conservatively adopted (in reality far exceeding the actual levels of receivables losses recorded by the Company/Group). The above analysis generated an additional expected credit loss at a negligible level from the viewpoint of reporting.

For current trade receivables, expected credit losses are calculated based on historic data in a way that is described in *Rules for creating and recording impairment losses on trade receivables and other financial items at ENEA Group companies*. The impairment of receivables for 2021 is calculated on the basis of data from 2020. Therefore, the level of receivables impairment estimated as at 30 September 2021 reflects objective indications of impairment resulting from the situation and regulations arising from the COVID-19 pandemic.

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

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

	As at 30 September 2021		
	Nominal value	Impairment	Book value
Trade and other receivables			
Current	2 422 209	(9 119)	2 413 090
Overdue	290 065	(126 702)	163 363
0-30 days	98 470	(205)	98 265
31-90 days	16 003	(1 588)	14 415
91-180 days	13 076	(4 548)	8 528
over 180 days	162 516	(120 361)	42 155
Total	**2 712 274**	**(135 821)**	**2 576 453**
Assets arising from contracts with customers	**422 068**	**(268)**	**421 800**

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

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Other explanatory notes

24. Related-party transactions

Group companies execute transactions with the following related parties:

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

Transactions with members of the Group's corporate authorities:

Item	For the nine-month period ended			
	Company's Management Board		Company's Supervisory Board	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Remuneration under management contracts	4 334*	3 777**	-	-
Remuneration under appointment to management or supervisory bodies	-	-	599	570
TOTAL	**4 334**	**3 777**	**599**	**570**

** This remuneration includes bonuses for current and former Management Board Members for 2020, amounting to PLN 1 632 thousand, and a non-compete clause for former Management Board Members, amounting to PLN 138 thousand.*

*** This remuneration includes bonuses for 2018, amounting to PLN 1 294 thousand, and a non-compete clause for former Management Board Members, amounting to PLN 443 thousand.*

In the 9-month period ended 30 September 2021, no loans were made to Supervisory Board members from the Company Social Benefit Fund (PLN 0 thousand for the 9-month period ended 30 September 2020).

Other transactions resulting from civil-law contracts executed between the Parent and members of the Parent's corporate authorities mainly concern the use of company cars by members of ENEA S.A.'s Management Board for private purposes.

Transactions with State Treasury related parties.

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

The subject of these transactions mainly is as follows:

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

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

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

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

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

25.1. Sureties and guarantees

The following table presents significant bank guarantees valid as of 30 September 2021 under an agreement between ENEA S.A. and PKO BP S.A. up to a limit specified in the agreement.

List of guarantees issued as at 30 September 2021

Guarantee issue date	Guarantee validity	Entity for which the guarantee was issued	Bank - issuer	Guarantee amount in PLN 000s
4 August 2021	15 July 2023	Vastint Poland sp. z o.o.	PKO BP S.A.	1 045
4 August 2021	15 February 2022	Unikoff sp. z o.o.	PKO BP S.A.	2 600
1 July 2020	30 June 2022	H. Święcicki Clinical Hospital in Poznań	PKO BP S.A.	1 281
Total bank guarantees				**4 926**

The value of other guarantees issued by the Group as at 30 September 2021 was PLN 7 803 thousand.

25.2. On-going proceedings in courts of general competence

Proceedings initiated by the Group

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

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

At 30 September 2021, a total of 19 388 cases initiated by the Group were in progress before courts of general competence, worth in aggregate PLN 166 438 thousand (31 December 2020: 13 046 cases worth PLN 173 165 thousand).

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

Proceedings against the Group

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

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

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

At 30 September 2021, a total of 3 354 cases against the Group were in progress before courts of general competence, worth in aggregate PLN 1 205 014 thousand (31 December 2020: 2 499 cases worth PLN 936 828 thousand). The outcome of individual cases is not significant from the viewpoint of the Group's financial result.

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

25.3. Other court proceedings

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

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

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

The Management Board of ENEA S.A. filed in December 2018 a response to a lawsuit brought by Międzyzakładowy Związek Zawodowy Synergia Pracowników Grupy Kapitałowej ENEA, based in Poznań, to cancel, determine the non-existence or repeal resolution no. 3 of the Extraordinary General Meeting of ENEA S.A. of 24 September 2018 regarding directional approval to join the Construction Stage of the Ostrołęka C project, and demanded that the lawsuit be rejected in its entirety as unjustified, along with reimbursement of court representation costs. The hearing was scheduled for 8 May 2019. That hearing, and others scheduled for 30 July 2019 and 1 October 2019, did not take place. The hearing has been suspended until a final ruling is issued in a case instigated by a shareholder of the Company - Fundacja "CLIENTEARTH Prawnicy dla ziemi." Through a decision of 26 May 2021, the District Court in Poznań dismissed the case.

On 23 June 2021, the management board of ENEA Elektrownia Połaniec S.A. ("EEP") received information from the Minister of Climate and Environment on an administrative proceeding being instigated ex officio regarding public aid received by EEP in the form of CO2 emission allowances for 2016 for the modernisation of power generating units in 2013-2016 (tasks included in the National Investment Plan). EEP's management board notes that the proceeding concerns a period in which EEP was owned by ENGIE (ENGIE International Holdings B.V.).

The estimated value of the public aid received back then, understood as the sum total of allowances prices as of the date on which each of the tranches was awarded in the aforementioned years, is approx. PLN 170 million, plus potential penalty interest. To the best knowledge of EEP's management board, the ecological effect of these investments was achieved, and the ecological effect for these investments was also confirmed by an external, independent auditor in 2016 and 2017.

On 21 July 2021, EEP's management board submitted explanations to the Ministry of Climate and Environment, confirming the ecological effect for these investments, along with an expanded opinion by an independent auditor. In its response to the notice, the management board also requested that the Minister of Climate and Environment dismiss this administrative proceeding.

On 9 August 2021 EEP's Management Board received a decision from the Minister of Climate and Environment on the dismissal of the entire proceeding.

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

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

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

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

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

As at 30 September 2021, the Group recognised a provision for claims concerning non-contractual use of land amounting to PLN 232 268 thousand.

25.5. Cases concerning 2012 non-balancing

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

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

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

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

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

Three of the aforementioned disputes are not yet resolved in first-instance courts. In the case ENEA S.A. v. Tauron Polska Energia S.A. and others (file no. XIII GC 600/15/AM), on 23 March 2021 the District Court in Katowice ruled to reject the claim in its entirety and awarded the costs of proceedings in favour of the defendant and the co-defendants. The ruling along with justification in writing was delivered on 20 May 2021. On 10 June 2021, ENEA S.A. lodged an appeal to the Appeals Court in Katowice. In a case against PGE Polska Grupa Energetyczna S.A. (file no. XVI GC 525/20, previous file no. XX GC 1163/15) - through a ruling of 7 January 2021 the court suspended the proceeding at the mutual request of the parties.

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

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

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

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

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

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

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

- Farma Wiatrowa Krzęcin Sp. z o.o., based in Warsaw;
- Megawind Polska Sp. z o.o., based in Szczecin;
- PGE Górnictwo i Energetyka Konwencjonalna S.A., based in Bełchatów;
- PGE Energia Odnawialna S.A., based in Warsaw;
- PGE Energia Natury PEW Sp. z o.o., based in Warsaw (currently PGE Energia Odnawialna S.A., based in Warsaw);
- "PSW" Sp. z o.o., based in Warsaw;
- in.ventus Sp. z o.o. EW Śniatowo Sp. k., based in Poznań (currently TEC1 Sp. z o.o. EW Śniatowo Sp. k., based in Katowice);
- Golice Wind Farm Sp. z o.o., based in Warsaw.

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

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

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

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

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

The Agreements were terminated with the intention for the Company to avoid losses constituting the difference between contractual and market prices of green certificates. Due to the changing legal conditions after termination of the Agreements in 2017, especially arising from the Act of 20 July 2017 on amendment of the act on renewable energy sources, the estimated value of future contract liabilities would have changed. In the current legal framework, this would be significantly lower in comparison to the amount estimated when the Agreements were being terminated, i.e. approx. PLN 1 187 million. This decline reflects a change in the way in which the substitute fee is calculated, which in accordance with the content of some of the Agreements constitutes the basis for calculating the contract price and indexing it to the market price. The Company created a PLN 153 415 thousand provision for potential claims resulting from the terminated Agreements in relation to submissions made by 30 September 2021 concerning transactions to sell property rights by the counterparties; the provision is presented in note 18.

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

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

This ruling is not final. ENEA S.A. has appealed part of the ruling, i.e. as regards points 2 and 3. Moreover, on 13 January 2021 Golice Wind Farm Sp. z o.o. appealed a part of the ruling, i.e. as regards the ruling in point 1, dismissing the action for a declaration.

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

- PGE Energia Odnawialna S.A., based in Warsaw (file no. IX GC 1064/17) – on 15 June 2021, the court resumed the previously suspended proceeding, and then through a ruling of 6 September 2021 the District Court in Poznań suspended the proceeding at the mutual request of the parties;
- PGE Górnictwo i Energetyka Konwencjonalna S.A., based in Bełchatów (file no. IX GC 555/16) – through a ruling of 29 June 2021, the court suspended the proceeding at the parties' mutual request;
- PGE Energia Odnawialna S.A., based in Warsaw (file no. IX GC 1011/17) – through a ruling of 16 April 2021, the court resumed the previously suspended proceeding, and through a ruling of 3 August 2021 the District Court in Poznań suspended the proceeding at the mutual request of the parties.

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

In a case brought by Hamburg Commercial Bank AG against ENEA S.A., in which Hamburg Commercial Bank AG is seeking claims arising under property rights sales contract no. ENEA/WINDPARK ŚNIATOWO/PMOZE/2013 of 26 February 2014, executed between ENEA S.A. and Windpark Śniatowo Management GmbH EW Śniatowo Sp. k. (currently TEC1 Sp. z o.o. EW Śniatowo Sp. k., based in Katowice), claiming their purchase under a debt assignment contract, the District Court in Poznań issued on 25 February 2021 a partial ruling, ordering ENEA S.A. to pay PLN 494 thousand, with statutory late interest for the period from 16 December 2016 to the payment date. This ruling is not final. ENEA S.A. submitted a request for a written justification for the ruling. On 2 June 2021, ENEA S.A. lodged an appeal against the entire partial ruling by the District Court in Poznań of 25 February 2021. Within the remaining scope, i.e. concerning the claim extension of 17 January 2019 and claim extension of 20 August 2019, the proceeding is legally suspended under the order of the District Court in Poznań of 24 October 2019 until a final ruling is issued by this court in case no. IX GC 552/17.

26. Participation in nuclear power plant build program

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

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

On 26 March 2021 ENEA S.A., PGE S.A., TAURON S.A. and KGHM Polska Miedź S.A. executed an agreement with the State Treasury to sell 100% of shares in PGE EJ 1 to the State Treasury (Share Sale Agreement). Pursuant to the Share Sale Agreement, ownership of the PGE EJ 1 shares was transferred on 31 March 2021. ENEA sold 532 523 shares in PGE EJ 1, constituting 10% of its share capital and representing 10% of votes at its general meeting, to the State Treasury, and ceased being a shareholder of PGE EJ1. The sale price for the 100% stake was PLN 531 362 thousand, of which ENEA received PLN 53 136 thousand.

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

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

Pursuant to the Share Sale Agreement of 26 March 2021, the difference between the valuation of PGE EJ 1 as of 31 December 2020 (valuation for transaction purposes) and an updated valuation as of 31 March 2021 (valuation on share transfer date) should be returned by the selling companies to the State Treasury ("Price Adjustment"). Given the above, on 2 June 2021, ENEA S.A. settled the Price Adjustment concerning the sale of its stake in PGE EJ 1, i.e. paid PLN 533 thousand to the State Treasury.

27. Impact of COVID-19 pandemic

A state of epidemic caused by the SARS-Cov-2 coronavirus was introduced in Poland in March 2020. The virus and its effects as well as the effects of actions taken by the state to combat the pandemic have had influence over the condition of the domestic economy. Following the end of another wave of Covid and the implementation of a mass vaccination program, most of the economic restrictions were lifted, which resulted in a clear rebound in macroeconomic indicators. The effects of this affected ENEA Group in the following ways:

- Higher demand for coal is visible in the Mining segment (approx. 36% in comparison with the same period of 2020).
- In the Trade segment, the total electricity sales volume went up in the first three quarters of 2021 by 2 562 GWh, or 16%, in comparison with the same period of 2020. This growth was mainly driven by electricity sales in the business customer segment. In the business customer segment, the volume of electricity sales went up by 2 234 GWh, i.e. 20%, and was caused by a higher contracting level for 2021 than in the preceding year. Electricity sales volume in the household segment grew by 104 GWh, i.e. 3%. The volume of gas fuel sales also increased from the same period last year, by 224 GWh, i.e. by 24%. Total revenue from the sale of electricity and gas fuel in the first three quarters of 2021 increased by PLN 693 million, or 15%, in comparison with the same period of 2020. Revenue increased in both the business and household customers segments (by 17% and 10%, respectively).
- Electricity output in the Generation segment in the first three quarters of 2021 was 16% higher than in the same period of 2020. This translates into higher revenue in this segment (by approx. 15% y/y).
- In the Distribution segment, the Group recorded higher sales of distribution services to end customers in the first three quarters of 2021 by 6% on a y/y basis, mainly driven by higher sales in tariff groups B and G.
- From the onset of the pandemic, the Company has been regularly carrying out additional analyses of the COVID-19 pandemic's potential impact on receivables impairment. Expected losses are verified on the basis of these analyses. The level of this additional impairment loss - from the start of these analyses - is negligible from a reporting viewpoint, nonetheless the Group assesses that if restrictions related to the COVID-19 pandemic are maintained and thus economic activity is further reduced, the receivables turnover ratio might deteriorate given a reduced payment capacity on the part of electricity customers.

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

At the date on which these condensed consolidated interim financial statements were prepared, it is difficult to predict how the situation will develop in 2021 and the following year and what the potential negative effects for the Parent's and the Group's operating and financing activities will be in the future. Another wave of the virus may cause restrictions to be reinstated and economic activity to slow down. The Group is taking preventive action to reduce this type of risk.

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

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

Nonetheless, having regard to COVID-19 risks, LWB continues to apply appropriate measures and precautions to safeguard against the negative impact of COVID-19 on its activities and financial results. These especially include personal protective equipment, maintaining distance, appropriate work scheduling and use of shift-based work and remote work wherever possible, as well as appropriate technical measures for prevention purposes.

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