



Management Board Report on the Activity of the ENEA Group in H1 2022

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ENEA Group in numbers


ENEA has 17.5 thousand employees



MINING	GENERATION	DISTRIBUTION	TRADING
24.8%	6.3 GW	2.7 million	2.6 million
share in the steam coal market in Poland	of total installed capacity	users of distribution services	customers
429 million tons	446 MW	121.5 thousand km	12.0 TWh
of mining potential in 4 mining concession areas	of installed RES capacity	of distribution lines, including connections	sales of electricity and gaseous fuel to retail customers in H1 2022
5.6 million tons	13.3 TWh	10.2 TWh	33
net coal production in H1 2022	total net energy generated in H1 2022	energy supplied in H1 2022	Customer Service Offices (including 32 stationary offices and 1 mobile office)

1. Operating summary of H1 2022

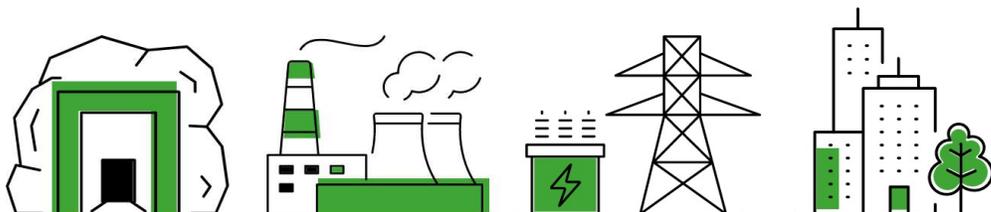
In H1 2022, the ENEA Group generated EBITDA of PLN 1,838.7 million (up by PLN 176.4 million y/y).

The Mining area generated EBITDA of PLN 606.3 million (up by PLN 277.8 million y/y). The greater EBITDA was driven mainly by the higher sales of coal (with an increase in both the volume and the average sales price), partially offset by increased costs of operating activities.

The Generation area posted EBITDA of PLN 672.8 million (up by PLN 17.4 million y/y). The higher EBITDA was largely driven by improved performance in the Heat Segment by PLN 31.2 million y/y (chiefly as a result of an increase in the unit margin) and in the System Power Plants Segment by PLN 26.3 million y/y (a higher margin on generation with the concurrent establishment of provisions for onerous contracts and a lower margin on trading and the Balancing Market). In the RES Segment, EBITDA declined by PLN 40.0 million y/y, largely due to the establishment of a provision for onerous contracts and an increase in the costs of biomass consumption.

The Distribution area posted EBITDA of PLN 633.9 million (down by PLN 53.6 million y/y). This decline was caused by an increase in operating expenses, lower margins on licensed activities and a weaker result on other operating activities.

The Trading area posted EBITDA of PLN -33.6 million (down by PLN 42.5 million y/y). The decline in EBITDA was mainly due to the following factors: lower realized margins on the retail market (as a result of a spike in the purchase prices of electricity and gaseous fuel on the wholesale market and an increase in the prices of RES property rights), higher costs of provisions for claims of terminated RES property rights contracts and movement in provisions related to onerous contracts. At the same time, a higher result was generated on remeasurement of CO₂ contracts.



- The ENEA Group incurred CAPEX of **PLN 1,078 million**
- Production of commercial coal was **5.6 million tons**
- Sales of commercial coal surpassed **5.2 million tons**
- The Group generated **13.3 TWh** of electricity
- Sales of heat in the Generation segment totaled **3.9 PJ**
- Sales of distribution services to end users totaled **10.2 TWh**
- The volume of sales of electricity and gaseous fuel to retail customers was **12.0 TWh**

+

Higher revenue from sales of electricity
 Higher revenue from sales of coal
 Higher revenue from sales of distribution services
 Higher revenue from sales of goods and materials
 Higher revenue from sales of other products and services
 Higher revenue from the Capacity Market

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

1.1. Key events in 2022

First quarter

- On 19 January 2022, the ENEA S.A. Management Board adopted a resolution to initiate the process of increasing the Company's share capital by an amount of no less than PLN 1.00 and no more than PLN 88,288,515, i.e. up to the amount no greater than PLN 529,731,093, through the issue of no less than 1 and no more than 88,288,515 series D ordinary bearer shares with a par value of PLN 1.00 each ("Series D Shares"), which was addressed to investors satisfying the criteria defined in the resolution to increase the share capital through the issue of the Series D Shares, excluding entirely the preemptive rights to all the Series D Shares for the Company's current shareholders. The purpose of the issue of the Series D Shares was to raise funds for the execution of investment projects in the Distribution Area of the ENEA Group (including the extension and modernization of high and medium voltage networks, the installation of remote reading meters and the connection of new customers to the network), to be executed by ENEA Operator Sp. z o.o., without the possibility of funding any coal-fired assets. The execution of such investment projects is consistent with the assumptions of the ENEA Group Strategy and aims to ensure energy security and the continuous and reliable electricity supply in the territory covered by the operation of ENEA Operator Sp. z o.o.
- On 21 January 2022, the ENEA S.A. Management Board submitted an application to the Prime Minister for the State Treasury to subscribe for the Series D Shares for a total amount not higher than PLN 899,659,967.85, in exchange for a cash contribution from the reprivatization fund referred to in Article 56 sec. 1 of the Act of 30 August 1996 on Commercialization and Certain Employee Rights. The Investment Agreement with the State Treasury was entered into on 8 April 2022. Under the Investment Agreement, the State Treasury expressed the intention to subscribe for no more than 88,288,515 New Issue Shares for a cash payment of no more than PLN 899,659,967.85. On the other hand, the Company has undertaken in respect of the State Treasury to allocate all the above funds entirely to the execution, by the Company and its subsidiary, of the following projects: (a) Expansion and modernization of the grid in the area of high and medium voltage stations; (b) Expansion and modernization of the grid in the area of high voltage lines; (c) Expansion and modernization of the grid in the area of the medium voltage network; (d) Remote-reading meters; and (e) Connections to the grid.
- On 31 January 2022, the ENEA S.A. Management Board obtained information from Elektrownia Ostrołęka Sp. z o.o. about the Company's termination of the contract implementing the capacity obligation contracted by the Company as a result of the outcome of the Capacity Market auction for 2023. The capacity contract was terminated upon indication to the operator – Polskie Sieci Elektroenergetyczne S.A. – of capacity contracts fulfilling the criteria provided for in the Capacity Market Act. The indication of the said capacity contracts has triggered the release of the financial security provided by the Elektrownia Ostrołęka Sp. z o.o. in the amount of PLN 36.6 million and the annulment of contractual penalties if they become due. The termination of the aforementioned capacity contract is a consequence of changing the plant fuel from coal to gas in the project aimed at the construction and operation of a new power plant in Ostrołęka.
- On 3 February 2022, the need was identified to increase the provision for onerous contracts in the trading segment up to PLN 250.1 million. The increase in the provision is aimed at reflecting the impact of anticipated future losses to be incurred by the Issuer in connection with the performance of comprehensive contracts entered into with prosumers who, in compliance with the amendment to the Act on Renewable Energy Sources, have acquired the right to financial settlements, over a 15-year period, based on a discount support system (so-called 'net-metering'), on the condition that their micro-installations are connected to the grid by 31 March 2022. The amount of the provision will be updated quarterly.
- On 10 March 2022, the Extraordinary General Meeting of ENEA S.A. adopted a resolution under which Mr. Radosław Kwaśnicki was appointed to the ENEA S.A. Supervisory Board as of the same day.
- On 11 March 2022, ENEA S.A. signed a surety agreement with Powszechna Kasa Oszczędności Bank Polski S.A. to secure obligations of its subsidiary ENEA Trading Sp. z o.o. up to the amount of PLN 2,400,000,000. The liabilities cover the amounts payable to the Bank by the Subsidiary under the framework agreement on cooperation in the financial market entered into by and between the Bank and the Subsidiary, including in respect of foreign exchange hedging transactions and commodity price hedging transactions, in particular forward transactions related to CO₂ emission allowances executed by the Subsidiary. The surety is due to expire on 31 December 2024 or on the date when the Subsidiary ceases to be a member of the Issuer's Group as a result of a spin-off of the Group's selected assets.
- On 31 March 2022, the financial settlement was completed of the Coal-Fired Project implemented under the contract for the construction of the Ostrołęka C Power Plant, with the EPC Contractor – a consortium established between GE Power Sp. z o.o. with its registered office in Warsaw (consortium leader) and GE Steam Power Systems S.A.S. with its registered office in Boulogne-Billancourt, France. The final net value of receivables arising from the settlement was PLN 958 million and, accordingly, the total amount due the EPC Contractor, calculated as the difference between the above value and the amounts already covered, has already been paid in full by Elektrownia Ostrołęka Sp. z o.o.

Second quarter

- On 8 April 2022, the Company received resignation of Mr. Paweł Szczeszek as President of the ENEA S.A. Management Board as of 10 April 2022. The reason for the resignation was not specified.

- On 8 April 2022 – the Extraordinary Shareholder Meeting of ENEA S.A. adopted a resolution in the matter of increasing the Company's share capital by issuing Series D ordinary bearer shares, waiving all preemptive rights of all existing shareholders to all Series D Shares, amending the Company's Articles of Association, applying for admission and introduction to trading of Series D Shares and/or rights to Series D Shares on the regulated market operated by the Warsaw Stock Exchange and dematerialization of Series D Shares and/or rights to Series D Shares.
- On 8 April 2022, a share placement agreement was executed with Bank Polska Kasa Opieki Spółka Akcyjna and the private subscription bookbuilding process has been launched for up to 88,288,515 Series D ordinary bearer shares.
- On 8 April 2022, the ENEA S.A. Supervisory Board adopted the resolution to appoint Mr. Rafał Mucha, the Company's Management Board Member, as acting President of the Management Board as of 11 April 2022.
- On 12 April 2022, the ENEA S.A. Management Board adopted a resolution on the proposed distribution of the Issuer's net profit for the financial year 2021. According to the resolution, the Company's Management Board proposed to allocate the Issuer's net profit for the financial year covering the period from 1 January 2021 to 31 December 2021, in the amount of PLN 460,408,613.85 as follows: PLN 442,110,040.96 to increase the reserve capital to perform planned investment projects, PLN 18,298,572.89 to decrease the negative amount of the remaining capitals. The Supervisory Board issued a positive opinion on the Management Board's proposal.
- On 14 April 2022, the Company's Management Board set the issue price of Series D Shares at PLN 8.50 per Series D Share. The Company's Management Board also decided to offer selected investors, on the terms set forth in the Issue Resolution and in accordance with the rules of the subscription arranged thereunder, to subscribe for a total of 88,288,515 Series D Shares.
- On 20 April 2022, the Issuer's Supervisory Board adopted a resolution to appoint Mr. Paweł Majewski, effective as of 25 April 2022, to the position of President of the ENEA S.A. Management Board for the joint term of office commenced on the date of holding the Ordinary General Meeting of ENEA S.A. which approved the financial statements for 2018.
- On 28 April 2022, the Company's Management Board adopted a resolution to allocate 88,288,515 Series D Shares. The cash contributions to cover the Series D Shares were injected in their entirety. The issue price of the Series D Shares was PLN 8.50 per share. The Series D Shares and the rights to the Series D Shares were the subject of the Company's application for admitting and introducing them to be traded on the regulated market operated by Warsaw Stock Exchange SA.
- On 6 May 2022, ENEA S.A. received Statement no. 400/2022 from the Central Securities Depository of Poland (KDPW S.A.) in the matter of entering into an agreement to register 88,288,515 rights to the Company's series D ordinary bearer shares with a par value of PLN 1.00 each. Rights to Shares have been designated with ISIN code PLENEA000104. On the same day, the Management Board of the Warsaw Stock Exchange ("WSE") adopted resolution no. 427/2022 on admission and introduction into stock exchange trading on WSE's main market of 88,288,515 rights to the Company's series D ordinary bearer shares with a par value of PLN 1.00 each, as of the date of registration of these rights to shares by the Central Securities Depository of Poland.
- On 9 May 2022, the Central Securities Depository of Poland issued communication on registration of 88,288,515 rights to the Company's series D ordinary bearer shares with a par value of PLN 1.00 each.
- On 12 May 2022, in Current Report No. 31/2022, the Company announced publicly information summarizing the completed subscription for series D ordinary bearer shares (supplementary information was published in Current Report No. 55/2022). The value of the subscription was PLN 750,452,377.50.
- On 31 May 2022, the District Court Poznań – Nowe Miasto and Wilda in Poznań, 8th Commercial Division of the National Court Register, registered the amendment to the Company's Statute made pursuant to Resolution No. 5 of the Company's Extraordinary General Meeting of 8 April 2022 in the matter of increasing the Company's share capital by issuing series D ordinary bearer shares, waiving all preemptive rights of all existing shareholders to all the Series D Shares, amending the Company's Statute, applying for admission and introduction to trading of the Series D Shares and/or rights to the Series D Shares on the regulated market operated by the Warsaw Stock Exchange and dematerialization of series D shares and/or rights to series D shares. After the registration, the Company's share capital is PLN 529,731,093. The total number of votes resulting from all outstanding shares is 529,731,093.
- On 8 June 2022, ENEA S.A. received Statement No. 505/2022 of Krajowy Depozyt Papierów Wartościowych S.A. ("Central Securities Depository" or "KDPW") in the matter of entering into an agreement with the Company to register 88,288,515 series D ordinary bearer shares with a par value of PLN 1.00 each in the central securities depository and assign to them the code ISIN PLENEA000013 on the condition that these shares are listed on the same regulated market as that on which the Company's other shares marked with the code ISIN PLENEA000013 are also listed.
- On 8 June 2022, the management board of Giełda Papierów Wartościowych w Warszawie S.A. ("Warsaw Stock Exchange" or "WSE") adopted Resolution No. 534/2022 on the designation of the last day of listing on the WSE Main Market of the rights to series D ordinary bearer shares ("Rights to Series D Shares"), whereby the WSE Management Board designated for 9 June 2022 the last day of listing of 88,288,515 Rights to Series D Shares, marked by the Central Securities Depository with the code PLENEA000104; and Resolution No. 535/2022 on the admission and listing on the WSE Main Market of the Company's 88,288,515 series D ordinary bearer shares with a par value of PLN 1.00 each ("Series D Shares"), whereby the WSE Management Board stated that the Series D Shares are admitted to stock exchange trading on the main market and decided to list them on the main market as of 10 June 2022 by applying the

ordinary procedure, on the condition that these shares are registered by the Central Securities Depository by 10 June 2022 and marked with the code PLENEA000013.

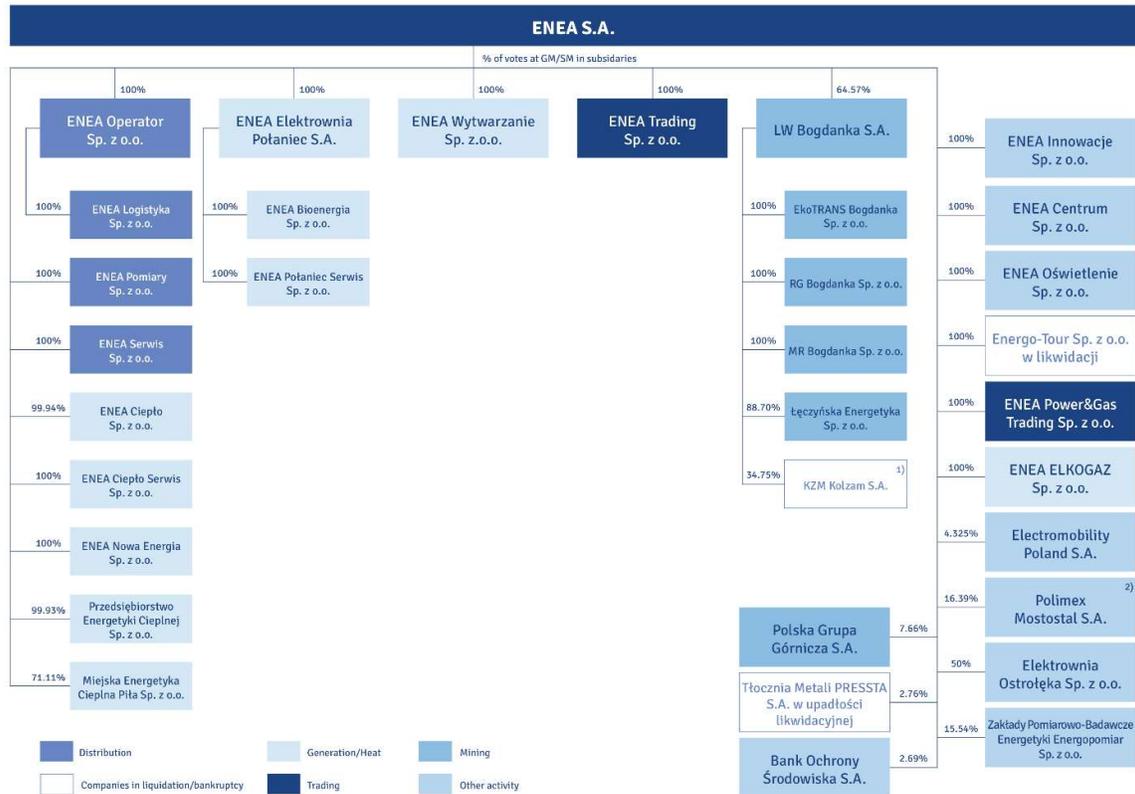
- On 10 June 2022, the Central Securities Depository registered 88,288,515 series D ordinary bearer shares with a par value of PLN 1.00 each.
- On 14 June 2022, the Company's Supervisory Board adopted resolutions to appoint the following persons for a new joint term of office, effective as of the date immediately following the date of holding the Company's Ordinary General Meeting approving the financial statements for 2021: i) Mr. Paweł Majewski to the position of President of the ENEA S.A. Management Board, ii) Mr. Tomasz Siwak to the position of ENEA S.A. Management Board Member for Commercial Matters, iii) Mr. Rafał Mucha to the position of ENEA S.A. Management Board Member for Financial Matters, iv) Mr. Dariusz Szymczak to the position of ENEA S.A. Management Board Member for Corporate Matters, v) Mr. Marcin Pawlicki to the position of ENEA S.A. Management Board Member for Operational Matters, vi) Mr. Lech Żak to the position of ENEA S.A. Management Board Member for Strategy and Development.
- On 18 June 2022, ENEA S.A. signed a letter of intent with the State Treasury regarding a potential purchase by the State Treasury of 21,962,189 shares in Lubelski Węgiel "Bogdanka" S.A. ("LWB"), representing 64.57% of LWB's share capital ("Transaction"). The Company and the State Treasury ("Parties") have committed themselves to taking, in good faith, all steps necessary to prepare and execute the Transaction involving the purchase by the State Treasury of all 21,962,189 LWB shares from the Company. The letter of intent will remain in effect until 31 December 2023. The document serves only as an expression of the Parties' intention to establish cooperation and lay down the principles for the conduct of negotiations between them regarding the subject matter thereof.
- On 24 June 2022, the Company's Ordinary General Meeting adopted resolutions by the power of which the following persons were appointed to the ENEA S.A. Supervisory Board of the 11th term of office: Mr. Rafał Włodarski who was entrusted with the function of Supervisory Board Chairman, Mr. Mariusz Damasiewicz, Mr. Mariusz Pliszka, Mr. Mariusz Romańczuk, Mr. Paweł Korobłowski, Mr. Tomasz Lis, Mr. Radosław Kwaśnicki, Ms. Dorota Szymanek and Mr. Roman Stryjski.

1.2. Events after the reporting period

- On 7 July 2022, ENEA S.A. published Current Report No. 48/2022 containing information on its signing of a surety agreement with Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGIT") for the liabilities of its subsidiary, ENEA Elektrownia Połaniec S.A. ("Subsidiary") up to the amount of PLN 4,000,000,000 ("Agreement"). The surety covers all liabilities incurred by the Subsidiary for the clearing of transactions by IRGIT. The surety will remain in force until 30 April 2023. In accordance with an annex executed on 26 July 2022, the amount of the surety was increased by PLN 6,800,000,000, that is to PLN 10,800,000,000, which was disclosed by the Company in Current Report No. 50/2022. The increase in the surety amount aims to optimize the portfolio of collateral contributed to IRGIT.
- On 11 July 2022, ENEA S.A. received a letter of resignation tendered by Ms. Dorota Szymanek from serving in the capacity of an ENEA S.A. Supervisory Board member as of 11 July 2022. The reason for the resignation was not specified.
- On 3 August 2022, in Current Report No. 51/2022, ENEA S.A. announced the execution of a conditional agreement providing for the sale of shares in Polska Grupa Górnicza S.A. on the same day ("Conditional Purchase Agreement"). The sellers in the Conditional Purchase Agreement are: ENEA S.A., ECARB Sp. z o.o., PGNiG Termika S.A., PGE Górnictwo i Energetyka Konwencjonalna S.A., Polski Fundusz Rozwoju S.A., Towarzystwo Finansowe Silesia Sp. z o.o. and Węglkokoks S.A., whereas the buyer is the State Treasury of the Republic of Poland ("State Treasury"). Under the Conditional Share Purchase Agreement, the Company will sell to the State Treasury all shares held by it in Polska Grupa Górnicza S.A. ("PGG"), namely 3,000,000 ordinary registered shares (representing 7.66% of PGG's share capital), for the total price of PLN 1.00 for all shares. The title to the shares in PGG will be transferred to the State Treasury if the National Support Center for Agriculture refrains from exercising the pre-emptive purchase right vested in it.
- On 5 August 2022, ENEA S.A. received a letter of resignation tendered by Mr. Radosław Kwaśnicki from serving in the capacity of a Member of the ENEA S.A. Supervisory Board, effective as of 31 August 2022. The reason for the resignation
- On 14 September 2022, the Management Board of Lubelski Węgiel Bogdanka S.A. became aware of updated production assumptions for 2022 and decided to make them public. A sudden and unexpected increase in operating pressure occurred in longwall 3/III/385, commissioned on 31 August 2022, which clamped the longwall. The longwall had achieved the progress of 55 running meters without any issues with floor heave and the progress was in line with the assumptions at this stage of operation. The longwall was monitored continuously by a pressure control system in the supports of powered support units. LWB took action to release the clamped roof support sections and resume operations. Because of the scale of the phenomenon, these actions are technically and organizationally complex. The work on the launch of longwall 2/II/382 is proceeding according to schedule. Because of these sudden and unpredictable difficulties in mining operations, which objectively could not have been prevented or counteracted, LWB decided to update the production plan, which it announced in current report No. 18/2022 of 2 September 2022, setting it at approximately 8.3 million tons of commercial coal. The effects of this incident will be taken into account in the condensed interim consolidated financial statements for the period from 1 January to 30 September 2022.

2. Organization and activity of the ENEA Group

2.1. Structure of the ENEA Group



¹⁾ Ruling on discontinuation of the bankruptcy proceedings/the company does not conduct business activity.

²⁾ In April 2022, ENEA S.A. finalized the purchase of 187,500 shares, thereby increasing its stake in the share capital of Polimex Mostostal S.A. from 16.45% to 16.48%, although as a result of the sale of 195,118 shares in June 2022 this stake declined to 16.39% at the end of June.

There are 7 leading entities in the ENEA Group, namely ENEA S.A. (trading in electricity), ENEA Operator Sp. z o.o. (distribution of electricity), ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A. and ENEA Nowa Energia Sp. z o.o. (generation and sales of electricity), ENEA Trading Sp. z o.o. (wholesale of electricity) and LW Bogdanka S.A. (coal mining). Other companies carry out ancillary activity in relation to the operations of those listed above. The Group's structure includes also minority interests held by ENEA S.A. and the subsidiaries of ENEA S.A. and LW Bogdanka S.A.³⁾

³⁾ Hereinafter, the names of the companies may be presented without the abbreviation of their legal form.

2.2. Changes in the ENEA Group's structure

Asset restructuring

Following key organizational changes in H1 2022, in addition to the initiatives associated with the planned changes, the ENEA Group did not carry out any major asset restructuring activities.

Equity divestments

In H1 2022, no significant capital divestment activities were carried out, except as indicated below:

- On 7 June 2022, ENEA Wytwarzanie completed the process of selling all 486,645 shares in LW Bogdanka S.A. ("LWB") held by the company.
- On 18 June 2022, in Current Report No. 40/2022, the Company published information on its signing of a letter of intent with the State Treasury regarding a potential purchase by the State Treasury of 21,962,189 shares in LWB, representing 64.57% of LWB's share capital. The letter of intent will remain in effect until 31 December 2023.

Changes in the organization

In H1 2022, the ENEA Group continued its endeavors aimed at pursuing the Group Development Strategy.

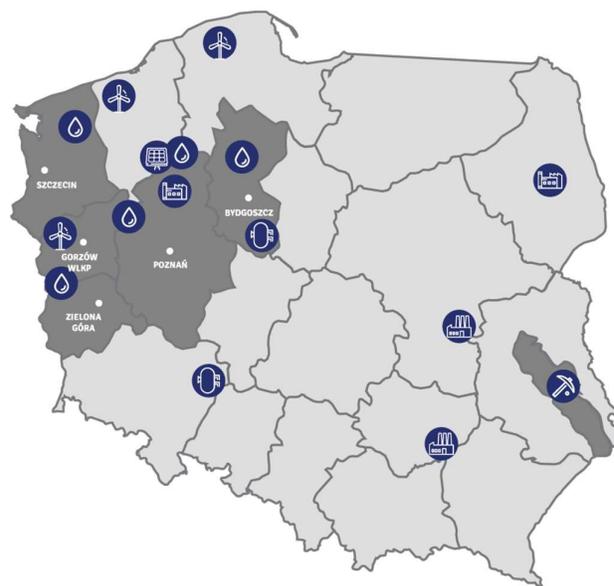
Equity investments

A detailed description of processes related to capital investments is included in the condensed interim financial statements for H1 2022.

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

- On 23 February 2022, ENEA S.A. and Towarzystwo Finansowe Silesia Sp. z o.o., in connection with the executed Agreement on the share purchase option of 18 September 2017, entered into share purchase agreements within call 2 and call 3 options, as a result of which ENEA S.A. acquired 187,500 shares under call 2 option and 125,000 shares under call 3 option for the total amount of PLN 625,000. As a result of the executed transaction, the share of ENEA S.A. in the share capital of Polimex Mostostal S.A. rose to 16.45%. On 11 April 2022, ENEA S.A. and Towarzystwo Finansowe Silesia Sp. z o.o., in connection with the executed Agreement on the share purchase option of 18 September 2017, entered into share purchase agreements within call 4 option, as a result of which ENEA S.A. acquired 187,500 shares under call 4 option for the total amount of PLN 375,000. As a result of the executed transaction, the share of ENEA S.A. in the share capital of Polimex Mostostal S.A. rose to 16.48%. In June 2022, ENEA S.A. sold 195,118 shares in Polimex Mostostal S.A. As at the end of June 2022, ENEA S.A. held 39,117,406 shares of the company's stock, representing 16.39% of its share capital. A total of 312,500 shares in Polimex Mostostal S.A. were sold in June and July. As a result of the sale transactions, the total number of shares in Polimex Mostostal S.A. held by ENEA S.A. decreased to 39,000,024, and the stake held by ENEA S.A. in the company's share capital declined to 16.31% as at the end of July of this year.
- On 28 February 2022, the Extraordinary General Meeting of ENEA Innowacje, with its registered office in Warsaw, adopted Resolution No. 1 to increase the share capital by PLN 5,000,000, i.e. from PLN 30,860,000 to PLN 35,860,000, by creating 50,000 new shares with a par value of PLN 100.00 each. On 8 August 2022, the share capital increase was registered by the National Court Register.
- On 16 March 2022, ENEA S.A. established a special-purpose vehicle ENEA ELKOGAZ with its registered office in Warsaw. The company's share capital is PLN 19,000,000. ENEA S.A. subscribed for 100% shares in the company. The company was registered in the National Court Register (KRS) on 12 May 2022.
- On 30 March 2022, ENEA S.A. established ENEA Power&Gas Trading with its registered office in Warsaw. The Company's share capital is PLN 3,200,000. ENEA S.A. subscribed for 100% shares in the company. An Organized Part of the Enterprise of ENEA Trading Sp. z o.o. will be transferred to ENEA Power & Gas Trading under the Demerger Plan of 29 July 2022 (demerger by spin-off within the meaning of Article 529 § 1(4) of the Commercial Company Code).
- On 15 April 2022, the Extraordinary General Meetings of SUN Energy 7 and GKP Energia were held on the merger by acquisition with ENEA Nowa Energia (the surviving company). On 20 May 2022, the merger of the companies was registered by the National Court Register.
- On 12 May 2022, ENEA Elektrownia Polaniec entered into an agreement with the City of Tarnobrzeg, under which the city of Tarnobrzeg purchased from ENEA Elektrownia Polaniec S.A. 80 shares of Tarnobrzaska Agencja Rozwoju Regionalnego S.A. with its registered office in Tarnobrzeg for the price of PLN 40,000.
- On 18 June 2022, ENEA S.A. signed a letter of intent with the State Treasury regarding a potential purchase by the State Treasury of 21,962,189 shares in LW Bogdanka S.A., representing 64.57% of LWB's share capital. The letter of intent will remain in effect until 31 December 2023.
- On 29 July 2022, ENEA S.A. and ENEA Operator entered into a loan agreement to provide up to PLN 550,000 thousand to fund the borrower's scheduled expenses. The loan has been disbursed in full.
- On 3 August 2022, ENEA S.A. and PGNiG Termika S.A., Węglkokoks S.A., PGE Górnictwo i Energetyka Konwencjonalna S.A., ECARB Sp. z o.o., Towarzystwo Finansowe Silesia Sp. z o.o. and Polski Fundusz Rozwoju S.A. entered into an agreement providing for the sale of all shares in Polska Grupa Górnicza S.A. ("PGG") to the State Treasury ("Conditional Purchase Agreement"), with the condition precedent that the National Support Center for Agriculture ("KOWR") refrains from exercising the pre-emptive right to purchase PGG shares vested in it pursuant to Article 3a(1) of the Act of 11 April 2003 on the Formation of the Agricultural System within the time limit specified in Article 3a(4) of the said Act. Under the Conditional Share Purchase Agreement, ENEA S.A. will sell to the State Treasury all shares held by it in PGG, namely 3,000,000 ordinary registered shares (representing 7.66% of PGG's share capital), for the total price of PLN 1.00 (one Polish zloty and 00/100) for all shares.
- On 3 August 2022, ENEA S.A. purchased from PGE Polska Grupa Energetyczna S.A.: i) 95 shares with a par value of PLN 95,000 in Elektrownia Wiatrowa Baltica-4 Sp. z o.o. representing 33.81% of the company's share capital, ii) 95 shares with a par value of PLN 95,000 in Elektrownia Wiatrowa Baltica-5 Sp. z o.o. representing 33.81% of the company's share capital, iii) 422 shares with a par value of PLN 422,000 in Elektrownia Wiatrowa Baltica-6 Sp. z o.o. representing 33.76% of the company's share capital. The objective of all three special purpose vehicles is to develop offshore wind farm construction projects in the Polish part of the Baltic Sea.
- On 25 August 2022, the Extraordinary General Meetings of ENEA Ciepło and ENEA Ciepło Serwis were held to discuss the merger of these companies, where the acquiring company will be ENEA Ciepło. The merger will come into effect upon registration of the merger by the National Court Register.
- On 13 September 2022, ENEA S.A. entered into a loan agreement with ENEA Operator Sp. z o.o. to grant a loan up to PLN 750,452 thousand to fund investment tasks. Details are presented in item 2.5.8

2.3. ENEA Group's Business Areas



Power Plants:
Kozienice, Połaniec

Biogas power plants:
Gorzestaw, Liszkowo

Enea Ciepło, MEC Piła,
PEC Oborniki

LW Bogdanka

Wind farms: Bardy,
Darżyno, Baczyna

Distribution area
of ENEA Operator

21 hydroelectric
power plants

Lublin coal basin

PV farm
Jastrowie

Distribution

- Supply of electricity
- Planning and ensuring expansion of the distribution network including new customer connections
- Operation, maintenance and repairs of the distribution grid
- Management of metering data

Generation

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

Mining

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

Wholesale trading

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

Retail trading

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

2.3.1. Mining

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

Item	H1 2021	H1 2022	Change	Q2 2021	Q2 2022	Change
Net production [000s of tons]	4,947	5,570	12.6%	2,335	2,761	18.2%
Sales of coal [000s of tons]	4,590	5,237	14.1%	2,206	2,520	14.2%
Inventories (at the end of the period) [000s of tons]	479	354	-26.1%	479	354	-26.1%
Excavation works [km]	10.4	18.4	76.9%	5.1	9.8	92.2%

2.3.2. Generation

2.3.2.1. Generation assets of the ENEA Group as at 30 June 2022

Item	Installed electricity generation capacity [MW _e]	Achieved electricity generation capacity [MW _e]	Installed heat generation capacity [MW _t]	Installed RES capacity [MW _e]
Kozieniec Power Plant	4,071.8	4,007.0	125.4	-
Połaniec Power Plant	1,879.0	1,899.0	130.0	230.0
Bardy, Darżyno and Baczyzna (Lubno I and Lubno II) wind farms	71.6	70.1	-	71.6
Photovoltaic (PV) power station in Jastrów I	3.0	3.0	-	3.0
Liszkowo and Gorzesław biogas plants	3.8	3.8	3.1	3.8
Hydro power plants	58.8	55.8	-	58.8
MEC Piła	20.4	18.4	136.7	0.1
PEC Oborniki	-	-	27.4	-
ENEA Ciepło (Białystok CHP Plant, "Zachód" Heat Plant)	203.5	156.6	684.1	78.5
Total	6,311.9	6,213.7	1,106.7	445.8

2.3.2.2. Generation – installed capacity

Kozieniec Power Plant

Unit	U1	U2	U3	U4	U5	U6	U7	B8	B9	U10	U11
Installed capacity [MW]	230	230	230	230	230	230	230	230	560	560	1,112
Planned shutdown year	2025	2025	2025	2025	2027	2027	2027	2027	2041	2042	2048

Note: The data presented above are for the baseline variant. The Company also has parallel technological variants that are equally as attractive, but feature a different technological configuration resulting in different times and different numbers of shutdowns of units U1-U8, which are required for the replacement of the production capacity.

The above data for U1-U8 were prepared on the basis of the currently expected replacement schedule for the production capacity, while data for other units were prepared on the basis of the current working schedule of the units and the generation unit shutdowns anticipated in the schedule. ENEA Wytwarzanie has completed the concept documentation and the feasibility study, which included analysis of the possibility and justification for the use of gaseous fuel (gas and steam unit) in the existing infrastructure of 200 MWe class units. Detailed information is provided in section 8.1.29.

Połaniec Power Plant

Unit	U1	U2	U3	U4	U5	U6	U7	GU
Installed capacity [MW]	200	242	242	242	242	242	239	230
Planned shutdown year	2023	2034	2034	2034	2034	2034	2034	2042

The above data were prepared on the basis of the current working schedule of the units and the scheduled shutdowns of the generation units. Currently, work is under way on the project entitled "Adaptation of ENEA Elektrownia Połaniec to Capacity Market requirements after 1 July 2025" and on the development of the modernization concept for Unit 1.

ENEA Nowa Energia

In H1 2022, the Company had productive and non-productive assets: 21 water stages with auxiliary facilities on which hydroelectric power plants are located with installed capacity from 132 kW to 24.8 MW, Liszkowo Biogas CHP Plant with installed capacity of 2.1 MW, Wind Farms: Darżyno with installed capacity of 6.3 MW, Bardy with installed capacity of 50.0 MW and FW Lubno I and Lubno II with installed capacity of 7.6 MW each. The hydro power plants are located on the rivers: Brda, Wda, Gwda, Rega, Drawa, Myśla, Obra and Wełna. From 22 March 2022, electricity generation was started from the photovoltaic farm in Jastrów with the capacity of 3.0 MW, which is at the stage of commissioning.

ENEA Ciepło

Unit	U1	U2	U3	U4 ¹⁾	Water boilers	K1	K2	K3	K4	K5
Installed capacity [MW]	55	55	70	23.5	Installed capacity [MW]	0	0	0	0	0
Thermal capacity [MW _t]	98.4	108	108	0	Thermal capacity [MW _t]	33	35	35	40	40
Planned last year of production	2028 ²⁾	2045	2055	2061 ³⁾	Planned last year of production	-	-	-	-	-

¹⁾ Condensing turbine unit powered by discharges from the U1 unit

²⁾ The change of the scheduled last year of production results from the postponement by 1 year of the commissioning date for the new unit expected to replace unit U1.

³⁾ The change of the scheduled last year of production by 21 years results from the concept of obtaining the maximum benefits from the block's potential.

2.3.2.3. Data for the Generation Area

Item	H1 2021	H1 2022	Change	Q2 2021	Q2 2022	Change
Total (net) electricity generation [GWh]	12,069	13,303	10.2%	5,980	6,809	13.9%
Net generation from conventional sources [GWh]	10,916	12,152	11.3%	5,348	6,216	16.2%
RES production [GWh]	1,153	1,151	-0.2%	632	593	-6.2%
Gross heat production [TJ]	4,302	4,305	0.1%	1,449	1,485	2.5%
ENEA Wytwarzanie						
Total (net) electricity generation [GWh]	8,195	8,551	4.3%	4,094	4,444	8.5%
Net generation from conventional sources [GWh], including:	8,195	8,551	4.3%	4,094	4,444	8.5%
Unit 11 in the Kozienice Power Plant						
Net electricity production [GWh]	2,572	2,840	10.4%	1,416	1,416	-
Average monthly net load [MW]	704	771	9.5%	726	793	9.2%
Gross heat production [TJ]	151	355	135.1%	41	90	119.5%
ENEA Nowa Energia						
Total (net) electricity generation [GWh]	146	169	15.8%	68	67	-1.5%
RES production [GWh], including:	146	169	15.8%	68	67	-1.5%
hydro power plants	68	65	-4.4%	30	27	-10.0%
wind farms	74	98	32.4%	35	37	5.7%
biogas plants	4	4	-	2	2	-
PV farm ¹⁾	-	1	100%	-	1	100%
ENEA Elektrownia Polaniec						
Total (net) electricity generation [GWh]	3,460	4,347	22.6%	1,716	2,209	28.7%
Net generation from conventional sources [GWh]	2,547	3,476	36.5%	1,199	1,737	44.9%
RES production (biomass firing – Green Unit) [GWh]	761	757	-0.5%	426	396	-7.0%
RES production (biomass co-firing) [GWh]	152	114	-25.0%	91	76	-16.5%
Gross heat production [TJ]	1,146	1,219	6.4%	570	580	1.8%
ENEA Ciepło						
Total (net) electricity generation [GWh]	234	215	-8.1%	87	78	-10.3%
Net generation from conventional sources [GWh], excluding from firing of biomass	140	103	-26.4%	40	24	-40.0%
RES production – biomass firing [GWh]	94	112	19.1%	47	54	14.9%
Gross heat production [TJ] (in combination with the "Zachód" Heat Plant)	2,450	2,230	-9.0%	688	677	-1.6%
PEC Oborniki						
Gross heat production [TJ]	78	67	-14.1%	23	18	-21.7%
MEC Piła						
Total (net) electricity generation [GWh]	34	22	-35.3%	16	11	-31.3%
Gross heat production [TJ]	478	434	-9.2%	127	119	-6.3%

¹⁾ From 22 March 2022, electricity generation was started from the photovoltaic farm in Jastrów with the capacity of 3 MW, which is at the stage of commissioning.

2.3.2.4. CO₂ emissions, allocation of free CO₂ emission allowances, costs of allowances

	CO ₂ emissions [t]	Allocation of free CO ₂ emission allowances [t]	Costs of allowances [PLN 000s]
Kozienice Power Plant			
H1 2021	7,248,016	2,195 ¹⁾	899,246
H1 2022	7,655,309	2,139 ²⁾	1,894,293
MEC Piła			
H1 2021	52,020	9,083 ¹⁾	6,795
H1 2022	27,496	6,923 ²⁾	9,210
Białystok – CHP plant			
H1 2021	216,809	45,587 ¹⁾	25,395
H1 2022	161,104	44,415 ²⁾	25,647
Białystok – “Zachód” Heat Plant			
H1 2021	14,411	2,487 ¹⁾	1,637
H1 2022	8,096	2,923 ^{2),3)}	1,557
Połaniec Power Plant			
H1 2021	2,630,358	89,956 ¹⁾	262,505
H1 2022	3,545,487	87,646 ²⁾	816,783
Łęczyńska Energetyka ⁴⁾			
H1 2021	30,858	10,632 ¹⁾	6,209
H1 2022	26,954	11,809 ²⁾	6,211
Total H1 2021	10,192,472	159,940	1,201,787
Total H1 2022	11,424,446	155,855	2,753,701

¹⁾ Gratuitous allowances granted for 2021.

²⁾ Gratuitous allowances granted for 2022.

³⁾ Includes additional allowances received on August 5, 2022.

⁴⁾ Entity in the LW Bogdanka Group holding CO₂ emission allowances.

2.3.2.5. Fuel supply

The main fuel used in the Kozienice Power Plant and the Połaniec Power Plant to generate electricity is pulverized bituminous coal. The main fuels used in ENEA Ciepło – Białystok CHP Plant in H1 2022 included: coal and biomass – mainly in the form of steam wood chips, steam willow and poplar wood chips, residues from agricultural production and the agricultural processing industry.

Coal deliveries

	Kozienice Power Plant	Połaniec Power Plant	ENEA Ciepło
Main coal suppliers in H1 2022	LW Bogdanka (78.6%), PGG (12.0%) and JSW (4.5%)	LW Bogdanka: 53.2%, PGG: 41.5%	LW Bogdanka 96%, PGG 4%
Main operator effecting deliveries in H1 2022	PKP CARGO S.A. (96.0%), Consortium: DB Cargo Polska S.A./CTL Logistics Sp. z o.o. and others (4.0%)	PKP 83.2%, LW Bogdanka 14.5%	LW Bogdanka 96%, CTL LOGISITICS 4%

Purchase of fuel

Fuel type	Generation Area			
	H1 2021		H1 2022	
	Quantity [000s of tons]	Cost [PLN million]	Quantity [000s of tons]	Cost [PLN million]
Bituminous coal	4,857	1,171	5,881	1,685
Biomass	949	178	1,053	455
(Heavy) fuel oil ¹⁾	8	15	8	26
(Light) fuel oil ²⁾	3	10	3	16
Natural gas [thous. m ³] ^{3),4)}	11,238	13	5,997	12
Total		1,387		2,194

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

²⁾ Light up fuel in U11 of the Kozienice Power Plant and U9 of the Połaniec Power Plant

³⁾ Used for generation of electricity and heat in MEC Piła and heat in PEC Oborniki

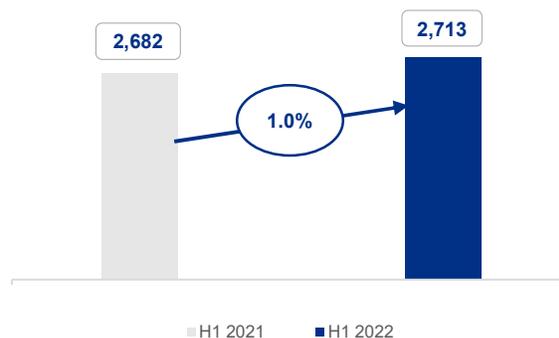
⁴⁾ Used for generation of heat in the “Zachód” Heat Plant; gas volume unit: thousand Nm³

2.3.3. Distribution

Sales of distribution services [GWh]



Number of customers [in thousands]



108.2 thousand km – length of distribution lines 13.3 thousand km – length of connections

39.0 thousand – number of substations 996.1 thousand – number of connections

Connected RES sources in the operating area of ENEA Operator in 2016 – H1 2022

	Number of connected RES sources classified in connection groups II and III, cumulative	Number of connected microinstallations, based on the submitted reports and requests, cumulative	Total capacity of connected RES sources classified in connection groups II and III, cumulative [MW]	Total capacity of connected microinstallations, based on the submitted reports and requests, cumulative [MW]
2016	350	2,479	1,220	17
2017	360	4,302	1,240	31
2018	400	6,910	1,280	50
2019	493	18,900	1,369	136
2020	593	61,990	1,614	435
2021	785	108,873	2,066	830
H1 2022	871	140,889	2,156	1,132

Number and length of connections

Item	As at 31 December 2021		As at 30 June 2022	
	Number	Length [km]	Number	Length [km]
Overhead	319,658	6,990	317,528	6,987
Cable	666,670	6,242	678,522	6,265
Total	986,328	13,232	996,050	13,252

Number of electrical substations

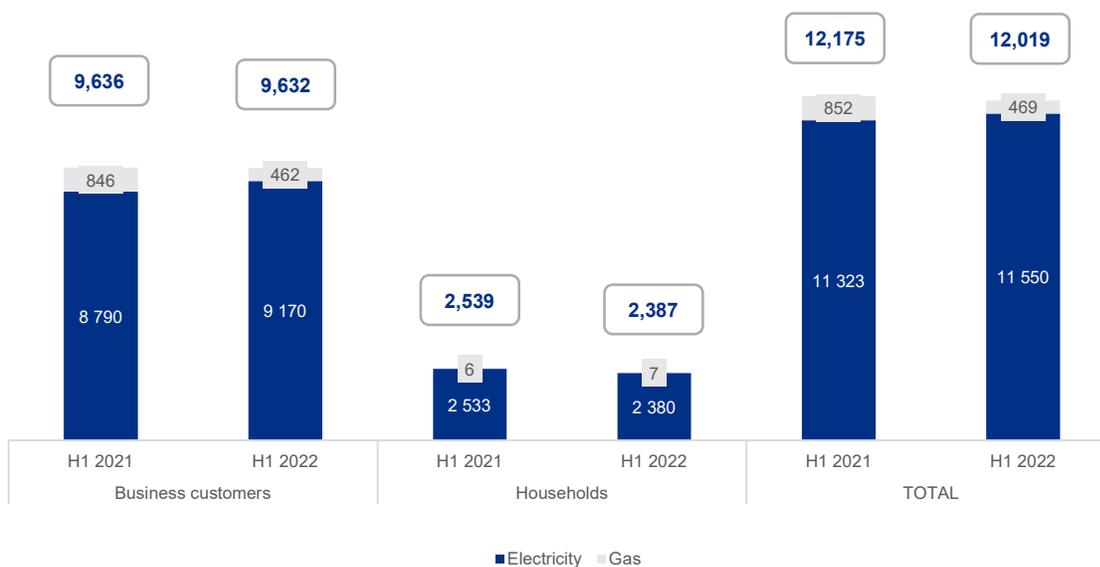
Item	As at 31 December 2021		As at 30 June 2022	
	Number		Number	
110 kV	249		249	
MV	38,689		38,776	
Total	38,938		39,025	

2.3.4. Trading

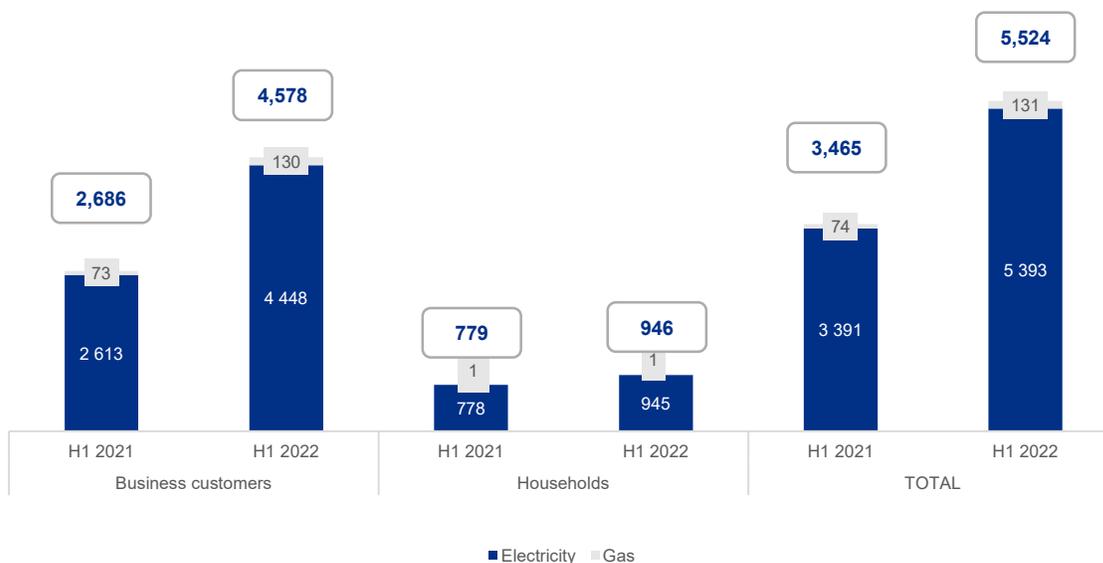
Sales of electricity and gaseous fuel to retail customers carried out by ENEA S.A.

In H1 2022, as compared to H1 2021, the total sales volume of electricity and gaseous fuel decreased by 156 GWh, or 1.3%. The decrease was caused by a change to the customer portfolio. In the business customer segment, the sales volume of gaseous fuel decreased by 384 GWh, or 45.4% y/y, with a concurrent increase in the sales volume of electricity by 380 GWh, or 4.3%. In turn, in the household segment, a slight increase by 1 GWh, or 16.7%, was observed in the sales volume of gaseous with a concurrent decline in the sales volume of electricity by 153 GWh, or 6.0%. Total revenue from sales of electricity and gaseous fuel increased in H1 2022 by PLN 2,059 million, or 59.4%, as compared to H1 2021, reflecting the rapid price increases on the market. This increase affected revenues both in both the business customer segment and in the household segment.

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

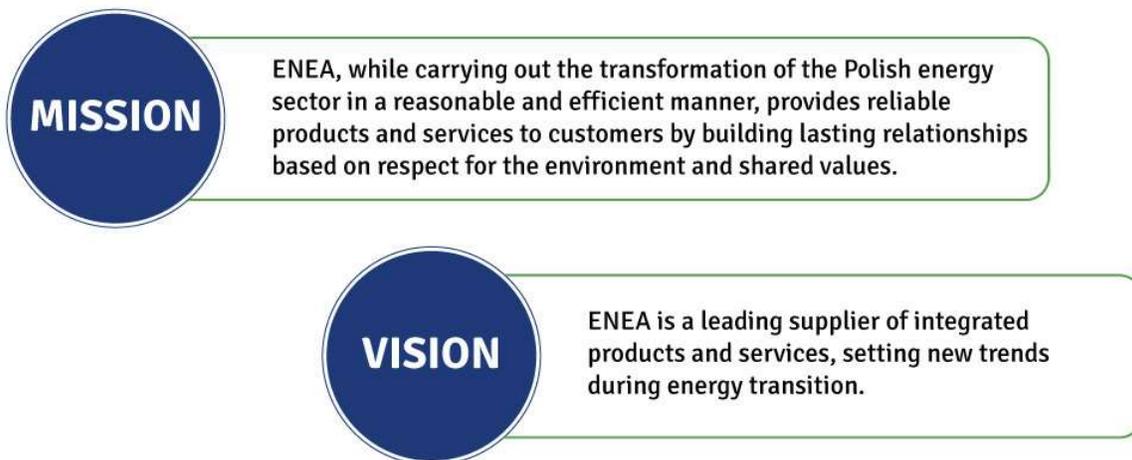


Sales of electricity and gaseous fuel to ENEA S.A.'s retail customers [PLN million]



2.4. Development strategy

Due to abundant changes of a fundamental nature in the industry environment, in 2021 the ENEA Group's Strategy was updated in order to address challenges and circumstances affecting businesses operating in the power sector. On 15 December 2021, the Company accepted for implementation the "ENEA Group Development Strategy until 2030 with an outlook to 2040", which will enable ambitious, responsible and effective transition of the ENEA Group.



The ENEA Group as a responsible entity operating in the power sector striving to meet other global challenges, intends to conduct its business in a manner that minimizing its impact on the natural environment. Acting in accordance with the assumptions adopted for the transformation of the power sector in Poland, the Group takes steps to spin off from its structures any assets related to the generation of electricity in conventional coal-fired units.

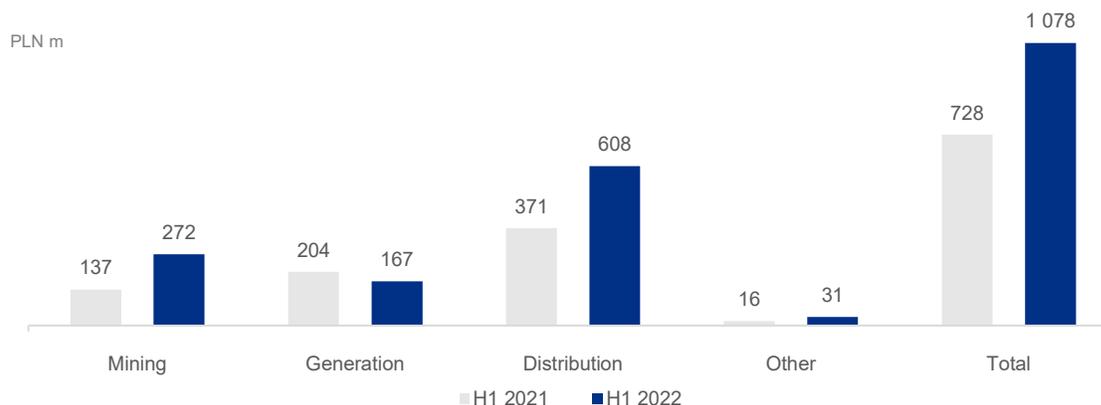
The ENEA Group intends to conduct its business in a sustainable manner while minimizing its impact on the natural environment. These development directions form a foundation which is used to define strategic objectives:



The ENEA Group, as one of the key entities on the energy market in Poland, co-responsible for the state's energy safety, observes global trends and understands the challenge posed by climate change. This is why it is actively involved in the development of the RES sector and as part of Enea's Transformation #TransformacjaEnei it wants to invest in zero-carbon technologies.

2.5. Actions and investments pursued

2.5.1. Capital expenditures (CAPEX)



Capital expenditures (CAPEX) [PLN million]	Q2 2021	Q2 2022	Actuals Q2 2022/Plan Q2 2022	H1 2021	H1 2022	Actuals H1 2022/Plan H1 2022	Plan 2022
Mining	65.3	141.7	82.0%	137.1	271.6	81.5%	679.0
Generation	121.2	76.0	68.0%	203.9	167.2	80.4%	612.7
Distribution	215.6	347.1	90.8%	371.1	607.5	92.5%	1,264.4
Support and other	9.6	18.8	7.1%	16.0	31.4	5.6%	645.0
Total plan performance	411.7	583.6	62.7%	728.1	1,077.7	61.2%	3,201.1

Environmental investment projects

Item [PLN m]	Actuals Q2 2022	Actuals H1 2022
Adaptation to BAT conclusions (Polaniec Power Plant)	0.5	37.6
Other	1.1	2.1
Total investments related to environmental protection	1.6	39.7

2.5.2. Execution of other projects and investments

Mining Area

Name of investment	Value [PLN m]
Investments completed in H1 2022:	
Development investments	
- Purchase of finished goods, machinery and equipment	271,6
Operating investments	
- New mining pits and modernization of existing ones – in H1 2022, 18.4 km of roadways were made	
Investments planned for execution in the subsequent quarters of 2022:	
Development investments	
- Purchase of finished goods, machinery and equipment	
- Purchase and installation of a longwall system	407,4
Operating investments	
- New excavations and upgrade of existing ones	

Generation Area – Koziencice Power Plant

Name of investment	Value [PLN m]
Investments completed in H1 2022:	
- Modernization of Unit 6	30.3
- Modernization of Chimney 5	1.0
- Modernization of Unit 4	1.3
- Modernization of Unit 10	41.0
- Reconstruction of groins on the Vistula River – OS4/426, OS6/426, OS8/426 and OS4/427	1.0
- Regular overhauls	7.3
- Modernization of Unit 11	1.7
- Restoration of generation capacity	3.6
- Execution of other capital expenditure projects in H1 2022	6.4
Investments planned for execution in the subsequent quarters of 2022:	
- Modernization of Unit 6	4.3
- Modernization of coal pulverizers MKM-33 on boilers K-1 and K-6	0.9
- Modernization of Unit 10	1.6
- Installation of a selective catalytic reduction flue gas denitrification system for Units 9 and 10	2.3
- Modernization of slag pipelines	3.7
- Reconstruction of groins on the Vistula River – OS4/426, OS6/426, OS8/426 and OS4/427	1.7
- Connection of a general-purpose electrical system for Units 1–10 and Unit 11 with the replacement of a 6kV switching station	2.1
- Regular overhauls	10.2
- Modernization of Unit 11	60.8
- Purchase of ready-made fixed assets	2.3
- Other investments related to Unit 11	4.3
- Shared investments - 8x200 MW and 2x500 MW units	13.7

Generation Area – ENEA Nowa Energia

Name of investment	Value [PLN m]
Investments completed in H1 2022:	
- PV Jastrowie I – 3 MW capacity, independent project, construction by ENEA Serwis	4.6
Investments planned for execution in the subsequent quarters of 2022:	
- Modernization of the façade of the Koronowo Hydro Power Plant building with a PV panel wall	2.0
- Construction of a maintenance and repair workshop	2.0
- Power plant automation, modernization project, technological monitoring of a power plant	0.3
- PV Likowo – 1 MW capacity, independent project, construction outsourced	2.7
- PV Lubno I and II – 2x1MW capacity, independent project, construction outsourced	5.4
- PV-FW Lubno I – 3 MW capacity, independent project, construction outsourced	6.9
- PV Jastrowie I – 3 MW capacity, independent project, construction by ENEA Serwis	4.6
- PV Krzęcin – 6.605 MW, after the acquisition of GPK energy and Sun Energy on 7 December 2021, the project is executed independently	18.8
- Purchase of land owned by ENEA Group companies as part of work on the transfer of assets to NABE	30.0

Generation Area – Miejska Energetyka Ciepła Piła

Name of investment	Value [PLN m]
Investments completed in H1 2022:	
- Construction of the EC-Zachód source ¹⁾	39.5
Investments planned for execution in the subsequent quarters of 2022:	
- Reconstruction of heating networks – project executed in 2021-2023	11.1

¹⁾ Completion of the investment project and start of operation in Q1 2022

Generation Area – ENEA Ciepło

Name of investment	Value [PLN m]
Investments completed in H1 2022:	
- Investments with co-funding – rebuilding existing heat distribution networks and hubs	0.6
- Development investments – building new heat distribution networks, connections and hubs, telemetry	1.4
- Modernization of coal-fired boilers in the Zachód Heat Plant to adapt them to the environmental requirements	0.1
- Amount of capital expenditures in the Head Office area	2.9
- Construction of a biomass-fired cogeneration unit	0.5
- Restoration of coal bunkers of boiler K7	0.5
- Replacement of controllers in DCS systems and FSC security systems on units and off-unit systems	0.6
- Other capital expenditures in the Białystok CHP Plant area	1.2
Investments planned for execution in the subsequent quarters of 2022:	
- Investments with co-funding – rebuilding existing heat distribution networks and hubs	29.7
- Development investments – building new heat distribution networks, connections and hubs, telemetry	5.8
- Modernization of coal-fired boilers in the Zachód Heat Plant to adapt them to the environmental requirements	7.2
- Amount of capital expenditures in the Head Office area	2.5
- Modernization of the emergency power supply (from a power generator)	1.0
- Replacement of the thermal insulation of district heating water at the CHP plant	1.5
- Restoration of coal bunkers of boiler K7	1.0
- Delivery and installation of the third batch of SCR installation catalysts K-7 and K-8	1.4
- Replacement of controllers in DCS systems and FSC security systems on units and off-unit systems	1.4
- Replacement of chemical storage systems and regeneration systems SUW2	1.5
- Replacement of the TZ4 turboset	2.2
- Modernization of physiochemical measurements in unit water and steam circuits	1.0
- Construction of a biomass-fired cogeneration unit	1.3
- Other capital expenditures in the Białystok CHP Plant area	4.1

Generation Area – ENEA ELKOGAZ

Name of investment	Value [PLN m]
Investments planned for execution in the subsequent quarters of 2022:	
- Restoration of generation capacity of 200 MW coal-fired units in the Kozienice Power Plant based on the gaseous fuel combustion technology	11.5

Generation Area – Połaniec Power Plant

Name of investment	Value [PLN m]
Investments completed in H1 2022:	
- Adaptation of ENEA Elektrownia Połaniec to the BAT conclusions	37.6
- Adaptation of ENEA Elektrownia Połaniec to Capacity Market requirements after 1 July 2025	0.2
Investments planned for execution in the subsequent quarters of 2022:	
- Adaptation of ENEA Elektrownia Połaniec to the BAT conclusions	20.3
- Adaptation of ENEA Elektrownia Połaniec to Capacity Market requirements after 1 July 2025	2.7

Distribution Area – ENEA Operator

Name of investment	Value [PLN m]
Investments completed in H1 2022:	
- Construction and modernization of a number of grid infrastructure elements, such as high, medium and low voltage lines and transformer stations, related to the pursuit of the following objectives: fulfilling the public-legal obligation, ensuring energy security for the region, improving the reliability and quality of electricity supply – grid automation, change of the MV network structure from overhead to cable, activities aimed at achieving the “smart grid” standard	585.2
- Development of the infrastructure area to support operations in terms of IT and telecommunications	11.4
- Development of the infrastructure area to support operations in terms of buildings and tools	5.7
- Development of the infrastructure area to support operations in terms of transport	2.8
Investments planned for execution in the subsequent quarters of 2022:	
- Construction and modernization of a number of grid infrastructure elements, such as high, medium and low voltage lines and transformer stations, related to the pursuit of the following objectives: fulfilling the public-legal obligation, ensuring energy security for the region, improving the reliability and quality of electricity supply – grid automation, change of the MV network structure from overhead to cable, activities aimed at achieving the “smart grid” standard	564.1
- Development of the infrastructure area to support operations in terms of IT and telecommunications	41.8
- Development of the infrastructure area to support operations in terms of buildings and tools	34.3
- Development of the infrastructure area to support operations in terms of transport	4.7

Trading Area – execution of other projects

Area
Retail and Customer Service Area
<ul style="list-style-type: none"> - The functionality of ENEA Optima system was expanded by adding the possibility of reading meter data of electricity fed into the network of the Distribution System Operator from a RES generation source. Due to this, ENEA Optima’s system enables customers to monitor and analyze comprehensively both energy consumed from the network and energy generated by the customer’s sources - Continuation of work on introducing automation processes in the customer service area through, e.g., robotic process automation (RPA and UiPath) that will translate into timely achievement of key indicators within the implemented processes - Continuation of the eCustomer Program, the purpose of which is to implement new technical and organizational solutions, increasing the level of digitalization of customer contacts, develop modern and low-cost channels for reaching and servicing customers and to develop modern service and sales channels: online execution of agreements, e-Applications, chatbots and voicebots, marketplace - Implementation, and communication to customers, of changes resulting from the launch of the Government Anti-Inflation Shield, including the implementation of changes in billing systems with effect from 1 January 2022, resulting from the introduction of new tariffs and changes to excise tax and VAT - Work on adjusting processes, document templates and billing systems, and implementing solutions enabling the handling and settlement of prosumers in accordance with the amendment to the RES Act, that is on the basis of aggregated hourly balancing of energy consumed and fed into the grid - Implementation of QR codes on hard copy invoices for actual consumption and invoice corrections, forecast invoices with payment slips and requests for payment - Performance of the project for adjusting customer service systems of the ENEA Group to the changes to the Central Energy Market Information System (CSIRE). The purpose of the CSIRE is simplify the information exchange between energy market participants. Similarly to other participants, the ENEA Group is required to adapt its organization, processes and IT systems to the CSIRE by 1 July 2024
Wholesale Area
<ul style="list-style-type: none"> - Continuation of the project entitled “Adaptation of ENEA Group Companies to changes in the operation of the Balancing Market in Poland”. - Continuation of the project entitled “Development of biomass trading activity by ENEA Trading Sp. z o.o.”

2.5.3. Executed contracts

Agreements of significance to ENEA Group’s operations

In H1 2022, ENEA Group companies executed no contracts of material importance, although the following contracts were signed in this period:

- Agreements between ENEA Połaniec Power Plant and PKP CARGO S.A. for the transport of steam coal for ENEA Elektrownia Połaniec Power Plant in the period from 22 March 2022 to 21 March 2023,
- Annex 20 between ENEA Wytwarzanie and LW Bogdanka S.A. to Multi-Year Agreement No. UW/LW/01/2012 setting forth the general terms of coal deliveries in 2022-2036,
- Annex 29 between ENEA Elektrownia Połaniec and LW Bogdanka S.A. to Steam Coal Purchase Agreement No. 3/W/2012 (LW 853/W/2012 of 12 July 2012) setting forth the terms of coal deliveries in 2022.

2.5.4. External financing – bonds and loans

ENEA S.A. finances its investment program by using financial surpluses from its business activities and external debt. The ENEA Group pursues an investment financing model whereby ENEA S.A. acquires funds from external sources and distributes them to its subsidiaries. In its subsequent activities, ENEA S.A. will focus on ensuring appropriate diversification of external sources of financing for investments planned in the “ENEA Group Development Strategy until 2030 with an outlook to 2040”, with a particular consideration given to the Distribution and RES segments. At the same time, considering the very limited possibilities for obtaining financing for the activity of the generation companies, the ENEA Group has taken steps to spin off from its structures any assets related to the generation of electricity in conventional coal- and lignite-fired units.

In H1 2022, ENEA S.A. did not enter into any new long-term loan agreements and did not issue any bonds. However, in this period, ENEA S.A. executed an annex to the overdraft facility agreement entered into on 7 September 2020 with Bank Gospodarstwa Krajowego, under which the amount of the facility limit was increased from PLN 250 million to PLN 750 million and the loan period

was extended from 7 September 2022 to 28 October 2022. In addition to the said facility limit, as at 30 June 2022, ENEA S.A. it also had overdraft facility limits granted by PKO BP S.A. and Pekao S.A. for a total amount of PLN 450 million.

As at 30 June 2022, the nominal debt of ENEA S.A. arising from issued bonds and contracted loans totaled PLN 4,606 million, including PLN 1,587 million from long-term loans and PLN 3,019 million from bonds.

In the ENEA Group, some companies also have executed external financing agreements. As at 30 June 2022, the total nominal amount of such companies' external debt under the loans and borrowings (without ENEA S.A.) was PLN 43 million.

In H1 2022, neither the ENEA Group companies nor their counterparties did not terminate any loan or borrowing agreements.

2.5.5. Sureties and guarantees granted

On 11 March 2022, ENEA S.A. signed a surety agreement with Powszechna Kasa Oszczędności Bank Polski S.A. (the "Bank") to secure obligations of ENEA S.A.'s subsidiary, ENEA Trading ("Subsidiary"), up to the amount of PLN 2,400 million. The liabilities cover the amounts payable to the Bank by the Subsidiary under the framework agreement on cooperation in the financial market entered into by and between the Bank and the Subsidiary, including in respect of foreign exchange hedging transactions and commodity price hedging transactions, in particular forward transactions related to CO₂ emission allowances executed by the Subsidiary. The surety covers the Subsidiary's liabilities towards the Bank existing as at the date of the surety agreement and those that may arise in the future, and is due to expire on 31 December 2024 or on the date when the Subsidiary ceases to be a member of the Issuer's Group as a result of a spin-off of the Group's selected assets.

On 27 June 2022, ENEA S.A. granted a corporate guarantee to Axpo Polska Sp. z o.o. for the liabilities of ENEA Trading ("Subsidiary") up to EUR 17 million. The liabilities include cash to be provided by Axpo Polska Sp. z o.o. to the Subsidiary due to forward transactions related to CO₂ emission allowances executed by the Subsidiary. The corporate surety covers the Subsidiary's liabilities towards the Bank existing as at the date of the corporate surety and those that may arise in the future, and is due to expire on 31 December 2023 or on the date when the Subsidiary ceases to be a member of the Issuer's Group as a result of a spin-off of the Group's selected assets.

In this period, one bank guarantee of significant value was granted upon ENEA S.A.'s order (significance threshold being > PLN 5 million) in the amount of USD 2.4 million. The guarantee secures the liabilities of the subsidiary of ENEA Elektrownia Połaniec S.A. In accordance with the executed Agreement between the Issuer and ENEA Elektrownia Połaniec S.A. (the "Company"), the Company will reimburse the costs of granting this bank guarantee for the Issuer on the terms and conditions included in the Master Agreement for granting bank guarantees. In accordance with the Agreement for granting sureties and guarantees upon ENEA S.A.'s order, executed between the Parties, ENEA S.A. shall pay commission fee for liabilities of ENEA Elektrownia Połaniec S.A. to the Guarantor for granted bank guarantee, payable quarterly, and then the commission fee is re-invoiced by ENEA S.A. to the Company to refund the costs incurred by ENEA S.A.

The table below presents the largest bank guarantees extended upon orders from ENEA S.A. in the discussed period under the concluded bank guarantee agreements (significance threshold > PLN 5 million):

Security granting date	Security validity date	Secured entity	Purpose of the agreement	Security form	Extended security amount [USD million]
17 February 2022	16 June 2022	ARKAN IMPEX GENERAL TRADING LLC	Payment guarantee	under the guarantee facility up to PLN 350,000,000	2.4

The above guarantee concerns the purchase of biomass in the form of PKS (Palm Kernel Shell) for the power plant in Połaniec, which is a payer to ARKAN. With respect of the above guarantee, for the period from 17 February 2022 to 31 March 2022, a commission fee was collected in the amount of USD 1,130.96, and for the period from 1 April 2022 to 16 June 2022, the commission fee was USD 2,025.21. The currency conversion into PLN was effected at the rate prevailing on the day the fee was charged, that is on 1 August 2022.

As at 30 June 2022, the total value of corporate sureties and guarantees granted by ENEA S.A. to secure the liabilities of the ENEA Group companies was PLN 3,602.2 million, while the total value of bank guarantees issued at the request of ENEA S.A. and as collateral for liabilities of the ENEA Group companies was PLN 674.5 million.

2.5.6. Interest rate hedging transactions

In H1 2022, ENEA S.A. did not enter into any new interest rate hedging transactions.

2.5.7. Intra-group financing – bonds

Currently, in the Distribution and RES (Generation) segments, ENEA S.A. has intra-Group bond issue programs in place. As at 30 June 2022, the total nominal exposure arising from intra-Group bonds held by ENEA S.A. was PLN 1,599 million. The bond issue programs have been fully used up, and the bonds are being redeemed in installments.

2.5.8. Intra-group financing – loans

In H1 2022, ENEA S.A. did not enter into any new loan agreements with other ENEA Group companies or other companies in which it holds an equity stake. In April 2022, ENEA S.A. executed annexes to loan agreements with Elektrownia Ostrołęka Sp. z o.o., under which the period for loan repayments granted by ENEA S.A. to Elektrownia Ostrołęka Sp. z o.o. was postponed to December 2022. The par value of the companies' debt as at 30 June 2022 was PLN 4,090 million. Detailed information on the loan agreements signed by ENEA S.A. and active in H1 2022 and their utilization is presented in the table below:

Start date	Final maturity	Company	Value of agreements PLN million	Amount of loan contracted in H1 2022 PLN million	Interest rate	Loan debt as at 30 June 2022 PLN million
September 2019	December 2022	Ostrołęka Power Plant	199	0	Fixed	199
January 2020	September 2024	ENEA Wytwarzanie	2,200	0	base rate + margin	1,782
February 2020	December 2024	ENEA Elektrownia Połaniec	500	0	base rate + margin	500
March 2020	December 2026	ENEA Operator	2,040	0	Base rate + margin	1,600
June 2021	December 2031	Miejska Energetyka Ciepła Piła	15	0	Base rate + margin	9

The amounts presented in the above table in the columns "Value of agreements in PLN million" and "Loan debt as at 30 June 2022 in PLN million" refer to total values of all the signed agreements between ENEA S.A. and a given company and the total value of a given company's debt to ENEA as at 30 June 2022.

On 29 July 2022, ENEA S.A. and ENEA Operator entered into a loan agreement to provide up to PLN 550,000 thousand to fund the borrower's scheduled expenses. The loan has been drawn down in full.

On 13 September 2022, ENEA S.A. signed with ENEA Operator a loan agreement in the amount up to PLN 750,452 thousand for the execution of the following investment projects: (a) "Expansion and modernization of the grid in the area of HV/MV substations"; (b) "Expansion and modernization of the grid in the area of HV lines"; (c) "Expansion and modernization of the grid in the area of the MV network"; (d) "Remote-reading meters"; and (e) "Connections to the grid". The funds remaining at ENEA Operator's disposal under the loan agreement originated from the contribution made by the State Treasury and by investors other than the State Treasury, for the subscription to new shares issued as a result of an increase in ENEA S.A.'s share capital.

2.5.9. Related party transactions

In H1 2022, ENEA S.A. and its subsidiaries did not enter into any related party transactions on a non-arm's length basis. Information on transactions with related parties entered into by ENEA S.A. or its subsidiaries is provided in note 24 to the "Condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to 30 June 2022".

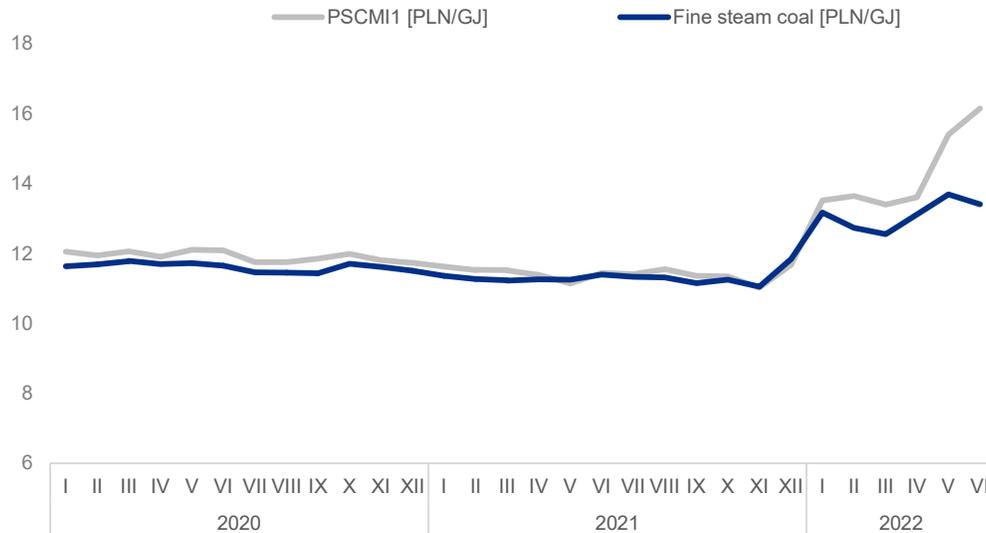
3. Risk management

The ENEA Group's risk model was updated to take into account the major risks to which the ENEA Group was exposed in H1 2022.

Risk Model	Key risks to which the ENEA Group is exposed, by category	Risk mitigating measures, by category
Strategic	Risk of losing pending lawsuits	- Granting powers-of-attorney to professional representatives - Organization of paid traineeships and apprenticeships, cooperation with endorsed schools,
	Risk of a generation gap or loss of competence	- Ensuring a transparent, competitive and motivational remuneration system
	Risk of improper management of information in a crisis situation	- Maintaining efficient communication channels with key business units
	Risk of exceeding the parameters required by regulations and environmental permits	- Ongoing monitoring of environmental indicators
	Risk of failure to achieve the objectives of the project to implement an IT tool to support the operation of the power grid	- Renegotiations with the vendor, - Optimization of the project scope and execution timetable
Financial	Risk of default on financing agreements	- Monitoring of banking covenants by the ENEA Group
	Risk of a rating downgrade	- Ongoing consultations with the credit rating agency
	Liquidity risk	- Cash flow planning in the current and strategic horizon
	Risk of interest rate fluctuations	- Ongoing monitoring of exposure to the risk of unfavorable changes in interest rates in consideration of the current limits adopted for this risk.
	Risk of losses due to counterparty default (including credit risk)	- Conducting structured activities in the area of credit risk management and debt collection
	Risk of adverse environment of the insurance market	- Preparing information on the transformation of production sources and dialog with the insurance and reinsurance market
	Risk of a breach of stock exchange disclosure obligations,	- Ongoing review of information and events with a view to fulfilling disclosure obligations
	Regulatory risk related to uncertainty of decisions of the ERO President regarding regulated revenue	- Analysis of new legislative acts and their impact on performance
	Risk of failing to meet obligations and losing the incurred expenditures related to the construction of public charging stations	- Monitoring the progress of work on building public charging stations
	Risk of claims from contractors executing the grid investment projects, resulting from increased project expenditures	- Negotiations with the contractors to work out amendments
Operational	Risk of imbalance in revenues and costs of the purchase and sales of electricity	- Working out the ENEA Group's position on the Balancing Market, - Verification of the consistency of information and data, - Analysis of the impact of settlements with prosumers
	Risk of unavailability of employees due to the epidemic	- Ongoing implementation of nationwide recommendations concerning minimization of the risk of infections
	Risk of interruptions and damages caused by extreme weather events	- Visual inspections, check-ups and operational procedures, - Removal of the effects of failures and damage to power lines and devices, - Capital expenditure endeavors related to the restoration of grid assets
	Risk of loss of continuity of ICT environments and infrastructure	- Reviews of ICT infrastructure and creation of backup copies
	Risk of violation of ICT security	- Conducting an information campaign among employees, including induction and periodic training on the rules of ICT security and other topics,
	Risk of losing access to billing systems	- Maintenance contracts with the vendor, - Ensuring the efficiency and quality of infrastructure and its monitoring, - Creating backup copies
	Risk of deteriorating grid reliability ratio	- Maintaining a high quality of operational inspections and preventive treatments on the grid
	Risk of losses in capacity caused by hydrologic conditions	- Monitoring the weather and hydrologic conditions
	Risk of disasters and industrial failures	- Maintaining technical infrastructure in proper order to prevent failures - Observing procedures and instructions, - Major overhauls and ongoing repairs
	Risk of unfavorable social climate	- Maintaining an active and regular dialog with social stakeholders
Risk of a personal data security breach	- Conducting an information campaign among employees, including induction and periodic training on personal data protection	
Market	Volumetric risk related to the hedging of open positions on electricity or gaseous fuel	- Monitoring, preparing projections and carrying out ongoing analysis of factors affecting prices
	Risk of commodity price volatility on the forward market, the spot market and Balancing Market	- Continuous analysis of the fuel and energy market, - Improving methods and tools to optimize commodity portfolios, - Maintaining and developing competence to manage commodity risk
	Risk of non-continuity of fuel supplies	- Daily monitoring of fuel inventory levels.
	Volumetric risk for fuel and transportation	- Optimization of coal deliveries within the ENEA Group
Risk of the unavailability of channels for the purchase of CO ₂ emission allowances in forward contracts	- Increasing limits or obtaining new agreements with clearing banks	

4. Market environment

Coal prices on the Polish market

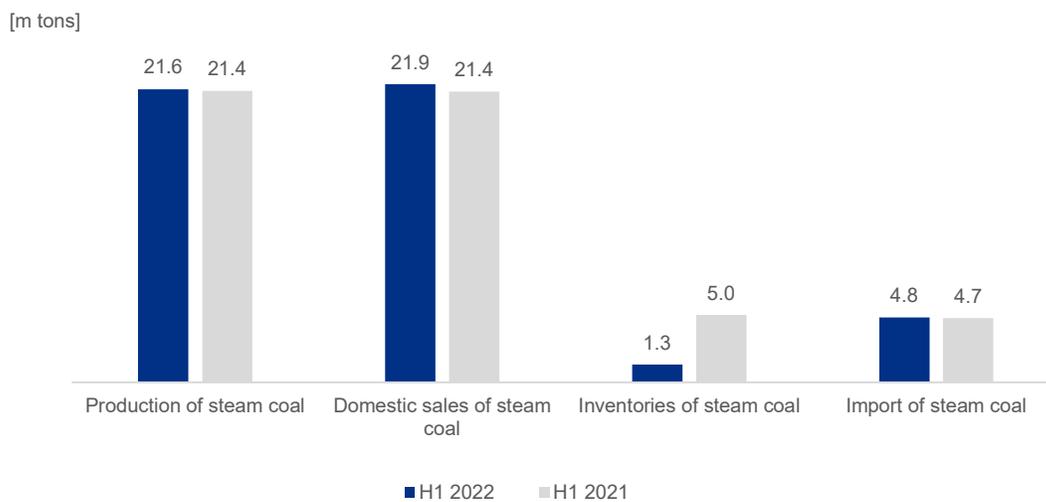


Data: Industrial Development Agency

PSCMI1: The average price of PSCMI1 in H1 2022 was PLN 14.29 per GJ, up 24.91% from the corresponding period of 2021 (PLN 11.44 per GJ).

Fine coal fractions: The average price of fine steam coal sold to commercial power plants in H1 2022 was PLN 13.11 per GJ, up 16.12% y/y. In June 2022, the cost of purchasing of one ton of fine steam coal was PLN 13.41 per GJ compared to PLN 11.40 per GJ in the previous year (+17.63% y/y).

Steam coal market



Data: Industrial Development Agency

In H1 2022, the volume of domestic steam coal extraction was 21.6 million tons, compared to 21.4 million tons in 2021. Total sales of this commodity on the domestic market reached 21.9 million tons, compared to 21.4 million tons in the corresponding period of 2021. As at the end of June, inventories of steam coal totaled at 1.3 million tons, down by 74% from the corresponding period of the previous year. In H1 2022, the total steam coal imports reached 4.8 million tons.

Situation in the domestic bituminous coal mining sector

The shortage of certain types of coal on the domestic market and the embargo imposed on coal imports from Russia resulted in the need to make emergency purchases of this commodity on the international market at record-high SPOT prices, ranging from USD 300 per ton to USD 400 per ton. The increase in coal supply, the maintenance of adequate minimum inventories by generators, the efficiency of unloading operations on ships with imported coal in Polish ports and the efficiency of logistics of rail transport currently pose major challenges for the coal sector.

Energy prices on the Polish market

BASE_Y_21/22/23 (PLN/MWh)

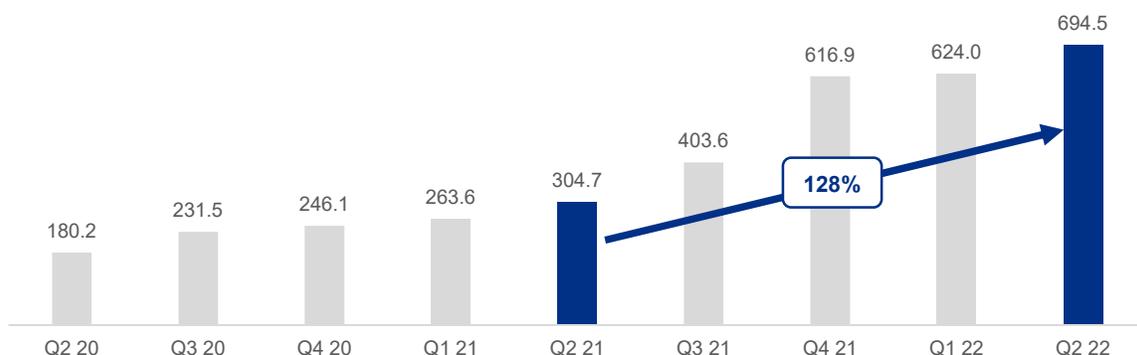


Source: POLPX, clearing prices

In Q2 2022, on the wholesale electricity forward market, the price of the BASE Y-23 product increased by 196%, to the average level of PLN 993.08 per MWh, compared to the corresponding product (i.e. BASE Y-22) in Q2 2022. The market price of BASE Y-23 in H1 2022 was highly volatile. At the beginning of the year, it hovered above PLN 592.90 per MWh, to reach PLN 1,193.00 per MWh towards the end of the six-month period. The BASE Y-23 price in H1 2022 was affected chiefly by the effects of the fuel crisis, which intensified with the start of the Russian-Ukrainian war and the pursuit of the sanctions policy against Russia, and the high prices of CO₂ emission allowances.

In H1 2022, the volume of trading in the annual frontal product BASE Y-23, totaled 3,911 MW, signifying a major drop compared to H1 2021, when transactions for a total of as much as 5,153 MW were executed under BASE Y-22 contracting (down by 24% y/y). Importantly, the disproportion in terms of liquidity for the products in question deepened, i.e. the average volume contracted at each session declined from 42 MW in H1 2021 to 31 MW in H1 2022.

RDN BASE (PLN/MWh)



Source: POLPX, clearing prices

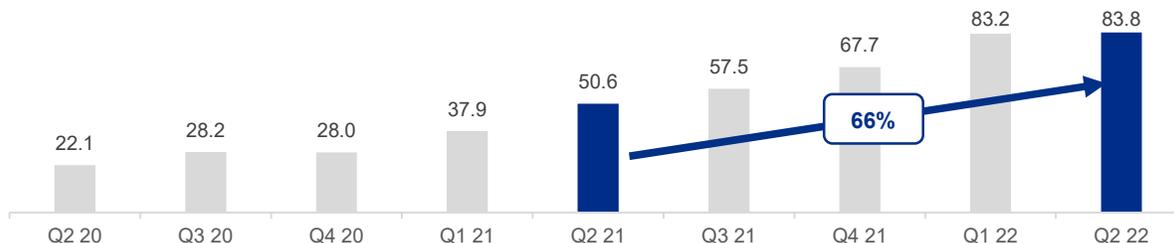
The average price of electricity on the spot market in Q2 2022 was 128% higher than in the corresponding period of 2021. This increase resulted mainly from the considerably higher valuation of all months in the quarter than in the corresponding period of 2021.

The level of electricity prices on the spot market in Q2 2022 was affected by:

- high prices of CO₂ emission allowances (price-increasing effect),
- fuel crisis (price-increasing effect),
- high levels of power deficits in the Polish Power System (PPS) than planned, especially in May-June (price-increasing effect),
- relatively high, for this time of year, wind generation (price-suppressing effect),
- surplus of energy export over imports from neighboring countries (price-increasing effect).

Prices of CO₂ emission allowances and “green” property rights

CO₂ emission allowances (DEC-22) (EUR/t)

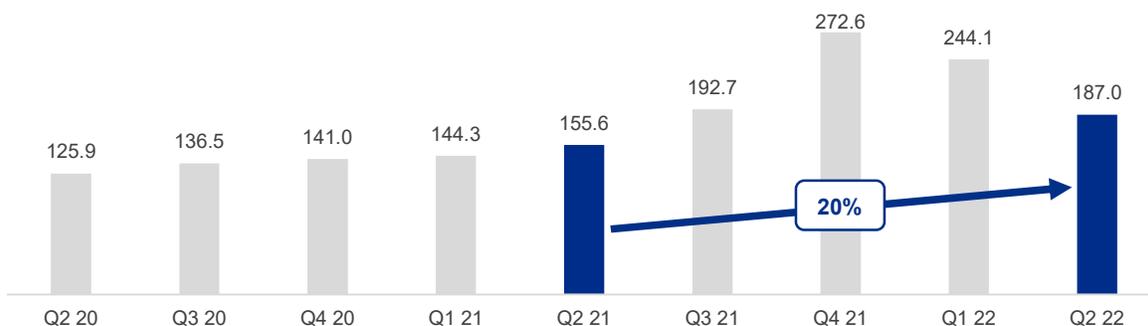


Source: ICE, clearing prices

In the early days of January 2022, the prices of CO₂ emission allowances followed an upward trend. On 5 January they reached EUR 87.58 per ton. In the current year, the auctions were resumed on 10 January 2022 and the prices significantly fell to EUR 80.09 per ton. Subsequently, following a side trend, the prices started to rise in the second half of January 2022 to approximately EUR 89.00 per ton. In this period, growing commodity prices, in particular gas prices, were recorded, which was associated with the increasing concerns about the possibility of a conflict between Russia and Ukraine. At the beginning of February 2022, the upward trend continued and reached a record level at EUR 96.93 per ton on 8 February 2022. Then a downward trend in prices ensued. At that time, there were reports about the proposal to tighten the price mechanism under Article 29a of the EU ETS Directive and about the start of the process of issuing free allowances for 2022 by certain Member States. On 24 February 2022, there was a reduction in the price of CO₂ emission allowances by approximately EUR 8.04/t compared to the previous day. The price was 87.03 EUR/t and the session was characterized by a large volume. The drop may have resulted from the sale of allowances due to the escalation of the Russian-Ukrainian conflict. At the beginning of March of this year, the downward trend continued and, as a result, prices fell to as low as EUR 58.30 per ton. After the major reductions, the trend changed and from 8 March 2022 prices rose steadily and then turned to the side trend at an average of EUR 79.00 per ton. Some notable events which occurred in March included the adoption by the European Parliament’s ENVI Committee of a report on amendments to the reform of the market stability reserve (MSR) (including doubling the allowances transferred to the reserve until 2030), and the joint stance of the finance ministers of the Member States on the CBAM border tax.

The first April session of DEC-22 closed at EUR 78.48 per ton. Until mid-April, prices remained within a quite narrow range between EUR 77.18 per ton and EUR 80.09 per ton. A major hike in EUA prices occurred on 20 April when the value of DEC-22 increased to 87.82 EUR per ton, which was almost a 10% shift within a single day. The reason for the price increase may have been the vote of the Committee on Industry, Research and Energy (ITRE) to limit the pool of market participants solely to the so-called compliance institutions (i.e. those that are required to redeem an appropriate amount of EUAs) and those cooperating with them. The rest of the month was highly volatile. The maximum price reached later in April for DEC-22 was EUR 88.99 per ton and the minimum price was EUR 81.01 per ton. The final date for the redemption of EUAs for emissions from 2021, falling at the end of April, may have contributed to this high volatility. The high volatility of prices of CO₂ emission allowances continued into May. Market participants reacted to the changes in the EU ETS discussed by the ENVI Committee, including a 67% reduction in emissions by 2030, the strengthening of Article 29a and the transition from free-to-air emissions to CBAM. Another important price factor in May was the REPowerEU plan, which assumes energy independence from the Russian Federation, and the funds for its implementation would come, among other sources, from the sale of allowances from the MSR (said to reach 250 Mt). The maximum price reached in May for DEC-22 contracts was EUR 91.72 per ton, and the minimum price was EUR 78.15 per ton. June brought a reduced degree of volatility compared to May. The maximum price reached in June for DEC-22 contracts was EUR 90.16 per ton, and the minimum price was EUR 79.81 per ton. In June, two votes of the European Parliament were held on changes to the ETS proposed by the ENVI Committee, the first of which resulted in referring the draft document for further work. The EU Council also became involved in work on the changes. The average price for DEC-22 contracts in Q2 2022 was 66% higher than the average price in the corresponding quarter of 2021.

Prices of “green” property rights (PMOZE_A) (PLN/MWh)



Source: POLPX, session market indices

The session quotations of “green” property rights during two first months of the year showed a slight downward trend, starting from the first January session when the closing price of PMOZE_A reached PLN 266.75 per MWh, ending on the last February session when the price fell to PLN 253.84 per MWh. March showed much greater price volatility than the preceding months. In the third session the price reached the lowest level since November of the previous year, dropping to PLN 206.86 per MWh, which was followed by a successive increase to the maximum value of PLN 250.39 per MWh in the month. In the last two sessions, the price fell to around PLN 230.00 per MWh. This decrease can be linked to the publication of the “Draft Regulation of the Minister of Climate and Environment on the change of the quantity share of the total electricity resulting from the redeemed certificates of origin confirming the production of electricity from renewable energy sources in 2023”, which implies a change of the level of the obligation for renewable energy from 18.5% to 10%. April brought some major cuts in the prices of green property rights. The average price at the first April session was PLN 225.61 per MWh and declined gradually to reach PLN 174.70 per MWh at the last April session. In May, the prices of PMOZE_A stabilized and fluctuated in the range of between PLN 170.77 and 176.23 per MWh. The last two sessions in May ended with a higher average daily price: at PLN 186.03 per MWh and PLN 188.25 per MWh, respectively. Prices above PLN 180.00 per MWh remained during the three June sessions, then they returned to the level from the beginning of May and even dropped below PLN 175.00 per MWh. The last session of H1 ended with an average price of PLN 173.31 per MWh. At the end of June, an update was published of the draft regulation of the Ministry of Culture and National Heritage regarding the level of the RES obligation for 2023, in which the March proposal was increased from 10% to 12%.

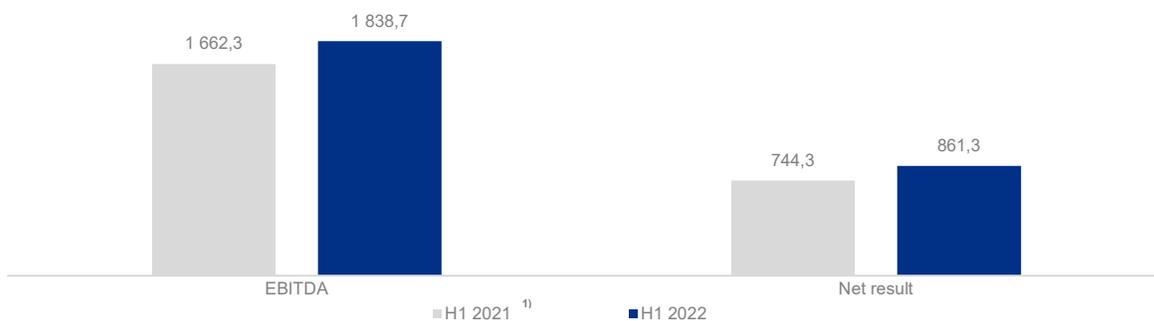
In H1 2022, 13.1 TWh of property rights were issued and 12.8 TWh of property rights were redeemed, leaving 24.8 TWh of active rights in the register, which is the lowest value for the corresponding period since 2017. The average price in Q2 2022 was 20% higher than the average price in the corresponding quarter of 2021.

5. Financial standing

5.1. Selected consolidated financial data

[PLN 000s]	H1 2021 ¹⁾	H1 2022	Change	% change
Revenue from sales and other income	9,860,685	14,711,061	4,850,376	49.2%
Operating profit / (loss)	909,341	1,064,403	155,062	17.1%
Profit / (loss) before tax	939,465	1,054,988	115,523	12.3%
Net profit / (loss) for the reporting period	744,252	861,328	117,076	15.7%
EBITDA	1,662,286	1,838,660	176,374	10.6%
Net cash flows from:				
operating activities	4,157,352	4,162,493	5,141	0.1%
investing activities	(901,673)	(1,524,953)	-623,280	-69.1%
financial activities	(1,001,965)	(1,352,313)	-350,348	-35.0%
Cash at the end of the period	4,195,268	5,438,780	1,243,512	29.6%
Net profit/(loss) attributable to shareholders of the parent company	704,806	739,055	34,249	4.9%
Weighted average number of shares	441,442,578	472,660,616	31,218,038	7.1%
Net earnings/(loss) per share [PLN]	1.60	1.56	-0.04	-2.5%
Diluted earnings/(loss) per share [PLN]	1.60	1.56	-0.04	-2.5%

PLN m

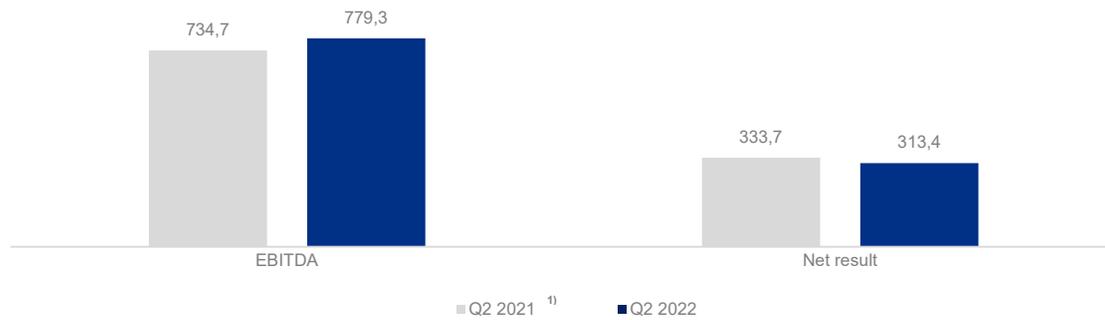


[PLN 000s]	31 December 2021 ¹⁾	30 June 2022	Change	% change
Total assets	34,657,143	35,887,569	1,230,426	3.6%
Total liabilities	19,455,243	18,796,015	-659,228	-3.4%
Non-current liabilities	7,876,738	7,874,715	-2,023	0.0%
Current liabilities	11,578,505	10,921,300	-657,205	-5.7%
Equity	15,201,900	17,091,554	1,889,654	12.4%
Share capital	588,018	676,306	88,288	15.0%
Book value per share [PLN]	34.44	32.26	-2.18	-6.3%
Diluted book value per share [PLN]	34.44	32.26	-2.18	-6.3%

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022

[PLN 000s]	Q2 2021 ¹⁾	Q2 2022	Change	% change
Revenue from sales and other income	4,796,157	7,464,695	2,668,538	55.6%
Operating profit / (loss)	356,272	384,449	28,177	7.9%
Profit / (loss) before tax	429,191	396,152	-33,039	-7.7%
Net profit / (loss) for the reporting period	333,714	313,433	-20,281	-6.1%
EBITDA	734,688	779,331	44,643	6.1%
Net profit/(loss) attributable to shareholders of the parent company	316,519	244,073	-72,446	-22.9%
Weighted average number of shares	441,442,578	503,535,600	62,093,022	14.1%
Net earnings/(loss) per share [PLN]	0.72	0.48	-0.24	-33.3%
Diluted earnings/(loss) per share [PLN]	0.72	0.48	-0.24	-33.3%

PLN m



¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022

5.2. Key operating data and indicators for ENEA Group

	Unit	H1 2021 ¹⁾	H1 2022	Change	% change	Q2 2021 ¹⁾	Q2 2022	Change	% change
Revenue from sales and other income	PLN 000s	9,860,685	14,711,061	4,850,376	49.2%	4,796,157	7,464,695	2,668,538	55.6%
EBITDA	PLN 000s	1,662,286	1,838,660	176,374	10.6%	734,688	779,331	44,643	6.1%
EBIT	PLN 000s	909,341	1,064,403	155,062	17.1%	356,272	384,449	28,177	7.9%
Net profit / (loss) for the reporting period	PLN 000s	744,252	861,328	117,076	15.7%	333,714	313,433	-20,281	-6.1%
Net profit/(loss) attributable to shareholders of the parent company	PLN 000s	704,806	739,055	34,249	4.9%	316,519	244,073	-72,446	-22.9%
Net cash flows from operating activities	PLN 000s	4,157,352	4,162,493	5,141	0.1%	2,529,912	3,560,122	1,030,210	40.7%
CAPEX	PLN 000s	728,099	1,077,663	349,564	48.0%	411,673	583,610 ³⁾	171,937	41.8%
Net debt	PLN 000s	3,340,015	-1,059,867	-4,399,882	-131.7%	3,340,015	-1,059,867	-4,399,882	-131.7%
Net debt / EBITDA ²⁾	-	1.06	-0.28	-1.34	-126.4%	1.06	-0.28	-1.34	-126.4%
Return on assets (ROA) ^{2,4)}	%	4.8%	4.8%	-	-	4.3%	3.5%	-0.8 p.p.	-
Return on equity (ROE) ^{2,4)}	%	10.7%	10.1%	-0.6 p.p.	-	9.6%	7.3%	-2.3 p.p.	-
Trading									
Sales of electricity and gaseous fuel to retail customers	GWh	12,175	12,019	-156	-1.3%	5,845	5,802	-43	-0.7%
Number of customers (Power Delivery Points)	000s	2,593	2,639	46	1.8%	2,593	2,639	46	1.8%
Distribution									
Sales of distribution services to end users	GWh	10,162	10,174	12	0.1%	4,987	4,895	-92	-1.8%
Number of users (closing balance)	000s	2,682	2,713	31	1.2%	2,682	2,713	31	1.2%
Generation									
Total net generation of electricity, including:	GWh	12,069	13,303	1,234	10.2%	5,980	6,809	829	13.9%
from conventional sources	GWh	10,916	12,152	1,236	11.3%	5,348	6,216	868	16.2%
from renewable sources	GWh	1,153	1,151	-2	-0.2%	632	593	-39	-6.2%
Gross heat generation	TJ	4,302	4,305	3	0.1%	1,449	1,485	36	2.5%
Sales of electricity, including:	GWh	14,486	15,090	604	4.2%	7,210	7,628	419	5.8%
from conventional sources	GWh	10,916	12,152	1,236	11.3%	5,348	6,216	868	16.2%
from renewable sources	GWh	1,153	1,151	-2	-0.2%	632	593	-39	-6.2%
from purchase	GWh	2,417	1,787	-630	-26.1%	1,230	819	-410	-33.4%
Sales of heat	TJ	3,914	3,947	33	0.8%	1,307	1,353	46	3.5%
Mining									
Net production	000s tons	4,947	5,570	623	12.6%	2,335	2,761	425	18.2%
Coal sales	000s tons	4,590	5,237	647	14.1%	2,206	2,520	314	14.2%
Inventories at the end of the period	000s tons	479	354	-125	-26.1%	479	354	-125	-26.1%
Excavation works	km	10.4	18.4	8.0	76.9%	5.1	9.8	4.7	92.2%

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022

²⁾ Definitions of the ratios are presented in chapter 12 "Glossary of terms and abbreviations".

³⁾ Presentation change of data for Q1 2022

⁴⁾ Ratio numerator i.e. net profit (loss) for the reporting period is annualized

5.3. Financial performance of the ENEA Group in H1 2022 and Q2 2022

Consolidated statement of profit and loss in H1 2022

[PLN 000s]	H1 2021 ¹⁾	H1 2022	Change	% change
Revenue from sales of electricity	7,068,169	11,530,592	4,462,423	63.1%
Revenue from sales of heat	234,752	253,897	19,145	8.2%
Revenue from sales of gas	221,879	170,955	-50,924	-23.0%
Revenue from sales of distribution services	1,567,263	1,682,813	115,550	7.4%
Revenue from certificates of origin	1,653	438	-1,215	-73.5%
Revenue from sales of goods and materials	59,705	108,387	48,682	81.5%
Revenue from sales of other products and services	81,553	108,368	26,815	32.9%
Revenue from sales of coal	192,691	400,845	208,154	108.0%
Revenue from the Capacity Market	426,151	447,632	21,481	5.0%
Net revenue from sales	9,853,816	14,703,927	4,850,111	49.2%
Revenue from leases and operating subleases	6,869	7,134	265	3.9%
Revenue from sales and other income	9,860,685	14,711,061	4,850,376	49.2%
Amortization and depreciation	749,581	771,680	22,099	2.9%
Employee benefit costs	1,048,722	1,139,277	90,555	8.6%
Consumption of materials and supplies and cost of goods sold	2,112,678	4,106,615	1,993,937	94.4%
Purchase of energy and gas for subsequent sale	4,116,962	6,001,699	1,884,737	45.8%
Transmission services	217,185	256,269	39,084	18.0%
Other third-party services	445,687	478,235	32,548	7.3%
Taxes and charges	235,842	258,945	23,103	9.8%
Tax-deductible expenses	8,926,657	13,012,720	4,086,063	45.8%
Other operating revenue	79,859	128,081	48,222	60.4%
Other operating costs	73,855	178,694	104,839	142.0%
Change in provision related to onerous contracts	-3,736	-556,042	-552,306	-14,783.4%
Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets	(23,591)	(24,706)	-1,115	-4.7%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	3,364	2,577	-787	-23.4%
Operating profit / (loss)	909,341	1,064,403	155,062	17.1%
Finance costs	116,911	142,639	25,728	22.0%
Finance income	35,700	87,297	51,597	144.5%
Dividend income	119	1,163	1,044	877.3%
Impairment allowances/(reversal thereof) on financial assets measured at amortized cost	9,988	7,133	-2,855	-28.6%
Share in the results of associates and jointly controlled entities	121,204	51,897	-69,307	-57.2%
Profit / (loss) before tax	939,465	1,054,988	115,523	12.3%
Income tax	195,213	193,660	-1,553	-0.8%
Net profit / (loss) for the reporting period	744,252	861,328	117,076	15.7%
EBITDA	1,662,286	1,838,660	176,374	10.6%

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022

Key EBITDA drivers for the ENEA Group in H1 2022 (up by PLN 176.4 million):

- (+) an increase in revenue from sales of electricity by PLN 4,462 million, driven mainly by an increase in the average sales price
- (+) an increase in revenue from sales of heat by PLN 19 million, driven mainly by an increase in the average sales price
- (-) a decrease in revenue from sales of natural gas by PLN 51 million, driven mainly by a lower sales volume with the higher average sales price
- (+) an increase in revenue from sales of distribution services by PLN 116 million, largely driven by the higher average sales price
- (+) an increase in revenue from sales of goods and materials by PLN 49 million resulting from greater demand for goods from external buyers
- (+) an increase in revenue from sales of other products and services by PLN 27 million resulting from greater demand for goods from external buyers
- (+) an increase in revenue from sales of coal by PLN 208 million, largely driven by the higher average sales price and the bigger sales volume
- (+) an increase in the revenue from the Capacity Market by PLN 21 million
- (-) an increase in employee benefit costs by PLN 91 million driven mainly by higher payroll costs and payroll-related charges
- (-) an increase in the costs of consumption of materials and supplies and cost of goods sold by PLN 1,994 million results from:
 - (-) higher costs of CO₂ emission allowances, coal consumption costs and costs of biomass consumption for the whole Generation Area
 - (+) remeasurement of CO₂ contracts
- (-) an increase in the costs of purchasing electricity and gas by PLN 1,885 million results mainly from higher average sales prices with the lower sales volume
- (-) an increase in costs of transmission services by PLN 39 million, largely due to the balance of fees moved forward
- (-) an increase in costs of third-party services by PLN 33 million caused mainly by an increase in the costs of repair services and the costs of services outsourced to external companies
- (-) an increase in taxes and charges by PLN 23 million caused partly by the higher property tax, the increase in maintenance fees and the higher transmission easement fees
- (-) movement in provisions related to onerous contracts (increase in provisions by PLN 552 million):
 - (-) in H1 2022, a provision related to onerous contracts of PLN 446.9 million was established in the Generation Area
 - (-) in H1 2022, a provision of PLN 64.2 million was recognized in costs for a possible loss on Tariff G due to the increase in the electricity purchase costs
 - (-) in H1 2022, the use of a PLN 8.7 million portion of the provision and an update of the provision for a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers by ENEA S.A. as the offtaker of last resort in the amount of PLN 53.6 million were recognized in expenses. In H1 2021, the use of a portion of this provision in the amount of PLN 8.2 million was recognized and an update of this provision in the amount of PLN 11.9 million was recognized in expenses
- (-) result on other operating activities down by PLN 58 million:
 - (-) higher provisions for potential claims by PLN 75 million, including: costs of provisions for claims under terminated RES property rights contracts up by PLN 72 million
 - (-) movement in other operating income and costs by PLN 38 million, including: costs of removal of accidental losses – mass failures which occurred in Q1 2022
 - (+) remeasurement of CO₂ contracts by PLN 55 million

Material changes affecting net result:

- (-) in H1 2021, recognition of a PLN 114.1 million partial reversal of the provision for future investment commitments to Elektrownia Ostrołęka, established in the amount of PLN 222.2 million (originally, PLN 219.4 million). In turn, in H1 2022, a partial reversal of this provision in the amount of PLN 41.6 million was recognized.

Consolidated statement of profit and loss in Q2 2022

[PLN 000s]	Q2 2021 ¹⁾	Q2 2022	Change	% change
Revenue from sales of electricity	3,522,953	5,929,596	2,406,643	68.3%
Revenue from sales of heat	82,462	92,506	10,044	12.2%
Revenue from sales of gas	65,522	62,940	-2,582	-3.9%
Revenue from sales of distribution services	757,072	826,108	69,036	9.1%
Revenue from certificates of origin	1,653	96	-1,557	-94.2%
Revenue from sales of goods and materials	34,338	58,420	24,082	70.1%
Revenue from sales of other products and services	38,776	52,382	13,606	35.1%
Revenue from sales of coal	77,818	219,176	141,358	181.7%
Revenue from the Capacity Market	213,199	221,240	8,041	3.8%
Net revenue from sales	4,793,793	7,462,464	2,668,671	55.7%
Revenue from leases and operating subleases	2,364	2,231	-133	-5.6%
Revenue from sales and other income	4,796,157	7,464,695	2,668,538	55.6%
Amortization and depreciation	378,410	392,355	13,945	3.7%
Employee benefit costs	514,498	552,837	38,339	7.5%
Consumption of materials and supplies and cost of goods sold	1,100,863	2,211,704	1,110,841	100.9%
Purchase of energy and gas for subsequent sale	2,019,829	2,880,279	860,450	42.6%
Transmission services	110,021	142,764	32,743	29.8%
Other third-party services	218,158	241,384	23,226	10.6%
Taxes and charges	116,007	128,658	12,651	10.9%
Tax-deductible expenses	4,457,786	6,549,981	2,092,195	46.9%
Other operating revenue	38,368	78,500	40,132	104.6%
Other operating costs	6,417	93,615	87,198	1,358.9%
Change in provision related to onerous contracts	-2,656	-505,048	-502,392	-18,915.4%
Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets	(11,388)	(7,575)	3,813	33.5%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	6	2,527	2,521	42,016.7%
Operating profit / (loss)	356,272	384,449	28,177	7.9%
Finance costs	58,115	73,524	15,409	26.5%
Finance income	13,218	71,537	58,319	441.2%
Dividend income	119	1,163	1,044	877.3%
Impairment allowances/(reversal thereof) on financial assets measured at amortized cost	3,788	3,468	-320	-8.4%
Share in the results of associates and jointly controlled entities	121,485	15,995	-105,490	-86.8%
Profit / (loss) before tax	429,191	396,152	-33,039	-7.7%
Income tax	95,477	82,719	-12,758	-13.4%
Net profit / (loss) for the reporting period	333,714	313,433	-20,281	-6.1%
EBITDA	734,688	779,331	44,643	6.1%

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022

Key EBITDA drivers for the ENEA Group in Q2 2022 (up by PLN 44.6 million):

- (+) an increase in revenue from sales of electricity by PLN 2,407 million, driven mainly by an increase in the average sales price
- (+) an increase in revenue from sales of heat by PLN 10 million, largely driven by an increase in the average sales price with a concurrent decline in volume
- (+) an increase in revenue from sales of distribution services by PLN 69 million, mainly as a result of an increase in the average sales price with a concurrent decline in revenue from grid connection fees and an increase in the distributed energy volume by 92 GWh
- (+) an increase in revenue from sales of goods and materials by PLN 24 million resulting from greater demand for goods from external buyers
- (+) an increase in revenue from sales of other products and services by PLN 14 million resulting from greater demand for goods from external buyers
- (+) an increase in revenue from sales of coal by PLN 141 million, largely driven by the higher average sales price and the bigger sales volume
- (+) an increase in the revenue from the Capacity Market by PLN 8 million
- (-) an increase in employee benefit costs by PLN 38 million driven mainly by higher payroll costs and payroll-related charges and a change in employee provisions
- (-) an increase in the costs of consumption of materials and supplies and cost of goods sold by PLN 1,111 million results from:
 - (-) higher costs of CO₂ emission allowances, coal consumption costs and costs of biomass consumption for the whole Generation Area
 - (+) remeasurement of CO₂ contracts
- (-) an increase in the costs of purchasing electricity and gas by PLN 860 million results mainly from higher average sales prices with the lower sales volume
- (-) an increase in costs of transmission services by PLN 33 million, largely due to the balance of fees moved forward
- (-) an increase in costs of third-party services by PLN 23 million caused mainly by an increase in the costs of repair services and the costs of services outsourced to external companies
- (-) an increase in taxes and charges by PLN 13 million caused partly by a higher property tax and higher fees for the establishment of transmission easements
- (-) movement in provisions related to onerous contracts (increase in provisions by PLN 502 million):
 - (-) in Q2 2022, a provision related to onerous contracts of PLN 446.9 million was established in the Generation Area
 - (-) in Q2 2022, a provision of PLN 64.2 million was recognized in costs for a possible loss on Tariff G due to the increase in the electricity purchase costs
 - (-) in Q2 2021, the use of a PLN 8.6 million portion of the provision and an update of the provision for a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers by ENEA S.A. as the offtaker of last resort in the amount of PLN 5.9 million were recognized in expenses. In Q2 2022, the use of a portion of this provision in the amount of PLN 6.1 million was recognized
- (-) result on other operating activities down by PLN 43 million:
 - (-) higher provisions for potential claims by PLN 67 million, including: costs of provisions for claims under terminated RES property rights contracts up by PLN 69 million
 - (-) movement in other operating income and costs by PLN 24 million, including: decrease in revaluation of energy, gas and property rights forward transactions
 - (+) remeasurement of CO₂ contracts by PLN 47 million

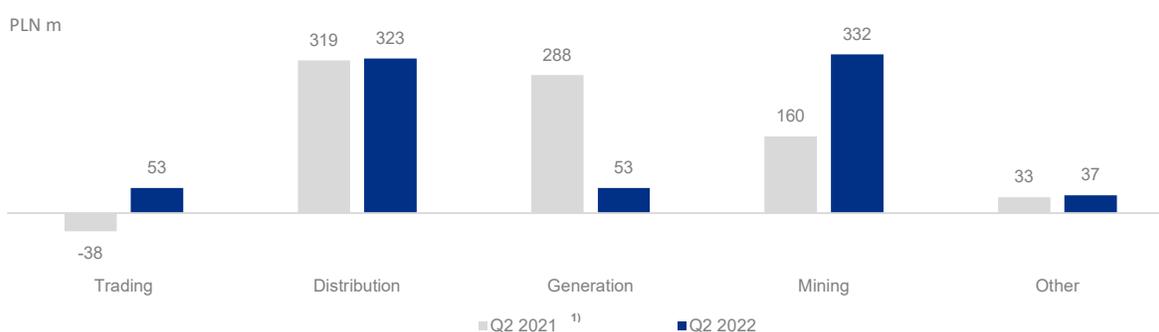
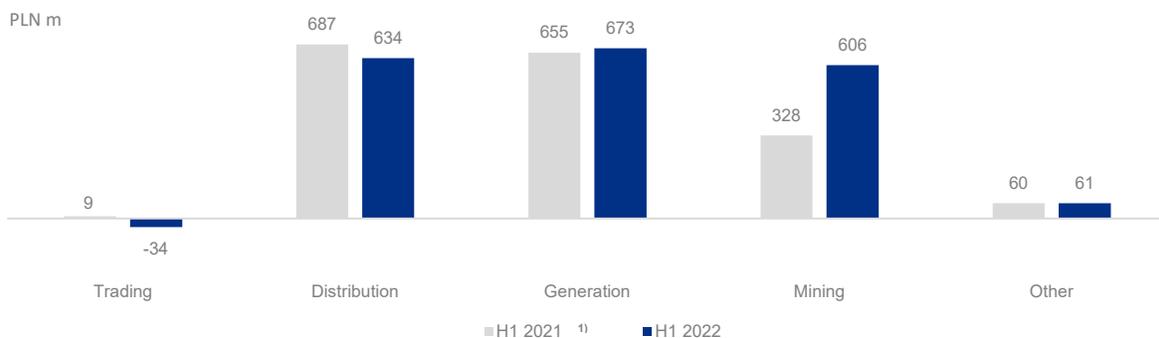
Material changes affecting net result:

(-) in Q2 2021, recognition of a PLN 114.1 million partial reversal of the provision for future investment commitments to Elektrownia Ostrołęka, established in the amount of PLN 222.2 million (originally, PLN 219.4 million). In turn, in Q2 2022, a partial reversal of this provision in the amount of PLN 10.4 million was recognized.

Financial performance of the ENEA Group in H1 2022 and Q2 2022

EBITDA [PLN 000s]	H1 2021 ¹⁾	H1 2022	Change	% change	Q2 2021 ¹⁾	Q2 2022	Change	% change
Trading	8,910	-33,591	-42,501	-477.0%	-38,075	52,587	90,662	238.1%
Distribution	687,457	633,882	-53,575	-7.8%	318,698	323,362	4,664	1.5%
Generation	655,325	672,759	17,434	2.7%	288,126	52,697	-235,429	-81.7%
Mining	328,484	606,289	277,805	84.6%	159,823	331,865	172,042	107.6%
Other activities	60,254	60,673	419	0.7%	33,131	36,528	3,397	10.3%
Unassigned items and elimination	-78,144	-101,352	-23,208	-29.7%	-27,015	-17,708	9,307	34.5%
Total EBITDA	1,662,286	1,838,660	176,374	10.6%	734,688	779,331	44,643	6.1%

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022



¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022

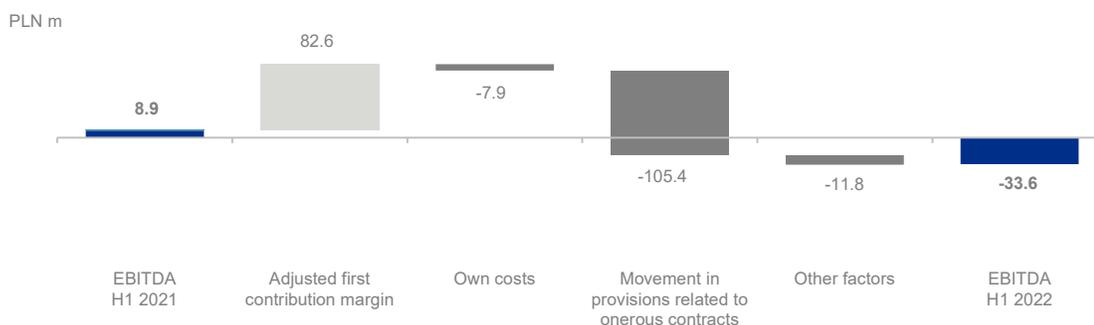
Trading Area in H1 2022 and Q2 2022

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

[PLN 000s]	H1 2021	H1 2022	Change	% change	Q2 2021	Q2 2022	Change	% change
Revenue from sales and other income	4,646,322	6,599,987	1,953,665	42.0%	2,286,735	3,216,174	929,439	40.6%
EBIT	7,311	-34,935	-42,246	-577.8%	-38,810	51,928	90,738	233.8%
Amortization and depreciation	1,599	1,344	-255	-15.9%	735	659	-76	-10.3%
EBITDA	8,910	-33,591	-42,501	-477.0%	-38,075	52,587	90,662	238.1%
CAPEX ¹⁾	1,285	1,375	90	7.0%	549	433 ²⁾	-116	-21.1%
Share of the segment's sales revenue in the Group's sales revenue	38%	38%	-	-	38%	37%	-1 p.p.	-

¹⁾ Without equity investments of ENEA S.A.

²⁾ Presentation change of data for Q1 2022



Key EBITDA drivers in H1 2022 (down by PLN 42.5 million):

Adjusted first contribution margin (up by PLN 82.6 million)

- (+) average energy sales price up by 55.9%
- (+) energy sales volume up by 2.0%
- (+) remeasurement of CO₂ contracts, forward transactions for energy, gas and property rights
- (-) average energy purchase price up by 63.5%
- (-) costs of environmental obligations up by 57.7%
- (-) lower result on trading in gaseous fuel
- (-) costs of provisions for claims under terminated RES property rights contracts up by PLN 72.2 million

Own costs (up by PLN 7.9 million)

- (-) general and administrative expenses up by PLN 7.7 million
- (-) direct selling costs up by PLN 1.3 million
- (+) costs of shared services down by PLN 1.1 million

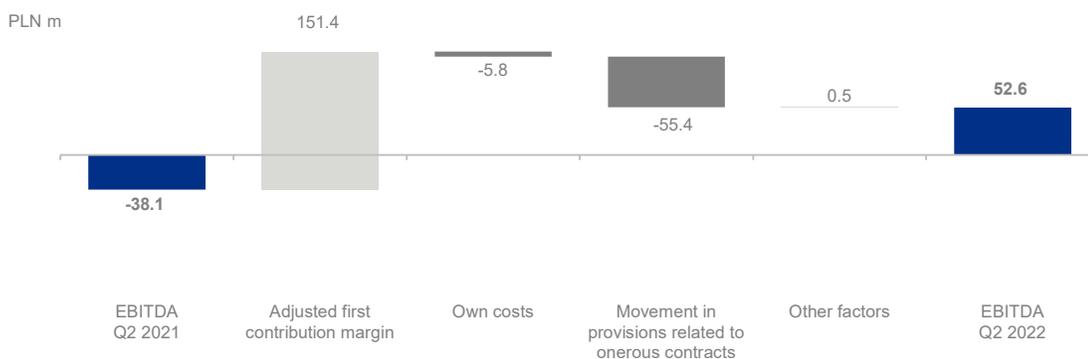
Movement in provisions related to onerous contracts (up by PLN 105.4 million)

(-) in H1 2022, the use of a PLN 8.7 million portion of the provision and an update of the provision for a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers by ENEA S.A. as the offtaker of last resort in the amount of PLN 53.6 million were recognized in expenses. The provision was recognized in expenses in December 2020 in the amount of PLN 50.8 million by ENEA S.A. as the offtaker of last resort and increased to PLN 250.1 million in December 2021 to reflect the impact of anticipated future losses to be incurred by the company in connection with the performance of comprehensive contracts entered into with prosumers who, in compliance with the amendment to the Act on Renewable Energy Sources, have acquired the right to financial settlements, over a 15-year period, based on a discount support system (so-called 'net-metering'), on the condition that their micro-installations are connected to the grid by 31 March 2022. In H1 2021, the use of a portion of this provision in the amount of PLN 8.2 million was recognized and an update of this provision in the amount of PLN 11.9 million was recognized in expenses.

(-) in H1 2022, a provision of PLN 64.2 million was recognized in costs for a possible loss on Tariff G due to the increase in the electricity purchase costs. The application for approval of the amended Tariff was submitted on 10 June to the ERO President, yet the tariff proceedings regarding this application have not been completed and therefore there is uncertainty whether the Company will generate an increase in revenue to cover the justified increased electricity purchase costs.

Other factors (down by PLN 11.8 million)

- (-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 5.0 million
- (-) revenue from sales of services down by PLN 3.9 million
- (-) litigation costs up by PLN 3.7 million
- (-) written off receivables recognized in expenses up by PLN 3.7 million
- (-) donation costs up by PLN 2.5 million
- (+) impairment losses for receivables down by PLN 4.8 million
- (+) costs of provisions for litigation down by PLN 2.2 million



Key EBITDA drivers in Q2 2022 (up by PLN 90.7 million):

Adjusted first contribution margin (up by PLN 151.4 million)

- (+) average energy sales price up by 60.0%
- (+) energy sales volume up by 2.4%
- (+) remeasurement of CO₂ contracts, forward transactions for energy, gas and property rights
- (-) average energy purchase price up by 63.0%
- (-) costs of environmental obligations up by 39.6%
- (-) lower result on trading in gaseous fuel
- (-) costs of provisions for claims under terminated RES property rights contracts up by PLN 69.3 million

Own costs (up by PLN 5.8 million)

- (-) direct selling costs up by PLN 5.8 million
- (-) general and administrative expenses up by PLN 1.2 million
- (+) costs of shared services down by PLN 1.2 million

Movement in provisions related to onerous contracts (up by PLN 55.4 million)

- (-) in Q2 2022, a provision of PLN 64.2 million was recognized in costs for a possible loss on Tariff G due to the increase in the electricity purchase costs. The application for approval of the amended Tariff was submitted on 10 June to the ERO President, yet the tariff proceedings regarding this application have not been completed and therefore there is uncertainty whether the Company will generate an increase in revenue to cover the justified increased electricity purchase costs.
- (-) in Q2 2021, the use of a PLN 8.6 million portion of the provision and an update of the provision for a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers by ENEA S.A. as the offtaker of last resort in the amount of PLN 5.9 million were recognized in expenses. The provision was recognized in expenses in December 2020 in the amount of PLN 50.8 million by ENEA S.A. as the offtaker of last resort and increased to PLN 250.1 million in December 2021 to reflect the impact of anticipated future losses to be incurred by the company in connection with the performance of comprehensive contracts entered into with prosumers who, in compliance with the amendment to the Act on Renewable Energy Sources, have acquired the right to financial settlements, over a 15-year period, based on a discount support system (so-called 'net-metering'), on the condition that their micro-installations are connected to the grid by 31 March 2022. In Q2 2022, the use of a portion of this provision in the amount of PLN 6.1 million was recognized.

Other factors (up by PLN 0.5 million)

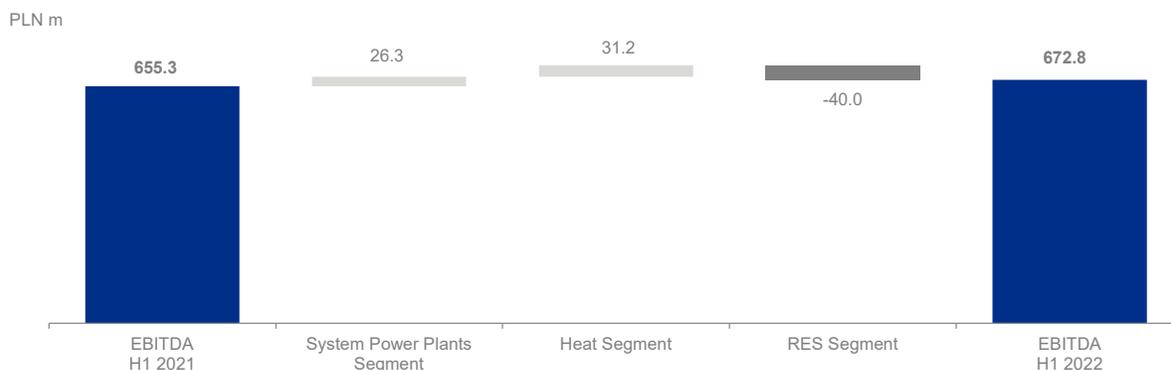
- (+) revenue from sales of services up by PLN 7.0 million
- (+) impairment losses for receivables down by PLN 3.5 million
- (+) revenues from licenses linked to the ENEA brand up by PLN 1.2 million
- (+) litigation provisions down by PLN 0.4 million
- (-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 4.5 million
- (-) written off receivables recognized in expenses up by PLN 3.3 million
- (-) donation costs up by PLN 3.0 million
- (-) litigation costs up by PLN 0.7 million

Generation Area in H1 2022 and Q2 2022

In the Generation area, the financial data of ENEA Wytwarzanie, MEC Piła, PEC Oborniki, ENEA Nowa Energia, ENEA Ciepło, ENEA Ciepło Serwis, ENEA Elektrownia Połaniec, ENEA Połaniec Serwis i ENEA Bioenergia are presented.

ENEA Wytwarzanie owns, among others, 11 high-efficiency and modernized power units in the Kozienice Power Plant. ENEA Elektrownia Połaniec owns 7 coal-fired units with the total maximum capacity of 1,674 MW and the world's largest biomass-fired unit with the total maximum capacity of 225 MW.

[PLN 000s]	H1 2021	H1 2022	Change	% change	Q2 2021	Q2 2022	Change	% change
Net revenue from sales	4,463,545	7,400,068	2,936,523	65.8%	2,220,454	3,809,222	1,588,768	71.6%
electricity	3,623,479	6,390,399	2,766,920	76.4%	1,822,165	3,328,233	1,506,068	82.7%
Capacity Market	426,151	447,632	21,481	5.0%	213,199	221,240	8,041	3.8%
certificates of origin	155,775	262,227	106,452	68.3%	88,294	141,066	52,772	59.8%
heat	230,380	248,065	17,685	7.7%	80,804	90,232	9,428	11.7%
other	27,760	51,745	23,985	86.4%	15,992	28,451	12,459	77.9%
Revenue from leases and operating subleases	450	437	-13	-2.9%	267	237	-30	-11.2%
Revenue from sales and other income	4,463,995	7,400,505	2,936,510	65.8%	2,220,721	3,809,459	1,588,738	71.5%
EBIT	454,187	453,366	-821	-0.2%	186,739	-55,731	-242,470	-129.8%
Amortization and depreciation	201,138	221,130	19,992	9.9%	101,387	110,165	8,778	8.7%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	0	(1,737)	-1,737	-100.0%	0	(1,737)	-1,737	-100.0%
EBITDA	655,325	672,759	17,434	2.7%	288,126	52,697	-235,429	-81.7%
CAPEX	203,947	167,169	-36,778	-18.0%	121,155	76,034	-45,121	-37.2%
Share of the area's sales revenue in the Group's net revenue from sales	37%	42%	5 p.p.	-	37%	43%	6 p.p.	-



Key EBITDA drivers in H1 2022 (up by PLN 17.4 million):

System Power Plants Segment – up by PLN 26.3 million

- (+) generation margin up by PLN 468.3 million
- (+) revenue from the Capacity Market up by PLN 22.0 million
- (+) revenue from Regulatory System Services up by PLN 10.3 million
- (-) provisions related to onerous contracts of PLN 388.7 million
- (-) other drivers down by PLN 49.9 million
- (-) trading and Balancing Market margin down by PLN 35.7 million

Heat Segment – up by PLN 31.2 million

- (+) margin on heat up by PLN 26.4 million
- (+) other drivers up by PLN 9.0 million
- (-) fixed costs up by PLN 4.0 million
- (-) revenue from the Capacity Market down by PLN 0.2 million

RES Segment – EBITDA down by PLN 40.0 million

(-) provisions related to onerous contracts of PLN 58.2 million

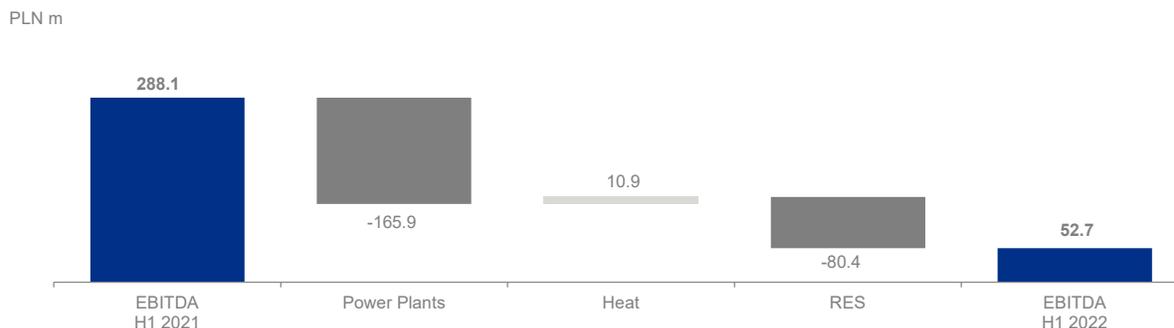
(-) Biomass Area (Green Unit): PLN -12.6 million (of which PLN +1.4 million in ENEA Bioenergia): margin on renewable energy generation down by PLN -35.9 million, other variable costs up by PLN -2.2 million, Green Block's margin on sales of green certificates up by PLN +24.0 million

(+) Wind Area (PLN +26.7 million): revenue from certificates of origin up by PLN +13.8 million, energy sales up by PLN +13.4 million, fixed costs up by PLN -0.4 million

(+) Hydro Area (PLN +3.2 million): mainly: revenue from sales of energy up by PLN +6.8 million, fixed costs up by PLN -3.0 million

(+) Photovoltaics Area (PLN +0.6 million)

(+) Biogas Area (PLN +0.3 million)



Key EBITDA drivers in Q2 2022 (down by PLN 235.4 million):

System Power Plants Segment – down by PLN 165.9 million

(-) provisions related to onerous contracts of PLN 388.7 million

(-) other drivers down by PLN 44.7 million

(-) trading and Balancing Market margin down by PLN 2.2 million

(+) generation margin up by PLN 254.3 million

(+) revenue from the Capacity Market up by PLN 8.3 million

(+) revenue from Regulatory System Services up by PLN 7.1 million

Heat Segment – up by PLN 10.9 million

(+) margin on heat up by PLN 10.9 million

(+) other drivers up by PLN 2.9 million

(-) fixed costs up by PLN 2.9 million

RES Segment – EBITDA down by PLN 80.4 million

(-) provisions related to onerous contracts of PLN 58.2 million

(-) Biomass Area (Green Unit): PLN -27.6 million (of which PLN +0.2 million in ENEA Bioenergia): margin on renewable energy generation down by PLN -64.3 million, other variable costs up by PLN -1.2 million, fixed costs up by PLN -0.8 million, Green Block's margin on sales of green certificates up by PLN +38.5 million

(+) Hydro Area (PLN -1.0 million): chiefly: fixed costs up by PLN -2.0 million, revenue from the Capacity Market down by PLN -0.4 million, revenue from sales of energy up by PLN +1.5 million

(+) Wind Area (PLN +5.7 million): revenue from certificates of origin up by PLN +3.1 million, energy sales up by PLN +2.3 million, lower fixed costs PLN + +0.5 million

(+) Photovoltaics Area (PLN +0.6 million)

(+) Biogas Area (PLN +0.1 million)

Distribution Area in H1 2022 and Q2 2022

ENEA Operator is responsible for the distribution of electricity to 2.7 million Customers – in western and north-western Poland in the area of 58.2 thousand km². The key task of ENEA Operator is to provide energy in a continuous and reliable manner, while maintaining appropriate quality parameters.

The Distribution Area includes financial data of the following companies:

- ENEA Operator
- ENEA Serwis
- ENEA Pomiar
- ENEA Logistyka

[PLN 000s]	H1 2021	H1 2022	Change	% change	Q2 2021	Q2 2022	Change	% change
Net revenue from sales	1,628,588	1,790,399	161,811	9.9%	789,081	881,522	92,441	11.7%
distribution services to end users	1,508,288	1,628,988	120,700	8.0%	720,649	795,779	75,130	10.4%
grid connection fees	36,397	36,150	-247	-0.7%	26,050	21,852	-4,198	-16.1%
other	83,903	125,261	41,358	49.3%	42,382	63,891	21,509	50.8%
EBIT	355,391	286,333	-69,058	-19.4%	151,126	146,379	-4,747	-3.1%
Amortization and depreciation	332,066	347,549	15,483	4.7%	167,572	176,983	9,411	5.6%
EBITDA	687,457	633,882	-53,575	-7.8%	318,698	323,362	4,664	1.5%
CAPEX	371,059	607,523	236,464	63.7%	215,618	347,053	131,435	61.0%
Share of the segment's sales revenue in the Group's sales revenue	13%	10%	-3 p.p.	-	13%	10%	-3 p.p.	-



Key EBITDA drivers in H1 2022 (down by PLN 53.6 million):

Margin on licensed activity (down by PLN 11.4 million)

- (-) costs of purchasing electricity to cover the balancing difference (balance) up by PLN 110 million
- (-) costs of purchasing transmission and distribution services (balance) up by PLN 21 million
- (+) revenue from sales of distribution services to end users up by PLN 121 million

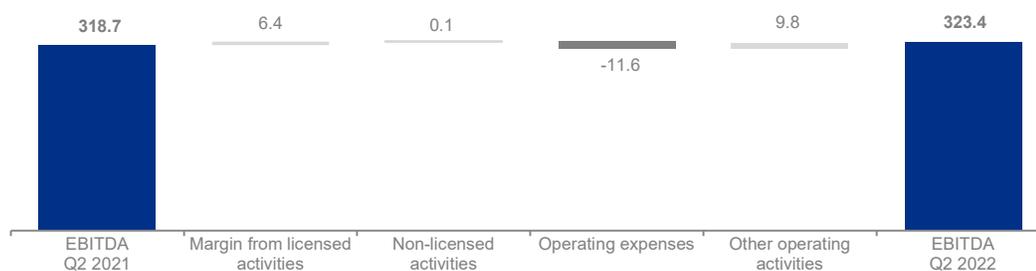
Operating expenses (up by PLN 31.8 million)

- (-) employee benefit costs up by PLN 22 million
- (-) costs of taxes and charges up by PLN 18 million

Other operating activity (down by PLN 10.7 million)

- (-) operating expenses related to the removal of accidental losses up by PLN 14 million
- (+) movement in provisions related to grid assets by PLN 3 million

PLN m



Key EBITDA drivers in Q2 2022 (up by PLN 4.7 million):

Margin on licensed activity (up by PLN 6.4 million)

- (+) revenue from sales of distribution services to end users up by PLN 75 million
- (-) costs of purchasing electricity to cover the balancing difference (balance) up by PLN 50 million
- (-) costs of purchasing transmission and distribution services (balance) up by PLN 14 million
- (-) revenue from grid connection fees down by PLN 4 million

Operating expenses (up by PLN 11.6 million)

- (-) costs of taxes and charges up by PLN 10 million
- (-) employee benefit costs up by PLN 5 million

Other operating activity (up by PLN 9.8 million)

- (+) revenues from the removal of infrastructure collisions up by PLN 7 million
- (+) movement in provisions related to grid assets by PLN 3 million

Mining Area in H1 2022 and Q2 2022

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

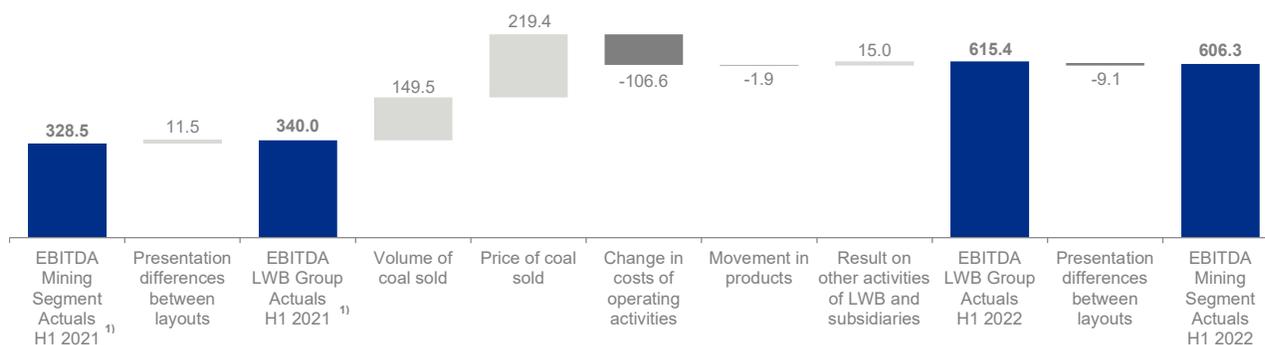
LW Bogdanka divides its product range into fine steam coal, which accounts for 99% of its output, and pea coal.

The main buyers are commercial and industrial energy sectors.

[PLN 000s]	H1 2021 ¹⁾	H1 2022	Change	% change	Q2 2021 ¹⁾	Q2 2022	Change	% change
Net revenue from sales	1,079,763	1,458,405	378,642	35.1%	519,474	728,638	209,164	40.3%
coal	1,055,910	1,423,729	367,819	34.8%	508,478	712,118	203,640	40.0%
other products and services	16,056	22,559	6,503	40.5%	6,463	10,481	4,018	62.2%
goods and materials	7,797	12,117	4,320	55.4%	4,533	6,039	1,506	33.2%
Revenue from leases and operating subleases	4,179	3,926	-253	-6.1%	2,037	1,954	-83	-4.1%
Revenue from sales and other income	1,083,942	1,462,331	378,389	34.9%	521,511	730,592	209,081	40.1%
EBIT	141,555	427,493	285,938	202.0%	64,404	239,840	175,436	272.4%
Amortization and depreciation	186,923	174,482	-12,441	-6.7%	95,413	87,761	-7,652	-8.0%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	6	4,314	4,308	71,800.0%	6	4,264	4,258	70,966.7%
EBITDA	328,484	606,289	277,805	84.6%	159,823	331,865	172,042	107.6%
CAPEX	137,124	271,577	134,453	98.1%	65,255	141,704	76,449	117.2%
Share of the area's sales revenue in the Group's net revenue from sales	9%	8%	-1 p.p.	-	9%	8%	-1 p.p.	-

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022

PLN m



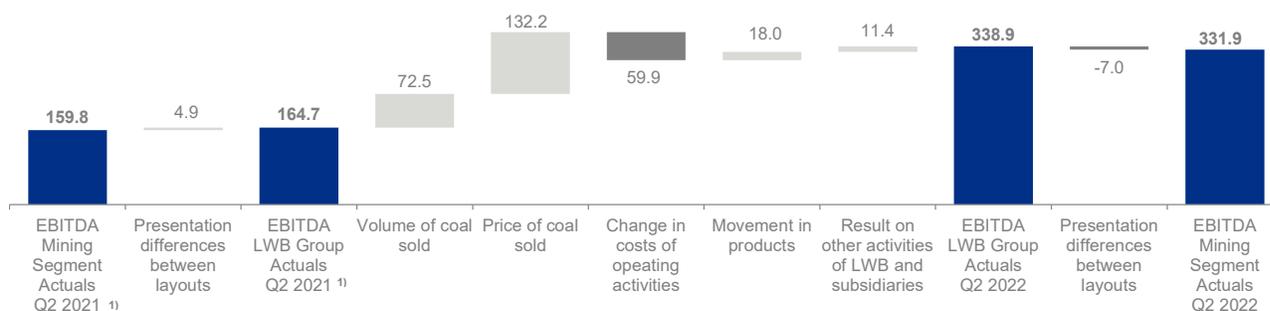
Key EBITDA drivers in H1 2022 (up by PLN 277.8 million):

(+) greater revenue from sales of coal in connection with the higher volume of coal sales (+647 thousand tons) with higher prices of steam coal in contracts which were affected by the increase in the coal prices on global markets

(-) higher mining cash cost – mining volume up by 792 thousand tons (higher direct costs), higher costs of materials and energy and higher employee costs

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

PLN m



Key EBITDA drivers in Q2 2022 (up by PLN 172.0 million):

(+) greater revenue from sales of coal in connection with the higher volume of coal sales (+314 thousand tons) with higher prices of steam coal in contracts which were affected by the increase in the coal prices on global markets

(-) higher mining cash cost – mining volume up by 536 thousand tons (higher direct costs), higher costs of materials and energy and higher employee costs

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

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022

Other Activities Area in H1 2022 and Q2 2022

[PLN 000s]	H1 2021	H1 2022	Change	% change	Q2 2021	Q2 2022	Change	% change
Net revenue from sales	248,388	270,198	21,810	8.8%	123,066	133,712	10,646	8.7%
Revenue from leases and operating subleases	2,276	2,800	524	23.0%	71	64	-7	-9.9%
Revenue from sales and other income	250,664	272,998	22,334	8.9%	123,137	133,776	10,639	8.6%
EBIT	20,253	23,782	3,529	17.4%	15,659	18,484	2,825	18.0%
Amortization and depreciation	36,643	36,891	248	0.7%	17,472	18,044	572	3.3%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	3,358	0	-3,358	-100.0%	0	0	-	-
EBITDA	60,254	60,673	419	0.7%	33,131	36,528	3,397	10.3%
CAPEX	14,684	29,505	14,821	100.9%	9,096	18,252	9,156	100.7%
Share of the segment's sales revenue in the Group's sales revenue	2%	2%	-	-	2%	2%	-	-

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

- activities supporting other Group companies:

ENECA Centrum – the Shared Services Center in the Group in the field of accounting, human resources, ITC and customer service, collection, procurement and administration,

ENECA Innowacje – deals with ventures that offer a chance to become, in the future, innovative and modern products offered by the Group,

ENECA Badanie i Rozwój – responsible for research and experimental development on other natural sciences and engineering. On 12 April 2021, the Extraordinary General Meeting of ENECA Badania i Rozwój adopted a resolution on the merger with ENECA Innowacje through the acquisition of ENECA Badania i Rozwój by ENECA Innowacje, as a result of which an entry was made on 1 June 2021 in the National Court Register on the merger of ENECA Innowacje and ENECA Badania i Rozwój.

- accompanying activities:

ENECA Oświetlenie – a company specializing in indoor and outdoor lighting; it designs and builds road lighting, illumination for urban spaces, illumination for historic and public buildings.

Ratio analysis

Definitions of the ratios are presented in chapter 12 "Glossary of terms and abbreviations"

	H1 2021 ¹⁾	H1 2022	Q2 2021 ¹⁾	Q2 2022
Profitability ratios				
ROE – return on equity ²⁾	10.7%	10.1%	9.6%	7.3%
ROA – return on assets ²⁾	4.8%	4.8%	4.3%	3.5%
Net profitability	7.5%	5.9%	7.0%	4.2%
Operating profitability	9.2%	7.2%	7.4%	5.2%
EBITDA profitability	16.9%	12.5%	15.3%	10.4%
Liquidity and financial structure ratios				
Current liquidity ratio	1.1	1.2	1.1	1.2
Coverage of non-current assets with equity	63.6%	73.6%	63.6%	73.6%
Total debt ratio	55.1%	52.4%	55.1%	52.4%
Net debt / EBITDA	1.06	-0.28	1.06	-0.28
Economic activity ratios				
Current receivables turnover in days ³⁾	46	46	47	45
Trade and other payables turnover in days ⁴⁾	67	73	67	73
Inventory turnover in days	34	21	34	21

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022

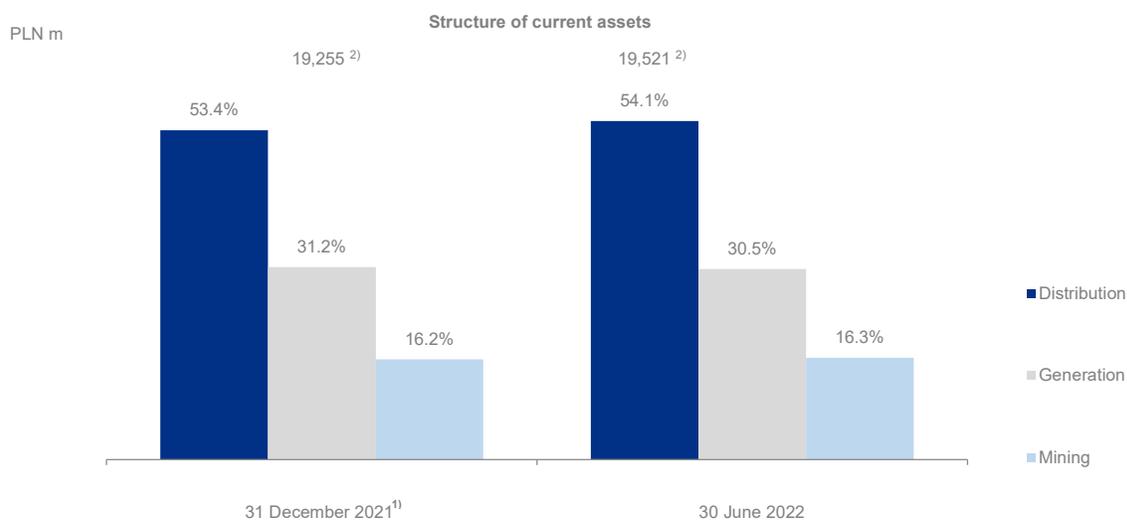
²⁾ Ratio numerator i.e. net profit (loss) for the reporting period is annualized

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

⁴⁾ Trade payables – trade payables, liabilities under contracts with customers

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

Assets [PLN 000s]	As at:			
	31 December 2021 ¹⁾	30 June 2022	Change	% change
Non-current assets	22,367,189	23,216,280	849,091	3.8%
Property, plant and equipment	19,254,971	19,520,803	265,832	1.4%
Right-of-use asset	774,099	809,726	35,627	4.6%
Intangible assets	350,188	341,013	-9,175	-2.6%
Investment property	20,282	19,643	-639	-3.2%
Investments in associates and jointly controlled entities	137,881	148,309	10,428	7.6%
Deferred tax assets	1,400,872	1,450,941	50,069	3.6%
Financial assets at fair value	195,031	380,923	185,892	95.3%
Trade and other receivables	74,434	387,120	312,686	420.1%
Costs incurred to obtain a contract	11,180	11,493	313	2.8%
Receivables under leases and finance subleases	580	558	-22	-3.8%
Funds accumulated in the Mine Liquidation Fund	147,671	145,751	-1,920	-1.3%
Current assets	12,289,954	12,671,289	381,335	3.1%
CO ₂ emission allowances	2,859,978	283,562	-2,576,416	-90.1%
Inventories	1,115,920	1,334,080	218,160	19.5%
Trade and other receivables	3,312,572	4,150,051	837,479	25.3%
Costs incurred to obtain a contract	11,652	11,176	-476	-4.1%
Assets arising from contracts with customers	412,908	595,852	182,944	44.3%
Receivables under leases and finance subleases	903	924	21	2.3%
Current income tax receivables	3,147	159	-2,988	-94.9%
Financial assets at fair value	419,321	604,437	185,116	44.1%
Other short-term investments	0	252,268	252,268	100.0%
Cash and cash equivalents	4,153,553	5,438,780	1,285,227	30.9%
Total Assets	34,657,143	35,887,569	1,230,426	3.6%



¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022

²⁾ of which elimination

Key change drivers for non-current assets (up by PLN 849 million):

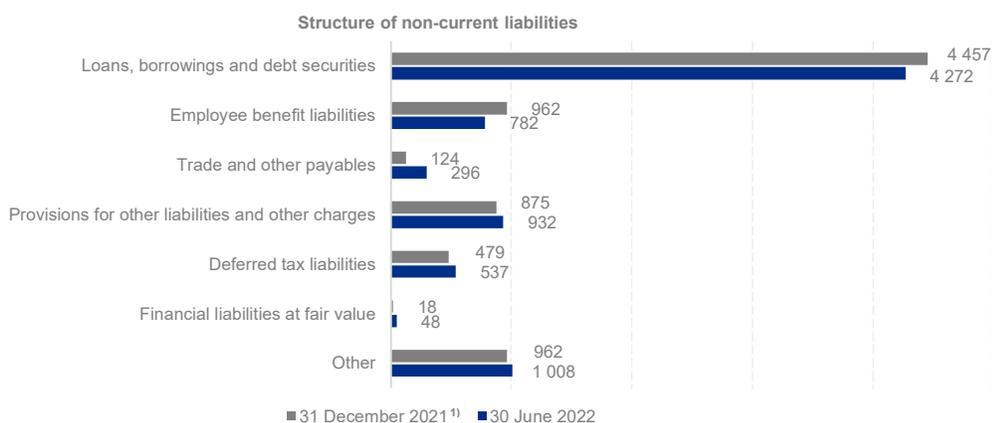
- increase in property, plant and equipment by PLN 266 million, of which: an increase in fixed assets by PLN 847 million, with a concurrent increase in accumulated depreciation by PLN 579 million
- PLN 313 million increase in trade and other receivables – increase in the value of collateral margins related to the contracting of CO₂ emission allowances
- PLN 186 million increase in financial assets at fair value – mainly as a result of remeasurement of IRS financial instruments hedging against an increase in costs caused by changes in interest rates and remeasurement of forward contracts for the purchase of electricity, gas and property rights
- PLN 50 million increase in deferred tax assets – mainly the effect of the movement in provisions related to onerous contracts and provisions for CO₂ emission allowances
- PLN 36 million increase in the right-of-use asset – mainly the rights to underground parts of land

Key drivers of current assets (up by PLN 381 million):

- PLN 1,285 million increase in cash and cash equivalents – chiefly proceeds from the issue of shares and movement in earmarked funds for trade in CO₂ emission allowances, with a concurrent establishment of a term deposit (funds recognized in the balance sheet item “Other short-term investments”)
- PLN 837 million increase in trade and other receivables – mainly an increase in trade receivables, in the value of collateral margins related to the contracting of CO₂ emission allowances and increased tax receivables (excluding income tax)
- PLN 252 million of other short-term investments – deposit with a maturity of over 3 months
- PLN 218 million increase in inventories – mainly an increase in inventories of coal and energy origin certificates
- PLN 185 million increase in financial assets at fair value – mainly as a result of remeasurement of IRS financial instruments hedging against an increase in costs caused by changes in interest rates and remeasurement of forward contracts for the purchase of electricity, gas and property rights
- PLN 183 million increase in assets arising from contracts with customers – largely due to a higher volume of non-invoiced electricity sales
- PLN 2,576 million decrease in the value of CO₂ emission allowances – including mainly redemption of CO₂ emission allowances for the previous year

Equity and liabilities [PLN 000s]	As at			
	31 December 2021 ¹⁾	30 June 2022	Change	% change
Total equity	15,201,900	17,091,554	1,889,654	12.4%
Share capital	588,018	676,306	88,288	15.0%
Share premium	2,692,784	3,348,618	655,834	24.4%
Revaluation reserve – measurement of hedging instruments	108,917	269,873	160,956	147.8%
Retained earnings	10,636,605	11,473,569	836,964	7.9%
Non-controlling interests	1,175,576	1,323,188	147,612	12.6%
Total liabilities	19,455,243	18,796,015	-659,228	-3.4%
Non-current liabilities	7,876,738	7,874,715	-2,023	0.0%
Current liabilities	11,578,505	10,921,300	-657,205	-5.7%
Total equity and liabilities	34,657,143	35,887,569	1,230,426	3.6%

PLN m

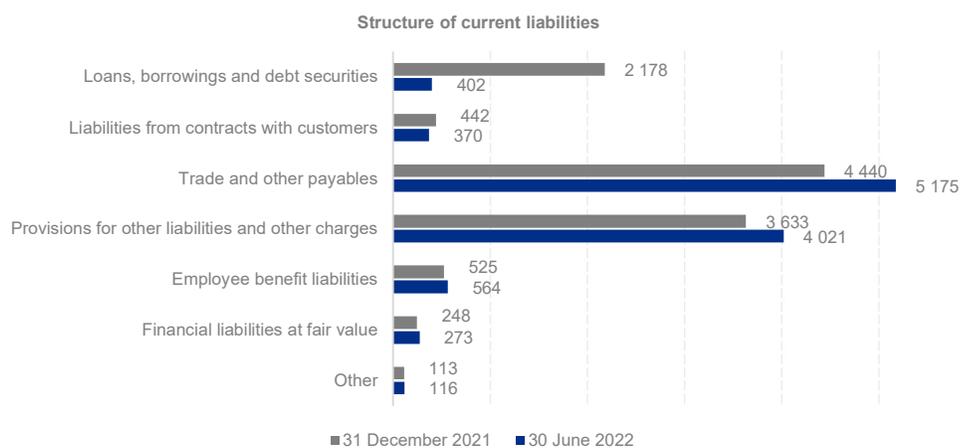


¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022

Key drivers of non-current liabilities (down by PLN 2 million)

- PLN 185 million decrease in the loans, borrowings and other debt securities – reclassification of non-current liabilities to current liabilities
- PLN 181 million decrease in employee benefit liabilities – movement in employee benefit liabilities valued according to actuarial principles
- PLN 172 million increase in trade and other payables – mainly an increase in liabilities related to deposits for futures transactions for CO₂ emission allowances
- PLN 57 million increase in provisions for other liabilities and other charges – higher long-term provision for a loss due to the settlement of the rebate for energy fed by prosumers into the grid
- increase in deferred tax liabilities by PLN 57 million
- PLN 47 million increase in other non-current liabilities – including: an increase in subsidy income settlements and road lighting modernization services, an increase in provisions for lease liabilities
- PLN 31 million increase in financial liabilities measured at fair value – mainly due to an update in the valuation of forward contracts for the purchase of electricity, gas and property rights

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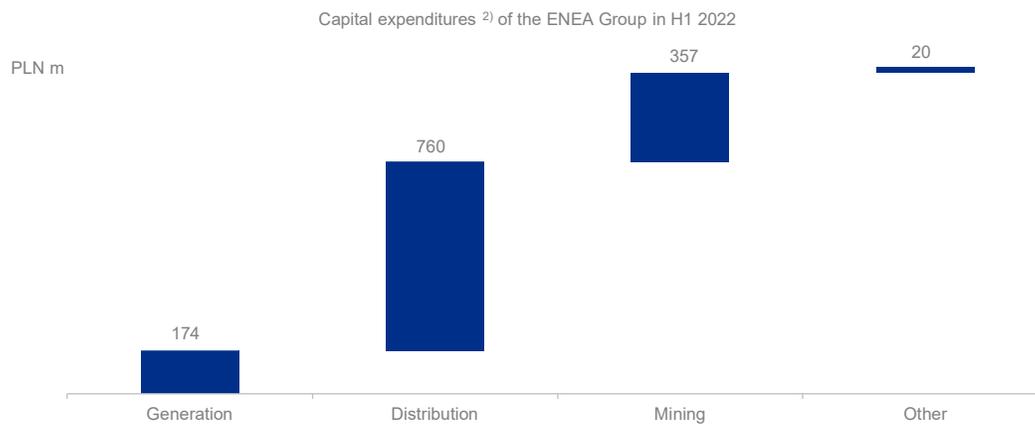
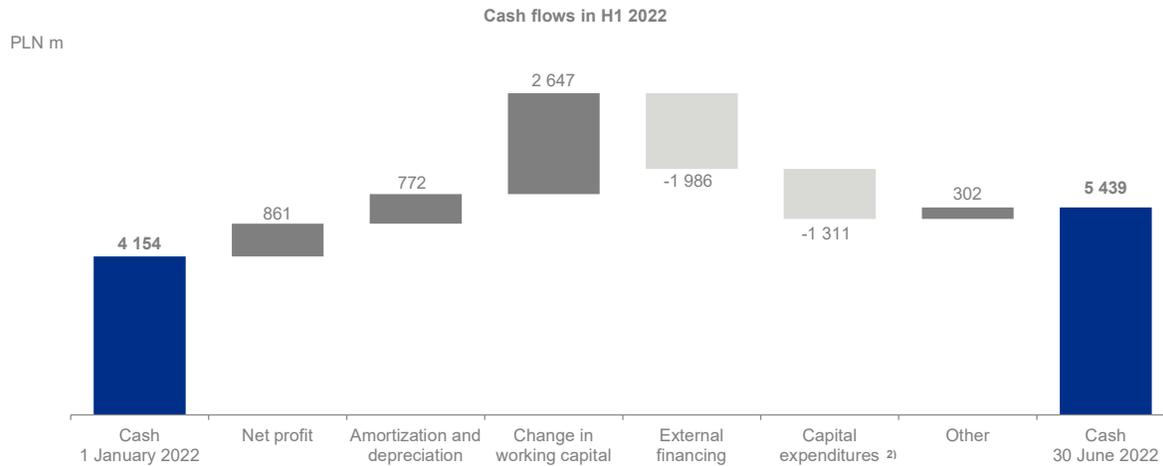
Key change drivers for current liabilities (down by PLN 657 million)

- PLN 1,776 million decrease in loans, borrowings and other debt securities – repayment of loan installments and bonds, with a concurrent reclassification of non-current liabilities to current liabilities
- PLN 736 million decrease in trade payables – an increase in liabilities related to the valuation of futures transactions for CO₂ emission allowances and an increase in trade liabilities, with a concurrent drop in investment liabilities
- PLN 388 million increase in provisions for other liabilities and other charges – including: an increase in provisions for onerous contracts by PLN 514 million, an increase in provisions for energy origin certificates by PLN 89 million, with a concurrent decrease in provisions for the purchase of CO₂ emission allowances by PLN 206 million, the reversal of a PLN 42 million portion of the provision for future investment liabilities at the Ostrołęka Power Plant

Cash position of the ENEA Group

Statement of cash flows [PLN 000s]	H1 2021 ¹⁾	H1 2022	Change	% change
Net cash flows from operating activities	4,157,352	4,162,493	5,141	0.1%
Net cash flows from investing activities	(901,673)	(1,524,953)	-623,280	-69.1%
Net cash flows from financing activities	(1,001,965)	(1,352,313)	-350,348	-35.0%
Increase / (decrease) in net cash	2,253,714	1,285,227	-968,487	-43.0%
Cash at the beginning of reporting period	1,941,554	4,153,553	2,211,999	113.9%
Cash at the end of reporting period	4,195,268	5,438,780	1,243,512	29.6%

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 6 months of 2022



²⁾ Purchase of property, plant and equipment and intangible assets and purchase of subsidiaries, associates and jointly controlled entities, adjusted by acquired cash

6. Shares and shareholders

6.1. Equity and shareholding structure

As at 30 June 2022 and as at the publication date of this report, the share capital of ENEA S.A. is PLN 529,731,093 and is divided into 529,731,093 ordinary bearer shares with a par value of PLN 1.00 each. The total number of votes resulting from all outstanding shares of the Issuer corresponds to the number of shares, translating into 529,731,093 votes.

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

On 31 May 2022, the District Court Poznań – Nowe Miasto and Wilda in Poznań, 8th Commercial Division of the National Court Register, registered the amendment to the Company's Statute made pursuant to Resolution No. 5 of the Company's Extraordinary General Meeting of 8 April 2022 in the matter of increasing the Company's share capital by issuing series D ordinary bearer shares, waiving all preemptive rights of all existing shareholders to all the Series D Shares, amending the Company's Statute, applying for admission and introduction to trading of the Series D Shares and/or rights to the Series D Shares on the regulated market operated by the Warsaw Stock Exchange and dematerialization of the Series D Shares and/or rights to the Series D Shares. After the registration, the Company's share capital is PLN 529,731,093 and consists of:

- a) 295,987,473 series "A" ordinary bearer shares;
- b) 41,638,955 series "B" ordinary bearer shares;
- c) 103,816,150 series "C" ordinary bearer shares;
- d) 88,288,515 series "D" ordinary bearer shares.

The total number of votes resulting from all outstanding shares is 529,731,093. The par value of each share in the Company's share capital is PLN 1.00.

On 7 June 2022, the Company received a notice, dated 3 June 2022, on a change in the State Treasury's percentage of the total number of votes in ENEA S.A. The percentage of the total number of votes in ENEA S.A. held by the State Treasury increased from 51.50% to 52.29%. The change to the percentage in the total number of votes took place on 31 May 2022 as a result of the acquisition of 49,661,794 Series D Shares and as a result of the registration by the District Court Poznań – Nowe Miasto and Wilda in Poznań, 8th Commercial Division of the National Court Register, of the amendment to the Company's Articles of Association made pursuant to Resolution No. 5 of the Company's Extraordinary General Meeting of 8 April 2022.

Other than the foregoing, since the date of publication of the previous periodic report, ENEA S.A. has not received any other notices regarding a change in the Issuer's shareholding structure.

The table below presents the shareholding structure of ENEA S.A. as at the date of the periodic report for H1 2022.

Shareholder	Number of shares / number of votes at the General Meeting	Interest in the share capital / share in the total number of votes
State Treasury	277,015,422	52.29%
Others	252,715,671	47.71%
TOTAL	529,731,093	100.0%

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

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

In H1 2022, the ENEA S.A. stock price rose from PLN 8.51 to PLN 9.76, that is by PLN 1.245, or 15%. The highest closing price of ENEA S.A. stock in H1 2022 was recorded on 20 June 2022 (PLN 10.15), while the lowest price was recorded on 21 February 2022 (PLN 7.17).

Share of the Company's stock in stock exchange indices as at 30 June 2022:

0.9	3.3	11.1	0.7

Data	H1 2022
Number of shares	529,731,093
Minimum [PLN]	7.17
Maximum [PLN]	10.15
Stock price at the end of the period [PLN]	9.76
Stock price at the end of the previous period [PLN]	8.51
Average trading volume	546,371

7. Company authorities

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

As at 1 January 2022	
Name	Function
Paweł Szczeszek	President of the Management Board
Tomasz Siwak	Management Board Member for Commercial Matters
Tomasz Szczegielniak	Management Board Member for Corporate Matters
Marcin Pawlicki	Management Board Member for Operational Matters
Rafał Mucha	Management Board Member for Financial Matters
Lech Żak	Management Board Member for Strategy and Development

As at the publication date of the report for H1 2022	
Name	Function
Paweł Majewski	President of the Management Board
Tomasz Siwak	Management Board Member for Commercial Matters
Dariusz Szymczak	Management Board Member for Corporate Matters
Marcin Pawlicki	Management Board Member for Operational Matters
Rafał Mucha	Management Board Member for Financial Matters
Lech Żak	Management Board Member for Strategy and Development

On 8 April 2022, Mr. Paweł Szczeszek resigned from the position of President of the Management Board as of 10 April 2022.

On 8 April 2022, the Company's Supervisory Board resolved to appoint Mr. Rafał Mucha, Management Board Member for Financial Matters, as acting President of the Management Board, starting from 11 April 2022 until the appointment of the President of the Management Board, but no longer than for the term of office commenced on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018, with the concurrent performance of the duties of the Management Board Member for Financial Matters.

On 20 April 2022, the ENEA S.A. Supervisory Board adopted a resolution to appoint as of 25 April 2022 Mr. Paweł Majewski to the position of President of the ENEA S.A. Management Board for the joint term of office commenced on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018.

On 14 June 2022, the Company's Supervisory Board appointed the following persons to the Management Board of ENEA S.A. for a new joint term of office, effective as of the date immediately following the date of holding the Company's Ordinary General Meeting approving the financial statements for 2021, that is following 25 June 2022:

- Mr. Paweł Majewski to the position of President of the Management Board,
- Mr. Tomasz Siwak to the position of Management Board Member for Commercial Matters,
- Mr. Rafał Mucha to the position of Management Board Member for Financial Matters,
- Mr. Dariusz Szymczak to the Position of Management Board Member for Corporate Matters,
- Mr. Marcin Pawlicki to the position of Management Board Member for Operational Matters,
- Mr. Lech Żak to the position of Management Board Member for Strategy and Development.

Apart from the changes during the reporting period and until the publication date of the report for H1 2022, there were no other changes in the composition of the Company's Management Board.

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

As at 1 January 2022	
Name	Function
Rafał Włodarski	Chairman of the Supervisory Board
Roman Stryjski	Supervisory Board Deputy Chairman
Michał Jaciubek	Supervisory Board Secretary
Paweł Korobłowski	Supervisory Board Member
Maciej Mazur	Supervisory Board Member
Piotr Mirkowski	Supervisory Board Member
Mariusz Pliszka	Supervisory Board Member
Dorota Szymanek	Supervisory Board Member
Tomasz Lis	Supervisory Board Member

As at the publication date of the report for H1 2022	
Name	Function
Rafał Włodarski	Chairman of the Supervisory Board
Roman Stryjski	Supervisory Board Deputy Chairman
Mariusz Pliszka	Supervisory Board Secretary
Mariusz Damasiewicz	Supervisory Board Member
Paweł Korobłowski	Supervisory Board Member
Mariusz Romańczuk	Supervisory Board Member
Tomasz Lis	Supervisory Board Member

On 10 March 2022, the Company's Extraordinary General Meeting adopted a resolution by the power of which Mr. Radosław Kwaśnicki was appointed to the ENEA S.A. Supervisory Board of the 10th term of office.

On 24 June 2022, the Company's Ordinary General Meeting adopted resolutions by the power of which the following persons were appointed to the ENEA S.A. Supervisory Board of the 11th term of office, with effect from 25 June 2022:

- Mr. Mariusz Damasiewicz,
- Mr. Mariusz Pliszka,
- Mr. Mariusz Romańczuk,
- Mr. Rafał Włodarski, who was simultaneously entrusted with the function of Supervisory Board Chairman,
- Mr. Paweł Korobłowski,
- Mr. Tomasz Lis,
- Mr. Radosław Kwaśnicki,
- Ms. Dorota Szymanek,
- Mr. Roman Stryjski.

On 6 July 2022, the Company's Supervisory Board elected Mr. Roman Stryjski as Vice-Chairman of the ENEA S.A. Supervisory Board for the 11th joint term of office and Mr. Mariusz Pliszka as Secretary of the ENEA S.A. Supervisory Board for the 11th joint term of office.

On 11 July 2022, the Company received a letter of resignation tendered by Ms. Dorota Szymanek from serving in the capacity of an ENEA S.A. Supervisory Board member as of 11 July 2022.

On 5 August 2022, the Company received a letter of resignation tendered by Mr. Radosław Kwaśnicki from serving in the capacity of a Member of the ENEA S.A. Supervisory Board, effective as of 31 August 2022.

Apart from the changes during the reporting period and until the publication date of the report for H1 2022, there were no other changes in the composition of the Company's Supervisory Board.

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

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

Audit Committee	
Name	Function
Tomasz Lis ^{1) 2) 3)}	Chairman
Mariusz Damasiewicz ^{1) 3)}	Member
Mariusz Pliszka ^{1) 3)}	Member
Roman Stryjski ¹⁾	Member

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

²⁾ Member with knowledge and skills in accounting or audit of financial statements, based on his/her education and previous professional experience.

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

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

Nominations and Remuneration Committee	
Name	Function
Roman Stryjski ¹⁾	Chairman
Rafał Włodarski	Member
Paweł Korobłowski ¹⁾	Member
Mariusz Romańczuk ¹⁾	Member

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

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

Strategy and Investment Committee	
Name	Function
Rafał Włodarski	Chairman
Mariusz Romańczuk	Member
Mariusz Damasiewicz	Member
Paweł Korobłowski	Member
Tomasz Lis	Member
Mariusz Pliszka	Member

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

Name	Function	Number of ENEA S.A. shares as at 24 May 2022	Number of ENEA S.A. shares as at 14 September 2022
Mariusz Pliszka	Supervisory Board Member	3,880	3,880

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

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

8.1 Regulatory environment

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

8.1.1. Internal electricity market

The business of entities operating in the power sector is also governed by a number of EU regulations such as Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity, which is a part of the "Winter Package" and forms the basic legal act forcing the introduction of new solutions pertaining to electricity markets and system services, both in Poland and in other Member States of the European Union.

Moreover, on 21 December 2018, Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council, entered into force. This regulation has introduced the requirement to develop a national plan for energy and climate within the framework of implementation of the Energy Union comprising the following 5 dimensions: energy security, internal energy market, energy efficiency, reduction of emissions, as well as research, innovation and competitiveness. The main purpose of the Energy Union management mechanism is to enable achievement of the Energy Union goals, in particular the climate and energy policy goals by 2030.

In the reporting period and after the balance sheet date, there were no changes in material regulations governing the operation of the internal electricity market.

8.1.2. Demand for electricity

According to the document entitled "Development plan in terms of satisfaction of the current and future demand for electricity in 2021-2030", the projected total net demand for electricity in Poland will increase in the years 2020-2040 from 159.9 TWh to 204.2 TWh.¹⁾

¹⁾ https://www.gov.pl/documents/33372/436746/Wnioski_z_analiz_do_PEP2040_2018-11-23.pdf

8.1.3. Amendment to the Energy Law

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

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

The Act established the Energy Market Information Operator (OIRE). Since 3 July 2021, this function has been performed by Polskie Sieci Elektroenergetyczne S.A. The Energy Market Information Operator will manage the Central Energy Market Information System (CSIRE), scheduled to be deployed within 3 years from the date of entry into force of the amended Energy Law, the uses of which will include the processing of data obtained from smart meters. The Central Energy Market Information System will usher in fundamental changes to the method of information exchange between energy market participants.

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

8.1.4. Electricity tariffs for 2022

The President of the Energy Regulatory Office approved the Tariff for the provision of electricity distribution services by ENEA Operator. Decision No. DRE.WPR.4211.58.8.2021.KKu of the ERO President of 17 December 2021 was published in ERO Industry Bulletin "Energia Elektryczna" (Electricity) No. 248 (3493) of 17 December 2021.

The new tariff has been approved for the period until 31 December 2022 and has been introduced for application as of 1 January 2022.

On 17 December 2021, the ERO President made a decision to approve the electricity tariff for Tariff Group G for ENEA S.A. for the period until 31 December 2022. The tariff entered into force on 1 January 2022. On 15 February 2022 the ERO President approved the change of the tariff in connection with the introduction of temporary exemption of the excise duty on the sales of electricity to the end customer, being the recipient of electricity in a household. The change of tariff has entered into force on 2 March 2022.

On 10 June 2022, the Company filed an application with the ERO President to approve a change in the electricity tariff for ENEA S.A.'s Tariff Group G clients for 2022. The proposed change is due to an increase in electricity purchase costs, mainly due to increased energy consumption by clients and increased costs of purchasing property rights. At present, the tariff proceedings regarding the above application have not been completed.

8.1.5. Financial markets (EMIR Refit)

The European Market Infrastructure Regulation (EMIR) is Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, along with Commission Delegated Regulations (EU) No. 148/2013 and 149/2013 of 19 December 2012, which entered into force on 16 August 2012, then on 17 June 2019 was amended by Regulation 2019/834 of 20 May 2019 (EMIR Refit) simplifying certain obligations especially for entities with low transaction values in financial instruments. The regulation introduced requirements for the reporting of derivative transactions to "trade repositories", risk mitigation techniques, in certain cases the obligation for central clearing of transactions by "central counterparties" (CCPs) and laid down sanctions for infringements of its provisions.

8.1.6. Capacity Market

In 2021, pursuant to the provisions of:

- the Capacity Market Act of 8 December 2017;
- the Capacity Market Regulations approved by the decision of the ERO President of 10 November 2021;
- the Regulation of the Minister of Energy:
 - of 18 July 2018 on performance of the capacity obligation, its settlement and demonstration, and execution of transactions on the secondary market;
 - of 3 September 2018 on financial collateral provided by power suppliers and participants of preliminary auctions;
- the Regulation of the Minister of Climate of 12 August 2021 on the parameters of the main auction for the supply year 2026 and the parameters of additional auctions for the supply year 2023.

Polskie Sieci Elektroenergetyczne S.A. conducted the following capacity market processes:

- general certifications;
- certifications for the main auctions for the years 2021-2026;
- certifications for the additional auctions for the years 2021-2023;
- main auctions for the years 2021-2026 and additional auction for 2021-2022.

As well as in 2022:

- general certifications,
- additional auctions for 2023 – 17 March 2022.

8.1.6.1. Contracted capacity obligations of ENEA Wytwarzanie and ENEA Elektrownia Połaniec

[MW]	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1-year contract	-	-	-	-	1,004	-	-	-	-	-	-	-	-	-
5-year contract (modernized)	2,711	2,711	2,711	2,711	-	-	-	-	-	-	-	-	-	-
15-year contract (new)	915	915	915	915	915	915	915	915	915	915	915	915	915	915
Total	3,626	3,626	3,626	3,626	1,919	915								

8.1.6.2. Estimated revenue from the Capacity Market of ENEA Wytwarzanie and ENEA Elektrownia Połaniec

[PLN million] ¹⁾	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1-year contract	-	-	-	-	402	-	-	-	-	-	-	-	-	-
5-year contract (modernized)	652	652	652	652	-	-	-	-	-	-	-	-	-	-
15-year contract (new)	220	220	220	220	220	220	220	220	220	220	220	220	220	220
Total	872	872	872	872	622	220								

¹⁾ Non-indexed value.

ENEA Elektrownia Połaniec participated in all the aforementioned processes and, as a result, signed 2 capacity contracts for 5-year periods of 2021-2025, for units 2 and 7. This resulted from the ENEA Group's strategy approved by decisions of the ENEA S.A. Management Board before each of the main auctions. At the same time ENEA Elektrownia Połaniec signed capacity contracts for 1-year period for the delivery year 2026 for units 2 and 4-7. The other units, except for unit 9, were notified for participation in the secondary market. ENEA Elektrownia Połaniec and ENEA Wytwarzanie executed a joint venture agreement in the area of the capacity market providing for the companies' joint operation in the capacity market and mutual reservations.

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

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

In 2021, ENEA Elektrownia Połaniec participated in the Capacity Auction for the supply year 2026. As a result of which it signed 1-year capacity contracts for the delivery year 2026 for units 2, 4, 5, 6 and 7 with a total capacity of 1,004 MW, unit 3 is a backup for the above-mentioned units.

8.1.6.3. Contracted capacity obligations of MEC Piła

[MW]	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2023
Quarterly contracts	-	6	6	-	-
1-year contract	-	-	-	-	6
Total	-	6	6	-	6

8.1.6.4. Estimated revenue from the Capacity Market of MEC Piła

[PLN m]	2022	2023
Quarterly contracts	1	-
1-year contract	-	2
Total	1	2

8.1.6.5. Contracted capacity obligations of ENEA Ciepło

[MW]	2022				2023				2024	2025
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Quarterly contracts (existing)	34	-	-	22	38	-	-	23	-	-
1-year contract (existing)	-	-	-	-	-	-	-	-	29	37 ¹⁾
Total	34	-	-	22	38	-	-	23	29	37 ¹⁾

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

8.1.6.6. Estimated revenue from the Capacity Market of ENEA Ciepło

[PLN m] ¹⁾	2022	2023	2024	2025
Quarterly contracts (existing)	3	5	-	-
1-year contract (existing)	-	-	8	3 ²⁾
Total	3	5	8	3 ²⁾

¹⁾ Non-indexed value

²⁾ The capacity contract of ENEA Ciepło for 2025 is valid from 1 January 2025 to 30 June 2025.

ENEA Ciepło Sp. z o.o. participated in the aforementioned processes and, as a result, concluded two quarterly capacity contracts in delivery year 2021 (Q1 and Q4) for unit 2, two quarterly capacity contracts in delivery year 2022 (Q1 and Q4) for unit 2, two quarterly capacity contracts for delivery year 2023 (Q1 for unit 2 and Q4 for unit 3), and one 1-year capacity contract in delivery year 2024 for unit 3 and one 6-month contract in delivery period from 1 January 2025 to 30 June 2025 for unit 3.

This results from the documents entitled: "Strategy for participation of ENEA Ciepło CMU in the main auction of the capacity market" for delivery years 2024, 2025 and "Strategy for participation of ENEA Group CMU in additional auctions" for delivery years 2021, 2022, 2023 drawn up under the leadership of ENEA Trading and approved by decisions of the Management Board of ENEA Ciepło before the auctions. Unit 3 has been registered for participation in the secondary market for 2021 and 2022, units 1 and 4 were registered for 2023 and units 1, 2 and 4 were registered for 2024 and 2025.

8.1.6.7. Contracted capacity obligations of Enea Nowa Energia

[MW]	2022	2023	2024	2025	2026
1-year contract (existing)	37	37	38	37	24
Total	37	37	38	37	24

8.1.6.8. Estimated revenue from the Capacity Market of Enea Nowa Energia

[MW]	2022	2023	2024	2025	2026
1-year contract (existing)	7	8	10	6	10
Total	7	8	10	6	10

ENEA Nowa Energia (formerly: ENEA Wytwarzanie RES Segment) participated in all main auctions of the Capacity Market and, as a result, entered into one-year capacity contracts for deliveries:

- for 2021-2025, for three units with the average capacity of approx. 37 MW in the respective delivery year,
- for 2026, for two units with a total capacity of 24 MW.

8.1.7. REMIT

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

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

ACER (Agency for the Cooperation of Energy Regulators) has published an update of the following documents: Transaction Reporting User Manual (TRUM) ver. 5.0 with Annex II - Examples of transaction reporting, FAQ (13th edition) and Q&A (27th edition), all of them dated 31 March 2022.

8.1.8. EU Emissions Trading System (EU ETS)

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

In turn, the increased demand for EUAs is largely affected by announced and scheduled legislative initiatives of European Union institutions pursuing the objectives of the “European Green Deal” announced in 2019, including the draft amendment of the EU ETS Directive 2003/87/EC and Decision 2015/1814 on the Market Stability Reserve.

Accordingly, the European Commission published a broad package of legislative proposals under the name of “Fit for 55” on 14 July 2021. Detailed information on the package is provided in section 8.9. In this context, a strong upward trend in the quotations of greenhouse gas emission allowances has been observed since November 2020, continuing until early February 2022. The end of February and the beginning of March were associated with large decreases in the prices of CO₂ emission allowances, which were followed by a return to high price levels. In mid-March, the quotations shifted to a side trend. This situation prevailed until the end of June 2022.

8.1.9. European Green Deal, “Fit for 55” Package and the EU Taxonomy

One of the priorities of the European Commission (EC) 2019-2024 is the so-called European Green Deal, which is an action plan for sustainable EU economy, which is supposed to materialize Europe’s aspiration for becoming the first climate-neutral continent. For this purpose, also in 2021, numerous legislation initiatives have been taken.

Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (“European Climate Law”). The key assumptions of the regulation included:

- The European Union as a whole commits to achieving climate neutrality by 2050;
- for the Union as a whole, a net greenhouse gas emission reduction target was set at no less than 55% by 2030, compared to 1990 levels;
- the commitment to raise the ambition of carbon sink while limiting the amount of absorbed emissions that can count towards the emission reduction target, meaning that the actual reduction target for 2030 will be 57%;
- the Union has been obligated to achieve negative emissions after 2050.

Then on 14 July 2021, the EC presented a broad package of legislative proposals under the name of “Fit for 55”. The package will include among others the following documents and propose the following changes:

- revision of Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading (hereinafter: ETS Revision Draft), which was adopted on 22 June 2022 by the European Parliament (hereinafter: EP), assuming:

- increase of the emission reduction target in the sectors that are covered by the EU ETS (power, industry, intra-European aviation) to 63% by 2030 as compared to 2005;
- elimination of financial institutions from trading in emission allowances;
- extension of the EU ETS to include new sectors: road and sea transport and construction (for commercial buildings) starting in 2024;
- inclusion of municipal waste incineration operations in the EU ETS starting in 2026;
- change in the rules for granting gratuitous allowances – linking reference indicators to emission reductions – increasing the indicator to 2.5% per year from 2026 instead of the current 1.6% (in order to support breakthrough/innovative technologies);
- complete elimination of gratuitous emission allowances by 2032;
- increasing the Innovation Fund and introducing within its framework, as an additional instrument supporting climate-friendly investments, “Contracts for differences relating to carbon dioxide”
- introducing a 95% threshold for biomass combustion with the zero rating, after excess of which installations would be excluded from EU ETS;

- revision of Directive 2018/2001/EU on the promotion of the use of energy from renewable sources:

- modification of the definition of renewable fuel of non-biological origin and the definition of standard value, as well as addition of new definitions, such as: renewable fuel, market area, smart metering system, charging point, market actors, electricity market, battery for home use, electrical vehicle battery, industrial battery, battery health, its charging level, power setpoint, smart charging, regulatory authority, bi-directional charging, regular power charging point, industry;
- revision of the RES share target from 32% to 40%;
- increased annual RES consumption target in the district heating and cooling industry, by 1.1% until 2030;
- new EU indicative targets, according to which the share of renewable energy in the final energy consumption in buildings should reach 49% by 2030;
- tightening of the existing sustainability criteria for agricultural biomass production, also to include forest biomass;
- application of greenhouse gas reduction thresholds in electricity production, heating and cooling from biomass fuels also for existing installations, i.e. 70% by the end of 2025 and 80% from the beginning of 2026;
- obligating Member States to jointly determine, and agree to cooperate on, the amount of energy produced from marine renewable sources, which should be produced in each sea basin by 2050, and to set intermediate stages for 2030 and 2040;
- tightening of the terms of participation of biomass-fired installations in support systems, also through the proposed hierarchy of handling biomass;
- introduction, starting in 2027, of a rule not to support electricity production from forest biomass in electricity-only generation facilities;

- revision of Directive 2012/27/EU on energy efficiency (EED):

- Member States should set indicative contributions regarding their final and primary energy consumption, in order to achieve energy efficiency;
- a change of the definition of efficient heating and cooling systems by introducing progressively changeable minimum conditions that an installation must satisfy to be classified as efficient;
- increase of the mandatory energy efficiency target to 36% by 2030. The contribution of member states to the achievement of the target will remain indicative;
- setting the total final energy consumption of all institutions at a minimum of 1.7% per year compared to the year the amended directive came into force;
- stipulating that at least 3% of the total heated or cooled floor area of buildings owned by public institutions should be renovated annually, with the goal of at least converting them to near-zero energy buildings;
- stipulating that construction supplies, services and works awarded under public procurement contracts should have very good energy parameters;
- reducing the period for achieving final energy consumption savings every year: from 2023 at 0.8% of the annual final energy consumption, averaged over the last three years before 1 January 2019 (with the exception Cyprus and Malta: 0.24%);

- implementing an energy management system for enterprises whose average annual energy consumption in the last three years, for all energy carriers, exceeded 100TJ or having these enterprises subjected to an energy audit;
- introducing seller's obligations towards final consumers and end users regarding the content of the contract and the rules governing its performance;

- revision of the Directive on taxation of energy products and electricity:

- maintaining the option of applying tax credits and reduced tax rates for RES electricity;
- maintaining the option of applying tax credits and reduced tax rates for electricity produced in cogeneration, meeting the definition of high-efficiency cogeneration under the EED;
- the proposal of minimal taxation rates for heating fuels is as follows: for natural gas and non-sustainable biogas: initially EUR 0.6 per GJ in 2023 and ultimately EUR 0.9 per GJ in 2033; for coal EUR 0.9 per GJ from 2023; for sustainable biogas: EUR 0.45 per GJ from 2023, for unsustainable forest biomass EUR 0.9 per GJ from 2023; and for sustainable forest biomass EUR 0.45 per GJ from 2023;

- revision of the Directive on taxation of energy products and electricity (ETD):

- expanding the catalog of energy products and setting minimum taxation for each product;
- possibility of applying reduced tax rates (as required by the directive) for RES electricity; electricity will have the lowest tax rates, regardless of its purpose;
- possibility of applying reduced tax rates for electricity produced in cogeneration, meeting the definition of high-efficiency cogeneration under the EED; The amendments to the directive do not provide an option of facultatively abolishing excise tax for co-generation. The directive does not offer a sufficiently precise stipulation for co-generation;
- a general shift in how energy sources are viewed, in order to discourage the use of fossil fuels and encourage the use of alternative sources – introduction of the minimum tax rates for individual energy products: the cleaner the energy source, the lower the taxation;
- reduction of all kinds of exemptions and discounts that lead to fragmentation of the internal market;
- an option to apply the minimum tax rate for heating fuels to vulnerable households for a transition period of 10 years;
- the proposal of minimum tax rates for heating fuels is as follows: for natural gas and non-sustainable biogas: initially EUR 0.6 per GJ in 2023 and ultimately EUR 0.9 per GJ in 2033; for coal EUR 0.9 per GJ from 2023; for sustainable biogas: EUR 0.45 per GJ from 2023, for unsustainable forest biomass EUR 0.9 per GJ from 2023; and for sustainable forest biomass EUR 0.45 per GJ from 2023;
- the proposal of the minimum tax rate for electricity is EUR 0.15 per GJ from 2023;
- harmonization with the new reduction targets of the Regulation on the inclusion of greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry (LULUCF Regulation).

All the above draft European legal acts are part of the "Fit for 55" package and are currently worked on by European Parliament committees, except for the ETS Revision Draft, which was adopted by the EP on June 22 of this year and is on the agenda of the EU Council.

The so-called EU Taxonomy is a tool, through which private investments should become the instrument for implementing the assumptions of the European Green Deal. On 2 February 2022, the European Commission approved the draft Delegated Regulation amending Delegated Regulation 2021/2139 of 4 June 2021 establishing the technical criteria for qualifying economic activity as contributing substantially to climate change mitigation and Delegated Regulation 2021/2178 of 6 July 2021 concerning the disclosure of information on environmentally sustainable economic activities by companies. This draft envisages the following amendments to the EU Taxonomy:

- establishing technical screening criteria for activities carried out in the natural gas and nuclear energy sectors, which must be satisfied for the project to be deemed sustainable;
- emphasizing the transitional character of accepting electricity generation or heat/cooling production or cogeneration from fossil gas as sustainable activities;
- non-financial companies conducting activities such as: electricity generation, high-efficiency cogeneration of electricity and heat/cooling and production of heat/cooling from fossil gases, as of 1 January 2023 will disclose information on which parts of their activities in the above sectors are consistent or inconsistent with the assumptions of the "Taxonomy".

The draft also contains a declaration that RES will play a crucial role in the implementation of the EU's climate and environmental goals and a postulate to increase investments in RES.

On 6 July 2022, during the EP plenary session, MEPs voted in favor of the adoption of draft Delegated Regulation No. 631/2022 by the EP. The outcome of the vote in the EP has brought closer to fruition the prospect of including natural gas and nuclear energy in the EU Taxonomy. On 11 July 2022, the time limit for the EU Council to object to draft 631/2022 expired, although it may still be extended by another two months. The likely date of entry into force of this Regulation is 1 January 2023.

8.1.10. Electromobility and Alternative Fuels Act

The Electromobility and Alternative Fuels Act of 11 January 2018 requires distribution system operators to build publicly accessible charging points for electric vehicles in the areas of their operation installed in generally accessible charging stations (GACS). In the area of operation of ENEA Operator, this obligation involves the construction of 417 charging points located in publicly available

charging stations in 4 townships: Poznań, Szczecin, Bydgoszcz and Gorzów Wielkopolski. The amendment to the Act on Electromobility and Alternative Fuels and certain other acts of 2 December 2021, implementing Directive (EU) 2019/944 of the European Parliament and of the Council into the Polish legal system, allows for constructing charging stations for electric vehicles if the relevant townships fail to complete the task. For this reason, ENEA Operator is currently carrying out a project entitled "Implementation of ENEA Operator's statutory obligations related to electromobility under the Electromobility and Alternative Fuels Act". The adopted amendment to the act repeals the provisions concerning the intervention scheme connected with the construction of GACS by DSOs and also introduces transitional provisions. These provisions make it possible to complete the already started investment projects.

8.1.11. Exemption from the duty to submit household electricity tariffs for approval

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

8.1.12. Regulatory changes in retail trading

On 17 December 2021, the Act amending the Excise Duty Act and Certain Other Acts of 9 December 2021 was published, which introduced exemption from excise duty on the sales of electricity to the end customer that is the recipient of electricity in a household in the period from 1 January 2022 to 31 May 2022 and a reduction of the rate for other buyers to PLN 4.60 per MWh.

On 20 December 2021, the Regulation of the Minister of Finance of 17 December 2021 was published, amending the Regulation on Goods and Services, which reduced the VAT rate to 5% for sales of electricity and 8% for gaseous fuel in the period from 1 January 2022 to 31 March 2022.

On 29 January 2022, a new law came into force, namely the Act of 26 January 2022 on Special Solutions for Protecting Customers of Gaseous Fuels in connection with the Situation on the Gas Market (Journal of Laws 2022, Item 202). The act introduced special protective solutions, which enable measures that mitigate the negative social and economic effects of a sudden, sharp rise in natural gas prices on the market. The amendments extend the list of entities covered by a tariff protection until 31 December 2023 and introduce a mechanism to compensate natural gas sellers for the effects of freezing prices for the protected entities.

On 1 February 2022, the Act of 13 January 2022 amending the VAT Act (Journal of Laws 2022, Item 196) came into effect. The Act introduced a 5% VAT rate for electricity and 0% for gaseous fuel for the period from 1 February 2022 to 31 July 2022.

On 26 February 2022, the Act of 27 January 2022 amending the Act on renewable energy sources and the act amending the act on renewable energy sources and certain other acts (Journal of Laws 2022, Item 467) came into effect. This act permitted the prosumers, who signed the agreement for the purchase, installation of a micro-installation or an agreement on co-funding of such installation with a local government unit by 31 March 2022 to operate under the previous net-metering billing scheme.

On 1 April 2022, the Act of 29 October 2021 amending the Act on renewable energy sources and certain other acts (Journal of Laws 2021, Item 2376) came into effect. Among other things, the Act introduced the concepts of a virtual renewable energy prosumer (for an installation remote from a given point of energy consumption) and a collective renewable energy prosumer (for installations built within multi-unit buildings), along with mechanisms that allow energy prosumers to operate an installation not owned by them. In addition, the Act imposes on the Seller the obligation to ensure, as of 1 July 2022, the operation of an ICT system used to provide renewable energy prosumers, collective renewable energy prosumers or virtual renewable energy prosumers with detailed information relating to billing. In addition, the Act prolonged the possibility for prosumers to benefit from the existing net-metering billing scheme for micro-installations connected by 31 March 2022. The micro-installations connected after 1 April 2022, which will not be connected under the Act of 27 January 2022 amending the Act on renewable energy sources and the act amending the act on renewable energy sources and certain other acts (Journal of Laws 2022, Item 467), will be settled on the basis of net billing principles.

On 28 June 2022, the Act of 12 May 2022 amending the VAT Act and Certain Other Acts (Journal of Laws of 2022, Item 1137) entered into force and extended the period of exemption from excise duty on energy sold to households and reduced the rate charged to other customers to PLN 4.60 per MWh until 31 July 2022. Moreover, the Act extended the validity of the 5% VAT rate for the sale of electricity and the 0% rate for the sale of gaseous fuel until 31 July 2022.

On 29 July 2022, the Act of 9 June 2022 on Crowdfunding for Business Ventures and Assistance to Borrowers (Journal of Laws of 2022, Item 1488) entered into force and extended the period of exemption from excise duty on energy sold to households and reduced the rate charged to other customers to PLN 4.60 per MWh until 30 October 2022. Moreover, the Act extended the validity of the 5% VAT rate for the sale of electricity and the 0% rate for the sale of gaseous fuel until 30 October 2022.

8.1.13. Significant trends in the Distribution area

Provisions of the European law, in particular the energy package named Clean Energy for All Europeans, have an increasing impact on the functioning of ENEA Operator. These include Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity and Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU. These regulations contribute to the achievement of the EU's goals of achieving a more competitive, secure and sustainable energy system

and reducing greenhouse gas emissions by 2030. Commitments in this respect provide for a reduction of greenhouse gas emissions by at least 40% compared to 1990 levels while increasing energy efficiency by 32.5% and increasing the share of energy generation from renewable sources to 32% of final consumption. A consequence of the pursuit of these commitments will be a steady, as has already been observed, increase in installed capacity from renewable energy sources, which has created room for new energy market participants, led to a change in the manner of the power grid management and changed the roles of existing participants, including DSOs.

This effect will be strengthened by "Fit for 55", a legislative package on climate and energy announced by the European Commission on 14 July 2021, which includes, among others, proposals for further reduction of greenhouse gas emissions by 55% by 2030 and, which is particularly important from the DSO point of view, a revision of the RED II Directive, which features the assumption that the share of RES in electricity consumption would rise to 40% in 2030, or a revision of the energy efficiency directive. All the member states will have to contribute to the achievement of these goals. "Fit for 55" is a key element of the European Green Deal, adopted in December 2019, which aims to transform member states' economies to adjust them to the largest climate and energy reform in the European Union's history. The package will now be negotiated between the EU bodies and its member states and will then be subject to approval by the Council of the European Union and the European Parliament. It was estimated that the new legislative solutions would enter into force in 2024, but due to the current geopolitical situation these estimates are subject to significant uncertainty. Some elements of the package may be temporarily deferred, whereas others may be implemented sooner or scaled up. This is guaranteed by the "REPowerEU" plan formally approved by the European Commission, which aims to rapidly reduce the dependence of EU countries on Russian fossil fuels and, at the same time, to prop up joint European efforts towards safe and sustainable energy generation at an affordable price. Accelerating the deployment of renewable energy generation is among the priorities called for by REPowerEU. It is expected that improving the energy efficiency and setting more ambitious renewable energy targets will accelerate the environmental transition and ensure a truly connected and resilient energy grid in Europe that will guarantee energy security for its participants.

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

It should be also noticed that the amendment to the Energy Law Act, which came into force on 3 July 2021, imposed on the Company the duty to install, by 31 December 2028, AMI meters at no fewer than 80% of end users connected to at most a 1 kV grid and, consequently, to install AMI meters at 15% of such users by the end of 2023, at 35% of such users by the end of 2025, and at 65% of such users by the end of 2027. Currently, ENEA Operator has completed a tender procedure for the purchase of 327 thousand remote electricity meters. The purchase will enable the installation of modern meters for over 15% of customers connected to our network. Remote meters are a key component of the smart energy network being developed by ENEA Operator. Investments in a modern distribution network, including the so-called smart grid, are among the Group's key development directions.

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

8.1.14. Grid codes in ENEA Operator's activity

An increasingly more important role in the operation of ENEA Operator as a DSO is played also by grid codes, which are developed by ENTSO-E (European Network of Transmission System Operators) and adopted by the European Commission as its regulations. These codes are specific tools for implementation of a single energy market in the EU. They contain common rules of operation and management of energy systems and aim to eliminate the technical barriers impeding further market integration.

Since 1 January 2021, RES producers from across Poland have been bound by new laws concerning the sending of data about electricity produced and fed into the power grid, following from the System Operation Guideline (SO GL) for the operation of the electricity transmission system. The process of sending of the information obtained from producers to PSE is achieved via distribution system operators, with ENEA Operator being one of them. Experts of this company decided to share their knowledge and experience to make it easier for undertakings producing electricity from renewable sources to adapt to the new obligations already at the very beginning of their application. A webinar was prepared for generators to clarify the purpose of the Guideline and the manner of complying with it. On the Company's website, the tab <https://www.operator.enea.pl/dlawytworcow> contains, among others, templates of forms for entering the data arising from SO GL. ENEA Operator's experts also respond to questions and doubts of RES producers under the dedicated email address: wytworcey@operator.enea.pl. The Portal for Producers was launched, through which the producers provide planning data for SO GL purposes and they also communicate with ENEA Operator and may view their metering data.

8.1.15. ENEA Operator's Distribution System User Nondiscriminatory Treatment Assurance Program

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

The monitoring of the implementation and execution of the Compliance Program is the responsibility of the Compliance Inspector, whose duties also include operational supervision of the Compliance Program's execution. The implementation and execution of the Compliance Program are supervised by the ENEA Operator Management Board as well as managers of organizational units and cells of ENEA Operator, who are responsible for implementing and supervising the observance and performance of the Compliance Program in the units managed by them. Detailed measures taken to perform the Compliance Program are found in annual reports on the performance of the Compliance Program sent to the ERO President.

8.1.16. Model of quality regulation

An important component affecting ENEA Operator's activity is the quality regulation introduced by the ERO President. At present, its rules are specified in the "Quality Regulation in 2018-2025 for Distribution System Operators" in its wording of 29 May 2019. The key performance indicators that directly affect ENEA Operator's regulated revenue in the part concerning return on capital, in the period from 2018 to 2025, were described in detail in ENEA Group's periodic report for 2021.

A key element affecting the DSO's activity is the document entitled "the Method of determining regulatory asset base and return on capital for Distribution System Operators for Electricity which separated their activity as of 1 July 2007," whose provisions were prepared jointly by the DSO and the Energy Regulatory Office. Due to the document, the level of substantiated return on capital is determined by the ERO President. The level is determined mainly on the basis of the product of RAB (regulatory asset base) and WACC (weighted average cost of capital).

8.1.17. Research and development and innovation carried out in ENEA Operator

ENEA Operator executed numerous research & development projects in H1 2022:

1. The project entitled "System of power and energy balancing and monitoring the quality of electricity supply of distributed energy sources and storage facilities" executed together with the AGH University of Science and Technology. The project has received co-funding from the National Center for Research and Development as part of Measure 1.2: "Sector R&D Programs" of Operational Program Smart Growth 2014–2020.
2. The project entitled "A flexible system of increasing competences of employees of technical services using virtual reality technology", performed jointly with the Poznań University of Technology and the Poznań University of Economics and Business. The project has received co-funding from the National Center for Research and Development as part of Measure 2/1.1.1/2018 "Quick Path" of Operational Program Smart Growth 2014–2020.
3. The project entitled "eNeuron: greEN Energy hUBs for local integRated energy cOMmunities optimizatioN" carried out under the Horizon 2020 program. The goal of the project is to develop innovative tools to optimize the process of designing and operating local power systems with the main purpose of effectively integrating distributed energy sources. The outcome is to ensure effective, economical and sustainable solutions offered to entities potentially interested in implementing such systems, including, among others, distribution network operators, local communities and individual prosumers.
4. The project entitled "DRES2Market: Technical, business and regulatory approaches to enhance the renewable energy capabilities to take part actively in the electricity and ancillary services markets", executed as part of the Horizon 2020 program. The primary goal of the DRES2Market project is to prepare a comprehensive and cost-efficient approach to facilitate the effective participation of distributed generation based on renewable energy in electricity markets and to enable the provision of balancing and storage services in accordance with market criteria.
5. The project entitled "Development of a smart unmanned system for stabilizing the operation of distribution power grids based on modular installations of a hydrogen energy buffer with prospects for commercial use of hydrogen" executed under the Smart Development Operational Program, Action: Research and development works – National Center for Research and Development. The project is executed in an industrial and scientific consortium in collaboration with the West Pomeranian University of Technology in Szczecin and the University of Szczecin.

Changes occurring in the energy market force market participants to implement a number of innovative solutions. ENEA Operator is following the same path. For this reason, ENEA Operator has in place a framework enabling both employees and external entities to suggest and jointly execute various pilot and innovative projects with the Company. The pursuit of such initiatives will provide the opportunity to jointly develop or test new innovative technical and technological solutions in real-life conditions. Such actions permit a reliable assessment of new solutions regarding technological maturity, development prospects, benefits and costs, as well as risk factors. This way ENEA Operator appreciates the potential of its employees and establishes cooperation with successive external entities. Through innovative activities and execution of research and development projects, ENEA Operator also cooperates with numerous research institutions.

8.1.18. Membership of ENEA Operator in international organizations

ENEA Operator is involved in international cooperation with two entities operating within the EU. One is E.DSO, or European Distribution System Operators. It is an organization that associates 39 leading distribution system operators for electricity (DSOes) from 24 European countries, operating within the EU structures as a voluntary association of DSOes (there are no members that are DSOs). Its purpose is, on the one hand, to influence European regulations pertaining to electricity, while on the other hand, to provide European DSOs with the possibility of mutual exchange of information and cooperation in legal, technical, technological or R&D and innovation issues.

The other is the EU DSO Entity. The organization was established by Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity; it associates all distribution system operators (including DSOs) from the member states that applied for membership. Its goal is to support the achievement and functioning of the internal market for electricity and to promote optimal management of distribution and transmission systems and to ensure their coordinated operation.

8.1.19. General Data Protection Regulation (GDPR)

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

8.1.20. Court and administrative proceedings

As at the date of this report, there are no pending proceedings regarding payables or receivables to which ENEA S.A. or any of its subsidiaries would be a party. A detailed description of the proceedings is provided in Note 25 to the "Condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to 30 June 2022".

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

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

Plaintiff	Subject of the statement of claim (literal wording)	Status of the proceedings
Synergia Inter-Company Trade Union of ENEA Group Employees	Action for annulment of a resolution of the Company's general meeting or, alternatively, to repeal the resolution of the Company's general meeting ¹⁾	The lawsuit was discontinued in the 1st instance (the decision is final); in the 2nd instance, a lawsuit on costs of proceedings is pending before the Court of Appeals in Poznań.
Synergia Inter-Company Trade Union of ENEA Group Employees	Action to repeal a resolution of the Company's General Meeting ²⁾	The judgment of 25 January 2022 issued by the District Court in Poznań, the 9th Commercial Division, dismissed the action (the judgment is not final). On 7 March 2022, the Synergia Trade Union filed an appeal against the judgment of 25 January 2022, in the part dismissing the claim for repealing resolution no. 7 of the Ordinary General Meeting of ENEA S.A. of 30 July 2020 to grant a discharge to Mr. Mirosław Kowalik on the performance of his function of the Management Board President in 2019. On 21 April 2022, the Company's representative submitted a reply to this appeal. The proceedings are pending in the 2nd instance.

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

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

8.1.22. Rules for the preparation of financial statements

The condensed financial statements of ENEA S.A. and the ENEA Group included in the extended consolidated report of ENEA S.A. for the period of H1 2022 have been prepared in accordance with the requirements of IAS 34 *Interim Financial Reporting*, as endorsed by the European Union.

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

8.1.23. Collective disputes

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

8.1.24. Headcount

As at 30 June 2022, the headcount in ENEA Group companies included 17,473 employees with employment contracts. As at 30 June 2022, the headcount in ENEA S.A. was 411 employees with employment contracts.

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

Distribution: 5,413 persons; Trading: 514 persons; Mining: 5,762 persons; Generation: 4,027 persons; Other: 1,757 persons.

8.1.25. Projected financial results

The ENEA S.A. Management Board did not publish any projections of its financial results for 2022.

8.1.26. Rating

In its communication of 1 December 2021, Fitch Ratings affirmed ENEA S.A.'s long-term foreign- and local-currency issuer default ratings at 'BBB' with a stable outlook. The affirmation of the ratings reflects the Company's integrated business profile, encompassing a large generation fleet and electricity distribution with a moderate financial leverage. The ratings are supported by the large share in the Company's EBITDA of regulated activities in the form of electricity distribution as well as quasi-regulated activities in the form of inflows from the Capacity Market. Following its completion, the anticipated sale of coal-fired power plants to the National Energy Security Agency is likely to favorably affect the Company's credit profile. The key risk in this respect stems from the potentially insufficient factoring-in of increasing wholesale electricity prices in retail tariffs going forward from 2022.

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

Detailed information on the effect of the COVID-19 coronavirus epidemic on the activity of the ENEA Group is described in the "Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2021".

8.1.28. Termination/rescission of property right purchase agreements by ENEA S.A.

On 28 October 2016, ENEA S.A. made a statement of termination or rescission of long-term property right purchase agreements resulting from the certificates of origin of energy from renewable sources (the so-called green certificates). These agreements were dissolved. The reason for the Company's termination/rescission of the individual agreements was exhaustion of all possibilities of restoring contract balance and equivalence of the parties' performances resulting from amendments to the law. The financial consequences of dissolving the abovementioned agreements will be the avoidance by the Company of the loss being the balance of the contractual prices and the market price of green certificates.

At present, cases are pending for declaring ineffectiveness of termination (rescission) by ENEA S.A. of property right sale agreements. In addition, some proceedings are pending against ENEA S.A. for payment of the fee for property rights resulting from the deduction of payment for the damage caused to ENEA S.A. through the contracting party's non-fulfillment of its contractual obligation to participate, in good faith, in renegotiating the long-term property right sale agreements pursuant to the adaptation clause binding on the parties. The estimate total net value of ENEA S.A.'s contractual liabilities was approx. PLN 1,187 million. Detailed information on the proceedings can be found in note 25.6 to the consolidated financial statements of the ENEA Group for H1 2022.

8.1.29. Analyses of the transmission and collection of gaseous fuel from the transmission network by ENEA Wytwarzanie

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

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

On 16 March 2022 ENEA S.A. established a special-purpose vehicle ENEA ELKOGAZ with its registered office in Warsaw, in which it is the sole shareholder. The newly established company will replace the generation capacity of 200 MW power units with gaseous fuel combustion technology. This is one of the Group's strategic investments in the process of the power company's rational transition. CCGT power units will be a low emission source of energy strengthening energy security and providing support to the generation of energy from RES during the transition phase.

On 1 May 2022, all functions and tasks carried out by ENEA Wytwarzanie under the project entitled "Restoration of the generation capacity of 200 MW coal-fired units in ENEA Wytwarzanie based on gaseous fuel combustion technology" were transferred to ENEA ELKOGAZ. The transfer was confirmed by the execution, on 24 May 2022 by and between ENEA Wytwarzanie and ENEA ELKOGAZ, of an agreement for the purchase of project assets generated by 30 April 2022.

8.1.30. Interest in ElectroMobility Poland S.A.

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

On 19 August 2021, the Extraordinary General Meeting of ElectroMobility Poland S.A. adopted a resolution to reduce the company's share capital by PLN 17,700 thousand through a decrease in the par value of all its shares from the current amount of PLN 7,000 each to a new par value of PLN 5,230.05 per share. The decrease in the share capital is aimed at transferring funds from the share capital to supplementary capital. The General Meeting also adopted a resolution to increase the share capital by PLN 249,996 thousand to PLN 302,297 thousand, for the total issue price of PLN 250,000 thousand, to be contributed exclusively in cash. The issue of the new shares was effected by way of a private placement. All the new shares are ordinary registered shares. The new shares were subscribed for and paid for by the State Treasury, which currently holds an 82.7% stake in the Company's share capital. The State Treasury's investment in the Company guarantees the development of the Polish Electric Car project and will, above all, enable the conduct of introductory activities necessary to prepare and launch the manufacture of electric cars. On 30 September 2021, the registration court registered the share capital increase. ENEA S.A. currently holds a 4.325% stake in the company's share capital.

8.1.31. Activity of ENEA Innowacje

ENEA Innowacje is a company dedicated to managing the area of innovation in the ENEA Group. The company is focused on the development of innovations through investments in third-party enterprises (start-ups), but is also involved in the internal development of innovative initiatives. The business of ENEA Innowacje is aimed at pursuing the concept of a zero-carbon transformation of the electricity market globally and in Poland, which is a major challenge and will be groundbreaking for a wide range of market players in the coming years. Over the next decade, what should be expected is not only a massive technological change, but also a change in philosophy regarding the operation of the electricity market that will affect customers' decisions and choices. The innovations to be deployed within the ENEA Group will play a crucial role in the accomplishment of the broadly construed energy transformation. The core interests of ENEA Innowacje include seeking and implementing technological solutions as well as new business models in such areas as e.g. circular economy, energy storage and new RES technologies, exploitation of hydrogen and other energy carriers, electromobility, Smart Cities, Internet of Things, artificial intelligence and automation of operating and manufacturing processes. In 2022, the company, acting on behalf of the ENEA Group, launched work on the deployment of SMR (small modular nuclear reactors) technology, which may be applied in electricity generation, but also in ensuring heat supplies for heating systems.

In the financial year 2022, the Company, among other endeavors:

- pursued activities based on the Company Strategic Development Plan for the years 2022-2027, supporting the implementation of the Development Strategy of the ENEA Group,
- conducted ongoing intense analyses and identification of the market and technology environment, the energy sector, its competitiveness, etc.; the purpose of these analyses was to support the directions of activities and management decisions on future investments in the company's innovations, which is shown by more than a dozen signed non-disclosure agreements serving as the basis for sharing information with the entities reviewed by the company,
- identified more than a dozen key innovation initiatives and ideas in the field of production and use of alternative fuels, energy storage, pursuit of the circular economy idea, and performed in-depth analyses and assessments focused on them taking into account the potential for development and competitiveness in the ENEA Group,
- commenced activities aimed at assessing the feasibility and building new sources of electricity and heat based on the use of small modular nuclear reactor technology,
- continued and extended cooperation with additional universities and companies on the basis of letters of intent or cooperation agreements.

8.1.32. Construction of a photovoltaic farm on land owned by LW Bogdanka

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

In 2020, "Feasibility study for the construction of photovoltaic farms in the areas of LW Bogdanka" was completed. Based on that document, in 2021 a procedure was launched to select a contractor for the photovoltaic farm project for the needs of the field of Bogdanka, following which a contractor was selected and a contract was signed. Design work was carried out in H1 2022.

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

The project of building large-scale photovoltaic plants in cooperation with the National Support Center for Agriculture is one of the key projects underlying the assumptions for ENEA Group's energy transformation. The cooperation between the ENEA Group and KOWR fits the assumptions of Poland's Energy Policy until 2040, which provides for development of renewable energy sources for the purpose of diversification of the production structure and reduction of energy sector's emissions.

8.1.34. Execution of the Ostrołęka C Power Plant construction project

Detailed information on the execution of the Ostrołęka C Power Plant construction project are described in Note 11 of the "Condensed Interim Consolidated Financial Statements of the ENEA Group for the period from 1 January to 30 June 2022".

8.1.35. National Energy Security Agency

In April 2021, the Ministry of State Assets published a document entitled "Transformation of the power sector in Poland. Spin-off of coal assets from companies with a State Treasury shareholding" ("Transformation Program"), which includes a concept of spinning off, from the corporate groups of each utility company, assets associated with the generation of electricity in conventional coal-fired units ("Coal Assets"). The objectives of the Transformation Program envisage, among other outcomes, the integration of the Coal Assets within a single entity, specifically PGE Górnictwo i Energetyka Konwencjonalna S.A., which is a subsidiary of PGE S.A. and will ultimately run its business under the name of Narodowa Agencja Bezpieczeństwa Energetycznego (National Energy Security Agency, "NABE").

On 23 July 2021, ENEA S.A., PGE Polska Grupa Energetyczna S.A., TAURON Polska Energia S.A., Energa S.A. and the State Treasury entered into a memorandum of understanding on cooperation in a spin-off of coal assets and their integration within the National Energy Security Agency (with an annex of 14 October 2021). The Parties to the memorandum of understanding recognize the need to coordinate their cooperation in the spin-off process of the Coal Assets and their integration in NABE. Under the Memorandum of Understanding, the Parties declare their mutual exchange of necessary information, including information on the organizational structures, processes and assumptions for the direction of the transformation, to the extent such exchange remains in compliance with the applicable laws. The Memorandum of Understanding will enable an efficient and effective execution of the process aimed at the establishment of NABE.

On 15 November 2021, an Agreement on the provision of strategic consulting services was entered into between ENEA S.A., PGE Polska Grupa Energetyczna S.A., TAURON Polska Energia S.A. and KPMG Advisory sp. z o.o. sp. k. The agreement was entered into after conducting a procurement procedure entitled: Strategic Consulting (taking into consideration legal and tax services) in the process of the spin-off of coal-fired generation assets from the groups of ENEA S.A., PGE Polska Grupa Energetyczna S.A., TAURON Polska Energia S.A., Energa S.A.

On 1 March 2022, the Council of Ministers adopted the Transformation Program. The role of NABE will be to secure energy security through stable deliveries of power produced from coal. The spin-off of coal-fired generation assets will allow energy groups to focus on accelerating investments in low- and zero-carbon energy sources and industrial infrastructure, consequently contributing to a significant degree to Poland's energy transition.

The ENEA Group carries out tasks associated with demerging coal assets to the State Treasury in accordance with the schedule provided for in the Transformation Program. In H1 2022, conceptual work was performed by the strategic adviser in accordance with the said agreement of 15 November 2021, and the internal structures of the Group companies were being prepared for the demerger process. One of such activities is the spin-off of ENEA Trading (under Article 529 §1(4)) of the Commercial Company Code), as a result of which, in accordance with the Demerger Plan of ENEA Trading of 29 July 2022, the demerger will be effected through a spin-off and transfer of certain assets and liabilities of ENEA Trading in the form of an Organized Part of the Enterprise to ENEA Power & Gas Trading.

8.1.36. Political and economic situation in Ukraine

On 24 February 2022, the army of the Russian Federation invaded Ukraine, starting a large-scale military conflict. The event has still had an enormous impact on the social, political and economic situation, not only in the region but also globally. The Group is analyzing consequences of the political and economic situation in Ukraine for the Group's financial statements and current and future financial and operating results but at present, it is impossible to determine the consequences of the impact.

Commodity and financial markets have seen elevated risk aversion and high volatility in commodity prices and financial instruments. The considerable volatility of the prices of electricity and emission allowances (EUAs) make it necessary to supplement margin deposits at the Exchange Clearing House (IRGiT) and on foreign markets (the ICE, EEX) organizing trade in greenhouse gas emission allowances and consequently generating a major increase in demand for working capital. The increasing prices of raw materials create heightened expectations as to interest rate hikes (by increasing the inflationary pressure) and contribute to an increase in the cost of debt financing. The significant depreciation of the Polish zloty brings about an increase in operating expenses.

In connection with the introduction of third level CRP alert (CHARLIE-CRP) in the entire territory of Poland, the Group companies implemented the safeguards described in the Regulation of the Prime Minister of 25 July 2016 on the scope of measures taken during each alert and CRP alert level. Restrictions of access to IT systems resulting from the continuation of the CHARLIE-CRP alert level may cause delays in the performance of projects and implementations of IT systems.

In the Mining segment – the export sales of bituminous coal developed in recent years by LW Bogdanka S.A., mostly to Ukraine, represented 5.2% of LWB Group's consolidated revenue from sales in H1 2022. As a result of the military conflict, extensive damage to the infrastructure and greater risks associated with deliveries, coal sales to Ukraine have been significantly hindered. Due to the strong demand for steam coal, the LWB Group redirected the coal originally intended for the Ukrainian market to domestic buyers. On 16 April 2022, the Act of 13 April 2022 on Special Solutions to Counteract the Provision of Support to Aggression against Ukraine and to Protect National Security entered into force. Article 8 of the said Act, in consideration of the existing threat to national security, imposed a ban on imports and/or transport of coal originating from Russia or Belarus to or through, as the case may be, the territory of the Republic of Poland. Moreover, the Act, in Article 13, requires entities marketing

coal in the Republic of Poland (including domestic mines) to be in possession of documentation indicating the country of origin of such coal and to issue declarations for coal buyers indicating the country of origin of such coal. The Act has directly translated into a further strengthening of demand for domestic coal. Given the above as well as recent developments, the event had no significant effect on the operating activity and financial performance of the Mining segment in H1 2022 and should not have such effect in the short term. Still, such impact may be felt in the longer term.

In the Trading segment – increases in the prices of gaseous fuel and electricity translated into a deterioration of the financial performance of energy sellers this year (the need to make purchases for the balancing needs) and into the prices charged to customers (for those who did not purchase energy at a guaranteed “fixed” price).

In the Generation segment – intervention support may be necessary in the electricity balance and, as a result, higher electricity production by conventional generation sources. At present, the Group does not identify any direct impact of the war in Ukraine on the execution of deliveries of bituminous coal to ENEA Group’s power generation units. Still, given the high demand for steam coal (lower production in Poland and difficulties with imports), the Group is considering the possibility that such difficulties may arise in this respect. The Group has identified constraints in the supply of biomass in the form of sunflower hull pellets from Ukraine. Suppliers have reported a reduction in the volume of biomass available for purchase in Ukraine and logistical problems related to biomass exports from Ukraine. In connection with the entry into force of Council Regulation (EU) 2022/355 of 2 March 2022 amending Regulation (EC) No 765/2006 concerning restrictive measures in view of the situation in Belarus, deliveries from this direction will no longer be permissible after 4 June 2022. The absence of supply from this direction may deepen the quantitative imbalance on the domestic market and lead to an increase in biomass prices in the coming months.

For the needs of electricity generation in units 2-7 of the ENEA Polaniec Power Plant, it is possible to replace biomass with coal. Heat production in the biomass cogeneration unit of ENEA Ciepło may be partially substituted with coal-fired generation in other generating units of ENEA Ciepło. In the Generation segment, difficulties have been identified in the procurement of high-alloy steels and non-ferrous metals produced in Ukraine and prices of these products are expected to continue to rise in the near future. The above however has no effect on the continuity of operation of ENEA Group’s generating units.

In the Distribution segment, at present, the Group does not identify any adverse effect of the political and economic situation in Ukraine on the segment’s operations and financial results.

As at the date of these statements, it is impossible to predict how the situation caused by the military conflict in Ukraine will develop and what further negative effects that may exert on the operations and financial standing of the Parent Company and the Group.

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

8.1.37. Concessions

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

8.2 Natural environment

8.2.1. Curtailing emissions of air pollutants

In accordance with the applicable EU regulations, in particular Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions – IED (integrated pollution prevention and control), new and more stringent environmental protection standards have been in force since 1 January 2016. Accordingly, all electricity generators in Poland, who predominantly use high-emission coal-firing technologies, were required to adapt their power units to the new environmental requirements. Another important amendment to law making the environmental requirements more strict, published on 17 August 2017, was Commission Implementing Decision (EU) 2017/1442 of 31 July 2017 laying down BAT (best available techniques) conclusions for large combustion plants in accordance with Directive 2010/75/EU of the European Parliament and of the Council (the so-called kBAT). The published BAT conclusions introduced more stringent (than in the IED Directive) requirements for pollutants such as sulfur dioxide, nitrogen oxides and dust. The BAT-associated emission levels (the so called BAT-AELs) also apply to other substances, such as: mercury, hydrogen chloride, hydrogen fluoride and ammonia. The BAT conclusions started to apply from 18 August 2021, following the 4-year adjustment period. As kBAT were appealed against by the Polish government in October 2017 and the Court of Justice of the European Union (CJEU) issued a judgment of 28 January 2021 canceling kBAT of 31 July 2017, then on 30 December 2021 “new” BAT conclusions were published (Commission Implementing Decision (EU) 2021/2326 of 30 November 2021). The new conclusions are identical in content to the annulled ones, thus maintaining the continuity of the prevailing legal requirements.

In 2022, the emission fee rates increased:

SO₂: PLN 0.56 per kg in 2021 => PLN 0.58 per kg in 2022

NO_x: PLN 0.56 per kg in 2021 => PLN 0.58 per kg in 2022

Dust: PLN 0.38 per kg in 2021 => PLN 0.39 per kg in 2022

SO ₂	Emissions [Mg]	Emission factor [kg/MWh]	Emission fee [PLN thousand]
Kozienice Power Plant – units 1-10			
H1 2021	4,103.3	0.676	2,297.8
H1 2022	2,981.5	0.482	1,729.3
% change	- 27.3%	- 28.7%	- 24.7%
Kozienice Power Plant – unit 11			
H1 2021	907.2	0.322	508.1
H1 2022	936.8	0.301	543.3
% change	3.3%	- 6.5%	6.9%
ENEA Elektrownia Połaniec			
H1 2021	2,394.2	0.629	1,340.7
H1 2022	2,031.8	0.425	1,178.4
% change	-15.1%	-32.4%	-12.1%
Białystok CHP Plant			
H1 2021	134.9	0.148	75.5
H1 2022	91.1	0.106	52.8
% change	-32.5%	-28.4%	-30.1%
Białystok “Zachód” Heat Plant			
H1 2021	16.7	-	9.3
H1 2022	11.5	-	6.7
% change	- 31.1%	-	- 28.0%

NO _x	Emissions [Mg]	Emission factor [kg/MWh]	Emission fee [PLN thousand]
Kozienice Power Plant – units 1-10			
H1 2021	4,304.4	0.709	2,410.5
H1 2022	3,155.9	0.510	1,830.4
% change	- 26.7%	- 28.1%	- 24.1%
Kozienice Power Plant – unit 11			
H1 2021	1,122.1	0.398	628.4
H1 2022	1,258.9	0.405	730.2
% change	12.2%	1.8%	16.2%
ENEA Elektrownia Połaniec			
H1 2021	2,750.5	0.723	1,540.3
H1 2022	2,442.0	0.510	1,416.4
% change	-11.2%	-29.5%	-8.0%
Białystok CHP Plant			
H1 2021	281.9	0.309	157.9
H1 2022	214.7	0.250	124.5
% change	-23.8%	-19.1%	-21.2%
Białystok “Zachód” Heat Plant			
H1 2021	14.1	-	7.9
H1 2022	2.5	-	1.5
% change	- 82.3%	-	- 81.0%

Dust	Emissions [Mg]	Emission factor [kg/MWh]	Emission fee [PLN thousand]
Kozienice Power Plant – units 1-10			
H1 2021	160.6	0.026	61.0
H1 2022	193.5	0.031	75.5
% change	20.5%	19.2%	23.8%
Kozienice Power Plant – unit 11			
H1 2021	35.7	0.013	13.6
H1 2022	39.1	0.013	15.2
% change	9.5%	-	11.8%
ENEA Elektrownia Połaniec			
H1 2021	210.2	0.055	79.9
H1 2022	105.1	0.022	41.0
% change	-50.0%	-60.0%	-48.7%
Białystok CHP Plant			
H1 2021	14.0	0.015	5.3
H1 2022	14.4	0.017	5.6
% change	2.9%	13.3%	5.7%
Białystok “Zachód” Heat Plant			
H1 2021	0.5	-	0.2
H1 2022	0.8	-	0.3
% change	60.0%	-	50.0%

CO ₂	Emissions [Mg]	Emission factor [kg/MWh]	Gross electricity generation [MWh]
Kozienice Power Plant – units 1-10			
H1 2021	5,132,958.8	845	6,072,292.9
H1 2022	5,290,323.9	855	6,190,808.9
% change	3.1%	1.2%	2.0%
Kozienice Power Plant – unit 11			
H1 2021	2,115,057.3	750	2,818,530.0
H1 2022	2,364,984.6	761	3,109,264.6
% change	11.8%	1.5%	10.3%
ENEA Elektrownia Połaniec			
H1 2021	2,630,358.0	691	3,805,320.8
H1 2022	3,545,487.0	741.1	4,784,303.6
% change	34.8%	7.3%	25.7%
Białystok CHP Plant			
H1 2021	216,809.0 ¹⁾	237 ¹⁾	282,443.6
H1 2022	161,104.0	187	262,018.8
% change	-25.7%	-21.1%	-7.2%
Białystok “Zachód” Heat Plant			
H1 2021	14,411	-	-
H1 2022	8,096	-	-
% change	- 43.8%	-	-

¹⁾ Presentation change

8.2.2. Compliance with formal and legal requirements

ENEA Wytwarzanie

At the Kozienice Power Plant, a program was completed to adapt the plant to the BAT conclusions, which had been in force since 18 August 2021. As a result, the Power Plant now meets both the emission standards and the threshold emission levels (TELs).

Pursuant to the Regulation of the Minister of Climate of 24 September 2020 on emission standards for certain installation types, fuel combustion sources and waste combustion or co-combustion installations (Journal of Laws of 2020, Item 1860), in relation to the installations of units 1-10 and the installation of unit 11 for emissions of all pollutants, the following conditions for deeming the emissions standards complied with apply:

- a) none of the approved average monthly concentrations of substances exceeds 100% of the emission standard,
- b) none of the approved average daily concentrations of substances exceeds 110% of the emission standard,
- c) 95% of all approved average hourly concentrations of substances during the calendar year does not exceed 200% of the emission standard.

If even one of the conditions specified in items a), b), c) is not met, there is a risk that a penalty will be imposed for each hourly exceedance counted from the beginning of the year.

The kBAT requirements were implemented to integrated permits for three power installations for fuel combustion operating in the Company – units 1-10, unit 11 and a start-up boiler house. The requirements considerably tightened the acceptable levels of emitted pollutants. Apart from the prevailing average monthly standards, very reduced average annual threshold emission levels (TELs) were introduced for previously limited emissions of SO₂, NO_x, CO and dust, as well as for newly introduced limited HCl, HF, NH₃ and Hg pollutants. The threshold emission levels were also applied to average daily concentrations of emitted SO₂, NO_x and dust. According to the current regulations, all the TELs – both average daily and annual levels must be complied with without considering measurement uncertainties.

No exceedance of the emission standards, threshold emission levels (TELs) and other formal and legal requirements was ascertained in H1 2022.

Kozienice Power Plant meets the objectives set by the national and community law (IED directive, BAT conclusions). The Power Plant operates five flue gas desulfurization (FDG) installations, which guarantee the required reduction of SO₂ emissions from flue gases of all units. All units of the Kozienice Power Plant are equipped with highly efficient electrostatic precipitators, which are upgraded on an ongoing basis in order to maintain high dust removal efficiency. All units (excluding unit 3) are also equipped with highly efficient selective catalytic NO_x reduction (SCR) installations.

ENEA Ciepło

As part of the “Zachód” Heat Plant installation, ENEA Ciepło takes advantage of the heat derogation arising from the IED as regards SO₂, dust and NO_x emissions.

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

ENEA Elektrownia Połaniec

ENEA Elektrownia Połaniec takes advantage of the derogation arising from the IED – natural derogation of 17,500 hours covering boiler 1. A total of 15,416 hours were used, of which 89 hours in H1 2022 (48 hours in Q1 and 41 hours in Q2).

9. CSR – Corporate social responsibility

Baltic for Generations

In cooperation with the UN Global Compact, ENEA launched a social campaign entitled #BałtykDlaPokoleń [#BalticSeaForGenerations], the purpose of which is to draw public attention to the issue of munitions and chemical weapons dumped at the bottom of the Baltic Sea after the Second World War. The kick-off event for the educational campaign was a conference on the threats of the environmental bomb ticking at the bottom of the Baltic Sea. The mission of the project is to pursue the implementation of the resolution adopted by the European Parliament on 27 April 2021, calling on the European Union to clean up the Baltic Sea of chemical weapons from the Second World War. In March this year, a “FuTuryści” podcast was published on the National Geographic Polska website, in which ENEA Group reminded how big of a problem the pollution and the tons of chemical weapons resting on the Baltic seabed are and encouraged the audience to sign the petition as part of the project it had launched. In April, on the occasion of the Earth Day, ENEA published a report entitled “The Baltic Sea Environmental Barometer,” presenting current data on the awareness and knowledge of citizens regarding issues related to the Baltic Sea and the threats and challenges resulting from its pollution.

United Nations Association – Poland (UNAP)

The ENEA Group continued its cooperation with the United Nations Association – Poland (UNAP), by getting involved in educational activities relating to Sustainable Development Goals. As part of this cooperation, the ENEA Group organized an education panel as part of the Sustainable Development Ambassador project, in which it acts as a strategic partner. In addition to the Sustainable Development Ambassador program for high school and technical high school students, the ENEA Group will support education workshops for youth named the Summer Academy of Sustainable Development 2022 and will be a partner of the 2nd edition of the report entitled “Sustainable development of cities in Poland – from theory to practice”.

#OgarnijHejt Campaign

As part of the Year of Lem established by the Sejm of the Republic of Poland, the ENEA Group became a partner of the #OgarnijHejt [Know about Hate] campaign and other activities carried out as part of the Year of Lem activities. More than 5,000 people across Poland took part in prevention and education workshops, during which students, their parents and teachers learned how to deal with cyberbullying, what its consequences are, how to detect it and how to prevent it. After our Group became involved, 30 schools from small towns and villages, mainly from the area of the Group’s activity, took part in the project. Under the project, a report on cyberbullying in Poland was published and a press conference on this topic was organized.

Exempt From Theory Nationwide Contest

The ENEA Group became a partner of the nationwide contest for students called “Exempt from theory”, for the third time. The contest participants – university and high school students, on their own or in teams, took action for the benefit of their immediate surroundings, executing their ideas and gaining practical skills and experience in the planning and management of projects. In this edition, the ENEA Group, continuing its efforts to improve the health condition people in Poland, became a patron of the “Energy for Health” project promoting mental well-being. The participants, by carrying out their own socially beneficial endeavors, obtained substantive support related to their presence in social media and tips regarding the execution of health promotion projects. Ultimately, 28 projects for 1.3 million beneficiaries were completed as part of the program supported by the ENEA Group. In the Grand Finale of the Exempt From Theory contest, projects under ENEA’s patronage won 14 awards and two of them were selected as the best in the West Pomeranian and Mazovian voivodships. The Terrain Story project was named one of the best in Poland. The goal of the winning project was to develop its participants’ knowledge of their mental health, by creating a series of field games based on QR codes. The project was executed with the participation of people with disabilities. In reaction to the current situation, the game had also been translated into Ukrainian. Overall, more than 5 thousand people took part in the contest.

To the aid of Ukraine!

A few days after the war in Ukraine broke out, the ENEA Group started to organize aid activities. ENEA employees were heavily involved in the campaigns, collecting donations, contributing money to ENEA Foundation’s special account and working as volunteers. The products that refugees needed the most were collected in more than 50 locations across Poland. So far, ENEA Group employees have collected 15 tons of donations for the people affected by the war. A special edition of the Potęga poMocy grant program was also organized, in which we invited employees to submit applications for activities and initiatives to help refugees. The ENEA Foundation supported selected projects with grants up to PLN 4,000. Overall, nearly PLN 20,000 was donated for the execution of original projects of our employees.

Mother’s Day

On 26 May, when Mother’s Day is celebrated in Poland, a Day for Moms with ENEA was held in Poznań under the slogan “Energy for Mums.” Tickets were sold to participate in the event. A total of 300 ENEA employees and customers were invited. The condition for participation was the transition from a paper invoice to an electronic one. The first 30 customers who switched to an e-invoice within the prescribed period, received an invitation to participate in the event. The meeting was an opportunity to take an active part in stimulating workshops, for instance on painting ceramic plates, creating floral jewelry or herbal cosmetics. Workshops for children with entertaining activities were also organized. During the event, an inspiring debate was also held on the role of mothers in modern society, moderated by Ida Nowakowska. Special guests of the event included: Julia Izlamkova (Psychomama_julia), a

Ukrainian author of a popular blog for parents, and Anna Rastawicka, a teacher of Polish and an associate of Cardinal Stefan Wyszyński. The evening ended with a performance by Cleo, a singer popular among children, adolescents and adults alike.

Children's Day

ENEА once again participated in Children's Day celebrations held by the Chancellery of the Prime Minister in the Chancellery gardens in Warsaw. The event was filled with attractions for children. In the ENEА zone, participants had the opportunity to attend environmental workshops and make mini greenhouses or a forest in a glass jar. Sports competitions abounded along with the promotion of physical activity – a bicycle-powered car racing track awaited the children, side by side with a muscle-powered energy-bike enabling the recharging of a smartphone. Workshops for children on creating soy candles, sparkling bath balls and huge soap bubbles were also held.

10. Non-financial reporting

Responsible management practices

Non-Financial Statement of the ENEA Group for 2021

In March 2022, in performance of the obligation imposed by the Accounting Act of 15 December 2016 implementing Directive 204/95/EU, the ENEA Group published the “Non-Financial Statement of ENEA Group for 2021” as a separate but at the same time an integral part of the annual “Management Board Report on the activity of ENEA S.A. and the ENEA Group in 2021”.

However, the document has been created not only to fulfill the statutory obligation: all persons, organizations and institutions interested in it may find there key information on the Group’s involvement for the pursuit of the UN Sustainable Development Goals. For environmental, employee and social issues as well as for human rights and anti-corruption matters, not only the internal policies and procedures in place are presented, but also the outcomes of the endeavors made in each area.

The Statement used the ratios as recommended by the international GRI reporting standards.

ENEA Group’s ESG Report for 2021

In May 2022, the ENEA Group published its ESG Report in the form of a website in Polish and English, containing a summary of the Group’s activities and achievements in 2021 in three key areas of its responsibility: environmental, social and corporate governance.

This publication depicts the ENEA Group’s approach to managing various areas, its current internal policies and procedures and figures illustrating the effectiveness of its efforts. This report also constitutes a review of the initiatives executed in 2021, among others, ecologically beneficial investments, research and development programs and social commitment projects.

This year’s Non-Financial Statement and ESG Report emphasize the following three particularly important issues:

- in December 2021, the “Development Strategy of the ENEA Group until 2030 with an outlook to 2040” was updated; the primary objective of the document is the Green Change, understood as a sustainable transition of the Group leading to an increase in its value, while pursuing a long-term goal of achieving climate neutrality by 2050. The ENEA Group intends to achieve climate neutrality by gradually increasing the installed capacity in renewable energy sources – through acquisitions, the development of own projects and in collaboration with business partners. The Strategy also assumes that new business lines will be developed, including energy storage facilities, which will be critical for ensuring stability of RES and for solidifying Poland’s energy security. We are also planning to spin off conventional coal-fired power generating assets from the Group and transfer them to the National Energy Security Agency. The whole strategy is aligned with the goals of Poland’s energy transition;
- increasing the Group’s emphasis on the effective management of climate issues – the documents contain information on the intended execution of strategic projects and the adopted short, medium and long-term objectives as well as long-horizon timetables for the reduction of CO₂ emissions and changes in the structure of energy generation. The section devoted to managing the risks associated with climate change has also been expanded considerably and analyses of climate opportunities have been presented. For the first time, in addition to the reporting of direct (Scope 1) greenhouse gas emissions, the ENEA Group has reported indirect (Scope 2) greenhouse gas emissions, calculated using the location-based method, where both emission categories are expressed in metric tons of carbon dioxide equivalent;
- the ENEA Group has identified and reported for the first time its compliance with the EU classification of sustainable activity (Taxonomy), by disclosing how and to what extent the Group’s business involves economic operations that may be classified as environmentally sustainable.

The ENEA Group’s ESG report has been prepared in accordance with the international GRI Standards, Core version. Moreover, it provides a response to the expectations laid down in the *Supplement on reporting climate-related information* (2019/C 209/01) to that Directive, the *Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment*, the public view of the European Securities and Markets Authority (ESMA) on the supervisory priorities for periodic reports of issuers for 2021 in respect of non-financial reporting, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations on climate-related financial disclosures and in the *ESG reporting guidelines* of the Warsaw Stock Exchange.

The ENEA Group’s ESG Report is available at the following address: <https://raport2021.esg.enea.pl/>

In June 2022, the ENEA Group was ranked 6th in the industry classification “Fuels, power and mining industry” and 11th in the general classification of the 16th edition of the “Ranking of Responsible Firms” – the only ranking in Poland evaluating enterprises in terms of corporate social responsibility management from the perspective of their commitment to coping with the challenges of sustainable development/ESG/CSR. The event is held annually by the Kozminski Business Hub in cooperation with the Responsible Business Forum, Dziennik Gazeta Prawna and Deloitte.

This year, over 70 companies participated in the Ranking, and over 100 companies expressed their interest in participating. Ultimately, more than 60 companies qualified for the main ranking.

The ranking is available at: <http://rankingodpowiedzialnychfirm.pl/2022/06/ranking-odpowiedzialnych-firm-2022-klasyfikacja-ogolna/>

11. Appendices

Appendix 1 - Statement of profit and loss of ENEA Operator in H1 2022

[PLN 000s]	H1 2021	H1 2022	Change	% change
Revenue from sales of distribution services to end users	1,488,615	1,586,393	97,778	6.6%
Revenue from additional fees	2,271	2,189	-82	-3.6%
Revenue from non-invoiced sale of distribution services	19,673	42,595	22,922	116.5%
Settlement of the balancing market	2,507	282	-2,225	-88.8%
Grid connection fees	36,397	36,150	-247	-0.7%
Revenue from illegal consumption of electricity	5,084	4,547	-537	-10.6%
Revenue from services	14,106	14,719	613	4.3%
Revenue from sales of distribution services to other entities	12,716	10,657	-2,059	-16.2%
Revenue from sales of goods and materials and other revenue	906	574	-332	-36.6%
Revenue from sales	1,582,275	1,698,106	115,831	7.3%
Depreciation of fixed assets and amortization of intangible assets	328,033	343,236	15,203	4.6%
Employee benefit costs	265,380	287,477	22,097	8.3%
Consumption of materials and supplies and cost of goods sold	16,310	20,711	4,401	27.0%
Purchase of energy for own needs and grid losses	147,584	255,769	108,185	73.3%
Costs of transmission services	212,835	231,586	18,751	8.8%
Other third-party services	138,135	141,138	3,003	2.2%
Taxes and charges	120,875	138,921	18,046	14.9%
Tax-deductible expenses	1,229,152	1,418,838	189,686	15.4%
Other operating revenue	20,115	37,571	17,456	86.8%
Other operating costs	17,407	45,296	27,889	160.2%
Profit/ (loss) on the sale and liquidation of property, plant and equipment	(1,139)	(1,418)	-279	-24.5%
Operating profit / (loss)	354,692	270,125	-84,567	-23.8%
Finance income	4,509	25,765	21,256	471.4%
Finance costs	29,446	70,377	40,931	139.0%
Profit / (loss) before tax	329,755	225,513	-104,242	-31.6%
Income tax	65,549	45,086	-20,463	-31.2%
Net profit / (loss) for the reporting period	264,206	180,427	-83,779	-31.7%
EBITDA	682,725	613,361	-69,364	-10.2%

ENEA Operator – key EBITDA drivers in H1 2022 (down by PLN 69.4 million):

(-) an increase in costs of purchasing electricity to cover the balancing difference (balance) by PLN 110 million, chiefly as a result of an increase in wholesale prices with delivery in 2022

(-) higher operating costs by PLN 48 million resulting mainly from higher employee benefit costs and higher costs of taxes and charges

(-) costs of purchasing transmission and distribution services (balance) up by PLN 21 million

(-) a decrease in result on other operating activities by PLN 11 million, driven mainly by higher costs of removal of accidental losses – mass failures which occurred in Q1 2022

(+) revenue from sales of distribution services to end users up by PLN 121 million, largely due to a higher average price

Appendix 2 - Statement of profit and loss of ENEA Operator in Q2 2022

[PLN 000s]	Q2 2021	Q2 2022	Change	% change
Revenue from sales of distribution services to end users	726,670	767,318	40,648	5.6%
Revenue from additional fees	1,303	1,163	-140	-10.7%
Revenue from non-invoiced sale of distribution services	-6,021	28,461	34,482	572.7%
Settlement of the balancing market	262	701	439	167.6%
Grid connection fees	26,050	21,852	-4,198	-16.1%
Revenue from illegal consumption of electricity	2,167	1,675	-492	-22.7%
Revenue from services	6,858	7,201	343	5.0%
Revenue from sales of distribution services to other entities	6,641	4,938	-1,703	-25.6%
Revenue from sales of goods and materials and other revenue	557	261	-296	-53.1%
Revenue from sales	764,487	833,570	69,083	9.0%
Depreciation of fixed assets and amortization of intangible assets	165,520	174,789	9,269	5.6%
Employee benefit costs	135,062	140,003	4,941	3.7%
Consumption of materials and supplies and cost of goods sold	8,228	10,655	2,427	29.5%
Purchase of energy for own needs and grid losses	70,754	120,959	50,205	71.0%
Costs of transmission services	108,204	120,591	12,387	11.4%
Other third-party services	69,855	71,853	1,998	2.9%
Taxes and charges	60,730	70,616	9,886	16.3%
Tax-deductible expenses	618,353	709,466	91,113	14.7%
Other operating revenue	8,319	17,119	8,800	105.8%
Other operating costs	5,960	4,325	-1,635	-27.4%
Profit/ (loss) on the sale and liquidation of property, plant and equipment	(573)	(1,180)	-607	-105.9%
Operating profit / (loss)	147,920	135,718	-12,202	-8.2%
Finance income	4,032	25,228	21,196	525.7%
Finance costs	14,600	39,654	25,054	171.6%
Profit / (loss) before tax	137,352	121,292	-16,060	-11.7%
Income tax	27,449	24,303	-3,146	-11.5%
Net profit / (loss) for the reporting period	109,903	96,989	-12,914	-11.8%
EBITDA	313,440	310,507	-2,933	-0.9%

ENEA Operator – key EBITDA drivers in Q2 2022 (down by PLN 2.9 million):

- (-) an increase in costs of purchasing electricity to cover the balancing difference (balance) by PLN 50 million, chiefly as a result of an increase in wholesale prices with delivery in 2022
- (-) operating costs up by PLN 19 million, mainly due to higher costs of taxes and charges and employee benefit costs
- (-) costs of purchasing transmission and distribution services (balance) up by PLN 14 million
- (+) revenue from sales of distribution services to end users up by PLN 75 million, largely due to a higher average price
- (+) higher result on other operating activities by PLN 10 million resulting mainly from higher revenue from fixing interferences and remeasurement of provisions for grid assets

Appendix 3 - Statement of profit and loss of ENEA Wytwarzanie in H1 2022

[PLN 000s]	H1 2021	H1 2022	Change	% change
Revenue from sales of electricity	2,335,631	3,959,078	1,623,447	69.5%
generation license	2,207,592	3,810,087	1,602,495	72.6%
trading license	110,606	123,779	13,173	11.9%
Regulatory System Services	17,433	25,212	7,779	44.6%
Revenue from the Capacity Market	298,475	316,529	18,054	6.0%
Revenue from certificates of origin	91	0	-91	-100.0%
Revenue from sales of heat	574	7,086	6,512	1,134.5%
Revenue from sales of other products and services	2,614	2,933	319	12.2%
Revenue from sales of goods and materials	12,025	16,633	4,608	38.3%
Net revenue from sales	2,649,410	4,302,259	1,652,849	62.4%
Revenue from leases and operating subleases	302	258	-44	-14.6%
Net revenue from sales and other income	2,649,712	4,302,517	1,652,805	62.4%
Depreciation of fixed assets and amortization of intangible assets	114,635	122,493	7,858	6.9%
Employee benefit costs	135,309	148,850	13,541	10.0%
Consumption of materials and supplies and cost of goods sold	1,789,960	3,025,359	1,235,399	69.0%
Purchase of energy for subsequent sale	233,067	454,886	221,819	95.2%
Transmission services	3	1	-2	-66.7%
Other third-party services	58,251	63,139	4,888	8.4%
Taxes and charges	39,667	40,108	441	1.1%
Tax-deductible expenses	2,370,892	3,854,836	1,483,944	62.6%
Other operating revenue	14,150	12,038	-2,112	-14.9%
Other operating costs	7,916	8,968	1,052	13.3%
Change in provision related to onerous contracts	0	-193,683	-193,683	-
Profit / (loss) on the sale and liquidation of property, plant and equipment	11	74	63	572.7%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	0	(1,737)	-1,737	-
Operating profit / (loss)	285,065	258,879	-26,186	-9.2%
Finance income	8,533	41,134	32,601	382.1%
Finance costs	49,160	73,747	24,587	50.0%
Dividend income	120	0	-120	-100.0%
Profit / (loss) before tax	244,558	226,266	-18,292	-7.5%
Income tax	137,276	72,199	-65,077	-47.4%
Net profit / (loss) for the reporting period	107,282	154,067	46,785	43.6%
EBITDA	399,700	379,635	-20,065	-5.0%

ENEA Wytwarzanie – key EBITDA drivers in H1 2022 (down by PLN 20.1 million):

- (-) provisions related to onerous contracts of PLN 193.7 million
- (-) trading and Balancing Market margin down by PLN 81.7 million
- (-) fixed costs up by PLN 20.9 million
- (-) other drivers down by PLN 3.3 million
- (+) generation margin up by PLN 253.6 million
- (+) revenue from the Capacity Market up by PLN 18.1 million
- (+) revenue from Regulatory System Services up by PLN 7.8 million

Appendix 4 - Statement of profit and loss of ENEA Wytwarzanie in Q2 2022

[PLN 000s]	Q2 2021	Q2 2022	Change	% change
Revenue from sales of electricity	1,184,138	2,110,405	926,267	78.2%
generation license	1,114,951	2,036,271	921,320	82.6%
trading license	60,109	60,211	102	0.2%
Regulatory System Services	9,078	13,923	4,845	53.4%
Revenue from the Capacity Market	149,070	156,584	7,514	5.0%
Revenue from sales of heat	181	2,065	1,884	1,040.9%
Revenue from sales of other products and services	1,275	1,515	240	18.8%
Revenue from sales of goods and materials	7,183	9,736	2,553	35.5%
Net revenue from sales	1,341,847	2,280,305	938,458	69.9%
Revenue from leases and operating subleases	191	142	-49	-25.7%
Net revenue from sales and other income	1,342,038	2,280,447	938,409	69.9%
Depreciation of fixed assets and amortization of intangible assets	56,893	59,935	3,042	5.3%
Employee benefit costs	68,132	75,343	7,211	10.6%
Consumption of materials and supplies and cost of goods sold	932,045	1,634,596	702,551	75.4%
Purchase of energy for subsequent sale	122,525	223,101	100,576	82.1%
Transmission services	1	1	0	0.0%
Other third-party services	30,888	41,161	10,273	33.3%
Taxes and charges	19,867	20,929	1,062	5.3%
Tax-deductible expenses	1,230,351	2,055,066	824,715	67.0%
Other operating revenue	11,441	9,308	-2,133	-18.6%
Other operating costs	5,815	6,000	185	3.2%
Change in provision related to onerous contracts	0	-193,683	-193,683	-
Profit / (loss) on the sale and liquidation of property, plant and equipment	(1)	70	71	7,100.0%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	0	(1,737)	-1,737	-
Operating profit / (loss)	117,312	36,813	-80,499	-68.6%
Finance income	8,476	39,230	30,754	362.8%
Finance costs	26,213	38,735	12,522	47.8%
Dividend income	120	0	-120	-100.0%
Profit / (loss) before tax	99,695	37,308	-62,387	-62.6%
Income tax	109,347	35,917	-73,430	-67.2%
Net profit / (loss) for the reporting period	(9,652)	1,391	11,043	114.4%
EBITDA	174,205	95,011	-79,194	-45.5%

ENEA Wytwarzanie – key EBITDA drivers in Q2 2022 (down by PLN 79.2 million):

- (-) provisions related to onerous contracts of PLN 193.7 million
- (-) trading and Balancing Market margin down by PLN 41.1 million
- (-) fixed costs up by PLN 17.2 million
- (-) other drivers down by PLN 1.7 million
- (+) generation margin up by PLN 162.0 million
- (+) revenue from the Capacity Market up by PLN 7.6 million
- (+) revenue from Regulatory System Services up by PLN 4.9 million

Appendix 5 - Statement of profit and loss of ENEA Elektrownia Połaniec in H1 2022

[PLN 000s]	H1 2021	H1 2022	Change	% change
Revenue from sales of electricity	1,177,488	2,235,958	1,058,470	89.9%
generation license	831,507	1,890,218	1,058,711	127.3%
trading license	339,273	336,579	-2,694	-0.8%
Regulatory System Services	6,708	9,161	2,453	36.6%
Revenue from the Capacity Market	121,166	125,059	3,893	3.2%
Revenue from certificates of origin	124,411	200,260	75,849	61.0%
Revenue from sales of heat	33,519	37,855	4,336	12.9%
Revenue from sales of other products and services	2,651	2,785	134	5.1%
Revenue from sales of goods and materials	1,123	1,985	862	76.8%
Excise duty	33	24	-9	-27.3%
Revenue from sales and other income	1,460,325	2,603,878	1,143,553	78.3%
Depreciation of fixed assets and amortization of intangible assets	38,610	49,786	11,176	28.9%
Employee benefit costs	38,873	41,594	2,721	7.0%
Consumption of materials and supplies and cost of goods sold	772,491	1,725,711	953,220	123.4%
Purchase of energy for subsequent sale	394,602	345,847	-48,755	-12.4%
Transmission services	220	182	-38	-17.3%
Other third-party services	113,287	118,953	5,666	5.0%
Taxes and charges	17,740	18,726	986	5.6%
Tax-deductible expenses	1,375,823	2,300,799	924,976	67.2%
Other operating revenue	18,002	5,993	-12,009	-66.7%
Other operating costs	529	921	392	74.1%
Change in provision related to onerous contracts	0	-253,249	-253,249	-
Operating profit / (loss)	101,975	54,902	-47,073	-46.2%
Finance income	10	5,587	5,577	55,770.0%
Finance costs	4,804	11,947	7,143	148.7%
Dividend income	3,517	1,778	-1,739	-49.4%
Profit / (loss) before tax	100,698	50,320	-50,378	-50.0%
Income tax	21,735	9,120	-12,615	-58.0%
Net profit / (loss) for the reporting period	78,963	41,200	-37,763	-47.8%
EBITDA	140,585	104,688	-35,897	-25.5%

ENEA Elektrownia Połaniec – key EBITDA drivers in H1 2022 (down by PLN 35.9 million):

System Power Plants Segment (EBITDA up by PLN 44.9 million):

- (+) generation margin up by PLN 214.7 million
- (+) trading and Balancing Market margin up by PLN 46.0 million
- (+) revenue from the Capacity Market up by PLN 3.9 million
- (+) revenue from sales of Regulatory System Services up by PLN 2.5 million
- (-) provisions related to onerous contracts of PLN 195.0 million
- (-) fixed costs up by PLN 27.2 million

RES Segment (EBITDA down by PLN 72.3 million):

- (-) provisions related to onerous contracts of PLN 58.2 million
- (-) RES energy production margin down by PLN 35.9 million
- (-) other variable costs up by PLN 2.2 million
- (+) Green Block's margin on sales of green certificate inventories up by PLN 24.0 million

Heat Segment (EBITDA down by PLN 8.5 million)

- (-) margin on heat down by PLN 8.5 million due to: higher cost of CO₂ by PLN 8.7 million, higher cost of coal by PLN 2.8 million, higher sales of heat by PLN 2.4 million

Appendix 6 - Statement of profit and loss of ENEA Elektrownia Połaniec in Q2 2022

[PLN 000s]	Q2 2021	Q2 2022	Change	% change
Revenue from sales of electricity	588,954	1,138,993	550,039	93.4%
generation license	412,824	977,889	565,065	136.9%
trading license	173,700	156,497	-17,203	-9.9%
Regulatory System Services	2,430	4,607	2,177	89.6%
Revenue from the Capacity Market	61,416	62,089	673	1.1%
Revenue from certificates of origin	72,255	117,264	45,009	62.3%
Revenue from sales of heat	16,963	18,550	1,587	9.4%
Revenue from sales of other products and services	1,328	1,446	118	8.9%
Revenue from sales of goods and materials	539	1,021	482	89.4%
Excise duty	15	10	-5	-33.3%
Revenue from sales and other income	741,440	1,339,353	597,913	80.6%
Depreciation of fixed assets and amortization of intangible assets	20,246	25,669	5,423	26.8%
Employee benefit costs	20,595	21,736	1,141	5.5%
Consumption of materials and supplies and cost of goods sold	376,616	931,382	554,766	147.3%
Purchase of energy for subsequent sale	220,897	164,727	-56,170	-25.4%
Transmission services	125	86	-39	-31.2%
Other third-party services	53,234	62,404	9,170	17.2%
Taxes and charges	9,485	9,910	425	4.5%
Tax-deductible expenses	701,198	1,215,914	514,716	73.4%
Other operating revenue	17,554	4,534	-13,020	-74.2%
Other operating costs	207	424	217	104.8%
Change in provision related to onerous contracts	0	-253,249	-253,249	-
Operating profit / (loss)	57,589	(125,700)	-183,289	-318.3%
Finance income	3	4,697	4,694	156,466.7%
Finance costs	2,464	6,640	4,176	169.5%
Dividend income	3,517	1,778	-1,739	-49.4%
Profit / (loss) before tax	58,645	(125,865)	-184,510	-314.6%
Income tax	-15,562	-24,706	-9,144	-58.8%
Net profit / (loss) for the reporting period	74,207	(101,159)	-175,366	-236.3%
EBITDA	77,835	-100,031	-177,866	-228.5%

ENEA Elektrownia Połaniec – key EBITDA drivers in Q2 2022 (down by PLN 177.9 million):

System Power Plants Segment (EBITDA down by PLN 87.8 million):

- (-) provisions related to onerous contracts of PLN 195.0 million
- (-) fixed costs up by PLN 26.9 million
- (+) generation margin up by PLN 92.3 million
- (+) trading and Balancing Market margin up by PLN 38.9 million
- (+) revenue from sales of Regulatory System Services up by PLN 2.2 million
- (+) revenue from the Capacity Market up by PLN 0.7 million

RES Segment (EBITDA down by PLN 86.0 million):

- (-) RES energy production margin down by PLN 64.3 million
- (-) provisions related to onerous contracts of PLN 58.2 million
- (-) other variable costs up by PLN 1.2 million
- (-) fixed costs up by PLN 0.8 million
- (+) Green Block's margin on sales of green certificate inventories up by PLN 38.5 million

Heat Segment (EBITDA down by PLN 4.1 million)

- (-) margin on heat down by PLN 4.2 million due to: higher cost of CO₂ by PLN 3.5 million, higher cost of coal by PLN 2.0 million, higher sales of heat by PLN 1.2 million

12. Glossary of terms and abbreviations

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

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

Financial ratios	Item
CAPEX	Capital expenditures on property, plant and equipment, intangible assets and right-to-use asset
Current receivables turnover in days	Average balance of trade and other receivables x days / Revenue from sales and other income
Trade and other payables turnover in days	Average balance of trade and other payables x days / Cost of products, goods and materials sold
Inventory turnover in days	Average balance of inventories x days / Cost of products, goods and materials sold
Net debt / EBITDA	(Loans, borrowings and non-current and current debt securities + non-current and current finance lease liabilities + non-current and current financial liabilities measured at fair value - cash and cash equivalents - non-current and current financial assets at fair value - non-current and current debt financial assets measured at amortized cost - other current investments) / EBITDA LTM
EBITDA	Operating profit (loss) + depreciation and amortization + impairment losses on non-financial non-current assets
EBITDA LTM	EBITDA for the last 12 months
EBIT	Operating profit (loss)
External financing	Sum of the following items of the Statement of cash flows: Loans and borrowings received, Issue of bonds, Repayment of loans and borrowings, Redemption of bonds
Operating expenses	Amortization and depreciation; Employee benefit costs; Consumption of materials and supplies and cost of goods sold; Purchase of energy and gas for subsequent sale; Transmission services; Other third-party services, Taxes and charges
Cost of goods and materials sold	Consumption of materials and supplies and cost of goods sold; Purchase of energy for subsequent sale; Transmission services; Other third-party services; Taxes and charges; Excise duty
Fixed costs	Costs that are independent of the electricity production volume. In the power plant, these costs include: payroll costs and charges, depreciation and amortization, costs of consumption of materials and supplies, costs of third-party services, costs of taxes and charges and other fixed costs
Own costs	Direct and indirect selling costs of ENEA S.A. and ENEA Trading
Margin on heat	Margin on sales of heat calculated as the difference between revenue from sales of heat and its variable production costs
Margin on trading	Difference between revenue from sales and cost of electricity purchased in trading operations
Margin on RES energy production	Margin on sales of energy and production of green certificates from the Green Unit, calculated as the difference between revenue from sales of energy and from the valuation of certificates produced and the variable costs of producing them
Margin on the Balancing Market	Difference between revenue from sales and cost of electricity purchased on the Balancing Market
Margin on generation	Difference between revenue from sales of electricity produced and revenue from certificates, and the variable costs related to production of that electricity
Margin on licensed activity	Margin on licensed activity is a management indicator incorporating revenues and costs related to business activity involving distribution of electricity to customers located in a specific area. Those include primarily: revenue from sales of distribution services to end users, costs of transmission and distribution services, costs of electricity purchased to cover the balancing difference and for own needs, revenue from grid connection fees for connection to ENEA Operator's grid.
Green Block's margin on sales/remeasurement of green certificate inventories	Margin on the sale of green certificates from the Green Block calculated as a difference between revenue from sales and the cost of sales of the certificates, which takes into account the updated inventories of green certificates, i.e. the updated average weighted price of the inventory of certificates to market price in case their market price drops significantly
Coverage of non-current assets with equity	Equity / Non-current assets
Operating profitability	Operating profit (loss) / Revenue from sales and other income
Return on equity (ROE)	Net profit (loss) for the reporting period / Equity
Return on assets (ROA)	Net profit (loss) for the reporting period / Total assets
Net profitability	Net profit (loss) for the reporting period / Revenue from sales and other income
EBITDA profitability	EBITDA / Revenue from sales and other income

Adjusted first contribution margin	Margin on retail trading of electricity and gaseous fuel earned by ENEA S.A., presented together with wholesale sales of ENEA Trading adjusted for presentation by other conditional factors, such as costs of provisions for claims of terminated PMOZE agreements, revenues and costs from sales and purchases of CO ₂ emission allowances, valuation of CO ₂ contracts, forward transactions for energy, gas and property rights presented in operating activities.
Result on other operating activities	Result on the following items: Other operating revenue, Other operating costs, Profit/loss on a change, sale and liquidation of property, plant and equipment
Current liquidity ratio	Current assets / Current liabilities
Total debt ratio	Total liabilities / Total assets
Change in working capital	An item of the statement of cash flows

Abbreviation/term	Item
ACER	European Union Agency for the Cooperation of Energy Regulators
Advanced Metering Infrastructure (AMI)	Advanced Metering Infrastructure, advanced metering and billing systems with two-way metering and billing, smart meters
Capacity auction	A mechanism introduced by the Capacity Market Act of 8 December 2017 (Journal of Laws 2020, Item 247). In capacity auctions, electricity producers offer the operator a capacity obligation for the duration of a delivery period, which means that they undertake to maintain readiness in the delivery period to deliver the specified electric power output to the system and to deliver the specified electric power output to the system in emergency periods.
BAT	Best Available Techniques – a document drawing conclusions on best available techniques for the installations concerned and indicating the emission levels associated with the best available techniques.
Baseload price (BASE)	Contract price for delivery of the same volume of electricity in each hour of the day
CO	Carbon monoxide
CO₂	Carbon dioxide
CSR (Corporate Social Responsibility)	Corporate Social Responsibility. Responsibility of an organization for the impact exerted by its decisions and actions on society and the environment; it is ensured by transparent and ethical conduct, which: <ul style="list-style-type: none"> – contributes to sustainable development, including wellbeing and health of the society, – takes stakeholder expectations into account, – complies with the applicable law and consistent with international standards of conduct, – is integrated with the organization's activities and is practiced in its relations.
IED	Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 concerning industrial emissions. It tightens the standards for emissions of sulfur dioxide, nitrogen oxides and dust from combustion plants
ENTSO-e	European Network of Transmission System Operators for Electricity (ENTSO-E), which is an association of 43 electricity transmission system operators (TSOs) from 36 countries in Europe. The organization was created in December 2008 and operates on the basis of the Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003
EUA	EU Emission Allowance - emission allowance under the European Emissions Trading System
EU ETS European Emissions Trading System	A European scheme to promote the reduction of greenhouse gas emissions
GWh	Gigawatt-hour
HCL	Hydrogen chloride
HF	Hydrogen fluoride
Hg	Mercury
ICE	Platform for trading EU CO ₂ Emission Allowances (EUAs) and Certified Emission Reduction units (CERs) on the futures market
ICT	Information and Communication Technologies.
SCR installation	Catalytic flue gas denitrification installation
Combined heat and power generation	A technological process of simultaneous generation of electricity and useful thermal energy in a CHP plant
Polish Power System	A collection of devices used to generate, transmit, distribute, store and use electricity, connected together in a functional system supporting continuous and uninterrupted supply of electricity in Poland
Location-based method	A method of estimating Scope 2 greenhouse gas emissions, which uses the average emission intensity in a given geographic region.
Mg	Megagram, or a ton.
MWe	Megawatt of electrical power
MWh	Megawatt-hour (1 GWh = 1,000 MWh)
MW_t	Megawatt of thermal power
NH₃	Ammonia.

Nm³	Normalized cubic meter of gas, i.e. the number of cubic meters that the gas would occupy in normal conditions.
NO_x	Nitrogen oxides
Transmission System Operator	Polskie Sieci Elektroenergetyczne S.A., a company wholly-owned by the State Treasury, which owns highest voltage grids and therefore is the operator of the power transmission system.
Origination	ENEA Trading's commercial activity involving predominantly the execution of non-standard purchases of electricity from generators other than direct participants of the wholesale market, obtained from renewable energy sources and other distributed sources, such as cogeneration plants, incineration plants and industrial plants. The electricity purchased by ENEA Trading is then sold on the wholesale electricity market or is used by the ENEA Group
DSO	Distribution System Operator
DSOn	A Distribution System Operator, whose distribution network has no direct connection with the TSO's transmission network.
TSO	Transmission System Operator
RES	Renewable energy sources
“White” Property Rights	Common name of PMEF, PMEF_F, PMEF-XXXX instruments
“Blue” Property Rights	Common name of PMOZE-BIO instruments
“Green” Property Rights	Same as PMOZE
PMOZE	Property rights under certificates of origin for energy from renewable sources
PMOZE - BIO	Property rights under certificates of origin of electricity from agricultural biogas plants
PSCMI 1	Reflects the price level of class 20-23/1 fine steam coal in sales to commercial and industrial energy sector.
Energy Law	Act of 10 April 1997 - Energy Law (Journal of Laws 2019 Item 755).
Prop – Trading	ENEA Trading's activity consisting of trading in contracts listed on commodity exchange markets on the company's own account.
Prosumer	A person who generates electricity from renewable energy sources for own needs using a micro-installation, capable of storing energy and transferring surplus energy to the power grid
PV	Photovoltaics
RDF	Refuse Derived Fuel - fuel produced from waste with a high calorific value.
DAM	Day-Ahead Market (DAM) has been operating since 30 June 2000. It is a SPOT electricity market in Poland. Since the beginning of quotation, DAM prices are a benchmark for energy prices in bilateral contracts in Poland. The DAM is intended for the companies that want to actively and safely close their electricity purchase/sales portfolios on an ongoing basis at particular hours of the day
Balancing Market	Technical market operated by TSOs. Its objective is to ensure real-time balancing of demand for electricity and its production in the Polish Power System (NPS)
SPOT market	Cash market (spot)
Forward market	Electricity market where forward products are listed
SCR (Selective Catalytic Reduction)	An installation for catalytic denitrification of exhaust gases. It operates based on the principle of reduction of nitrogen oxides to atmospheric nitrogen on the surface of a catalyst, using substances containing ammonia
Smart Grid	Smart electrical grids, which feature communication between all the participants on the energy market, in order to supply energy services at lower costs, enhance efficiency and integrate dispersed energy sources, including renewable energy sources.
MV	Medium voltage grid, in which the phase-to-phase voltage ranges from 1 kV to 60 kV
SO₂	Sulfur dioxide
POLPX	Polish Power Exchange
TWh	Terawatt-hour
ERO	Energy Regulatory Office
HV	High voltage grid. An electric power transmission grid, in which the phase-to-phase voltage ranges from 60 to 200 kV (in Poland: 110 kV). This grid is used to transmit electricity over large distances.
RAB	Regulatory Asset Base
Scope 1	Direct CO ₂ emissions resulting from fuel combustion in stationary or mobile sources owned by an organization or under its control, emissions resulting from manufacturing or processing or fugitive emissions of coolants.
Scope 2	Electricity indirect CO ₂ emissions resulting from the generation of consumed electricity, heat, processing steam and cooling, purchased or supplied from outside.
Sustainable development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs and considers the expectations of the surrounding communities and societal, environmental and economic challenges. It enables permanent increase of the value of an organization and rational management of resources.



Signatures of the Management Board

Date of approval and publication of "Management Board Report on the Activity of the ENEA Group in H1 2022" – 14 September 2022.

Signed by:

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