



Additional Information to the Extended Consolidated Report of ENEA S.A. for Q3 2022

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ENEA Group in numbers



ENEA has 17.5 thousand employees



MINING	GENERATION	DISTRIBUTION	TRADING
24.1%	6.3 GW	2.7 million	2.7 million
share in the steam coal market in Poland	total installed capacity	users of distribution services	customers
428 million tons	446 MW	121.5 thousand km	17.8 TWh
mining potential of 4 mining concession areas	installed RES capacity	distribution lines, including connections	sales of electricity and gaseous fuel to retail customers in Q1-Q3 2022
7.2 million tons	20.2 TWh	15.2 TWh	33
net coal production in Q1-Q3 2022	net energy production in Q1-Q3 2022	electricity supplied in Q1-Q3 2022	Customer Service Offices (including 32 stationary and 1 mobile)

1. Operating summary of three quarters of 2022

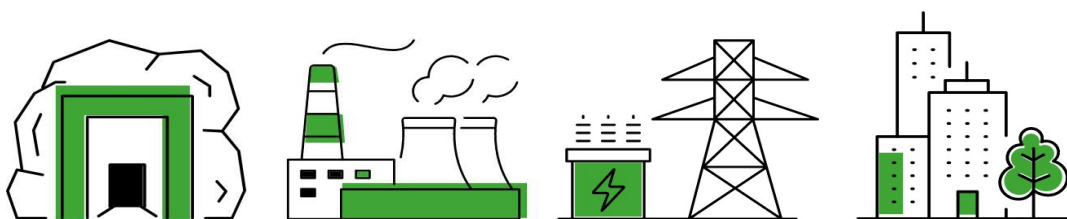
In Q1-Q3 2022, the ENEA Group generated EBITDA of PLN 2,295.0 million (down by PLN 492.2 million y/y).

The Generation Area posted EBITDA of 281.3 million (down by PLN 760.1 million y/y). The lower EBITDA resulted predominantly from the poorer performance in the System Power Plants Segment, down by PLN 644.8 million y/y (establishment of provisions for onerous contracts, a lower margin on the Balancing Market, an increase in the margin on generation, an increase in the margin on trade operations) and in the RES Segment, down by PLN 146.5 million y/y (which resulted primarily from the establishment of provisions for onerous contracts and higher costs of biomass consumption). In the Heat Segment, an increase in EBITDA by PLN 31.3 million y/y was recorded, largely due to a greater unit margin.

The Mining area generated EBITDA of PLN 675.8 million (up by PLN 131.1 million y/y). The greater EBITDA was driven mainly by the higher sales of coal (an increase in the average sales price, decrease in the volume), partially offset by increased costs of operating activities.

The Distribution area posted EBITDA of PLN 981.8 million (down by PLN 49.4 million y/y). The decline in EBITDA was caused by an increase in operating expenses along with a concurrent greater realized margin on licensed activities and a better result on other operating activities.

The Trading area posted EBITDA of PLN 293.1 million (up by PLN 116.8 million y/y). The increase in EBITDA was driven by a higher realized margin on the retail market and a higher result on revaluation of CO₂ contracts. At the same time, the costs of provisions for claims arising from terminated contracts related to RES property rights increased, as did provisions related to onerous contracts.



- The ENEA Group incurred CAPEX of **PLN 1,725 million**
- Production of commercial coal was **7.2 million tons**
- Sales of commercial coal amounted to **7.2 million tons**
- The Group generated **20.2 TWh** of electricity
- Sales of heat in the Generation Segment was **4.9 PJ**
- Sales of distribution services to end users totaled **15.2 TWh**
- The volume of sales of electricity and gaseous fuel to retail customers was **17.8 TWh**

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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 sales of heat
 Higher revenue from the Capacity Market

-

Change in provisions related to onerous contracts
 Higher costs of consumption of materials and supplies
 Higher costs of purchase of electricity and gas
 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 (ENEA Operator), 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 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 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 General 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 ("WSE") 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 S.A. 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") 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 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 KDPW.
- On 9 May 2022, the KDPW 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 Articles of Association 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 WSE and dematerialization of the series D shares and/or rights to the series D shares. After the registration, the Company's share capital was 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 the 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 the 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 KDPW 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 (KDPW) by 10 June 2022 and marked with the code PLENEA000013.

- On 10 June 2022, the KDPW 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 concluded Letter of Intent 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.

Third quarter

- 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 was granted 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 Share 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 Węglokoks S.A., and 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 specified by Mr. Radosław Kwaśnicki was due to other professional challenges unrelated to the Company.
- 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/III/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 were taken into account in the condensed interim consolidated financial statements for the period from 1 January to 30 September 2022. Therefore, LWB estimates that, in the worst-case scenario, the non-performance of the contracts entered into with ENEA Wytwarzanie, ENEA Elektrownia Połaniec and ENEA Ciepło will translate into the inability to deliver approx. 1.441 million tons of coal by the end of 2022. According to ENEA Trading's estimates, the volume of bituminous coal that would have to be purchased by the ENEA Group's

generation companies from suppliers other than LWB in order to maintain the systemically required level of fuel inventories and properly perform their existing contracts for the sale of electricity in 2022 is approx. 0.965 million tons. Accordingly, the process of reviewing proposals obtained from alternative suppliers and contracting coal deliveries with them is currently in progress. The Issuer considers it expedient to indicate that, due to the current geopolitical situation, any purchases of coal fuel will result in the inevitability of incurring additional significant expenses.

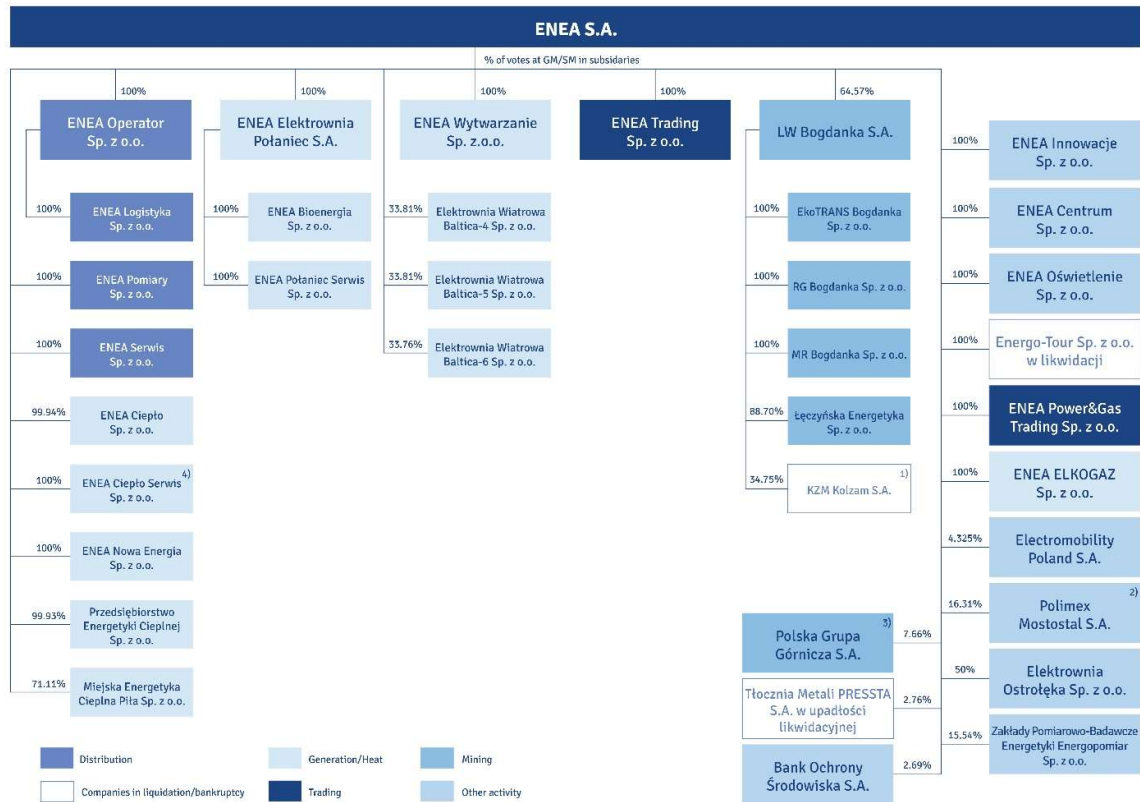
- On 27 September 2022, LWB announced the information about the updated longwall run schedule covering this year and 2023 and decided to make the resulting production plan public. LWB announced that the production plan for 2023 would be 8.3 million tons of commercial coal. Therefore, LWB informed ENEA Trading about the continuation of the circumstances affecting the performance of the bituminous coal delivery contracts concluded with ENEA Group generation companies in 2023. According to the provided information, LWB estimates that, in the worst-case scenario, the non-performance of the contracts entered into with ENEA Wytwarzanie, ENEA Elektrownia Połaniec and ENEA Ciepło will translate into the inability to deliver approx. 0.331 million tons of coal in 2023. In Current Report No. 60/2022, the Company stated that the need was identified to increase the provision for onerous contracts in the generation segment by approx. PLN 864.6 million compared to the amount of this provision as at 30 June 2022, that is from PLN 446.9 million to approx. PLN 1,311.5 million, primarily due to the necessity to purchase bituminous coal from suppliers other than Lubelski Węgiel "Bogdanka" S.A. As at 30 September 2022, the provision held by ENEA Elektrownia Połaniec S.A. is approx. PLN 217.8 million, while in ENEA Wytwarzanie sp. z o.o. the provision is approx. PLN 1,093.7 million.

1.2. Events after the reporting period

- On 18 November 2022 the Extraordinary General Meeting of ENEA S.A. adopted resolutions by the power of which the following changes were made in the composition of the Company's Supervisory Board of the 11th term of office: Mr. Paweł Andrzej Korobłowski was dismissed and Ms. Aneta Kordowska, Mr. Paweł Łącki, Mr. Piotr Zborowski were appointed.

2. Organization and activity of the ENEA Group

2.1. Structure of the ENEA Group as at 30 September 2022



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

²⁾ On 21 October 2022, as a result of the increase in the share capital of Polimex Mostostal S.A., the share of ENEA S.A. in the share capital of that Company diminished from 16.31% to 16.26%.

³⁾ On 25 October 2022, ENEA S.A. disposed of all shares it held in PGG to the State Treasury.

⁴⁾ On 3 October 2022, a merger with ENEA Ciepło Sp. z o.o. was effected.

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.⁵⁾

⁵⁾ 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 Q1-Q3 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 Q1-Q3 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 Q1-Q3 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 the period from 1 January to 30 September 2022.

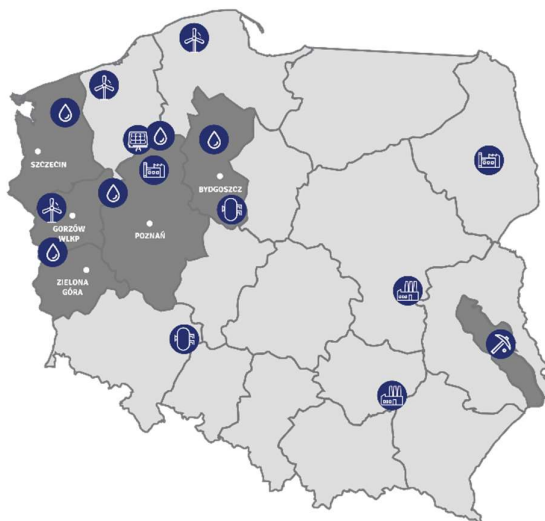
Events during the reporting period up to the date of the report

- 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 21 October 2022, as a result of the increase in the share capital of Polimex Mostostal S.A., the share of ENEA S.A. in the share capital of that Company diminished from 16.31% to 16.26%.
- 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. The company was registered in the National Court Register (KRS) on 23 May 2022. The Extraordinary General Meeting of ENEA Trading and ENEA Power&Gas Trading, held on 27 September 2022, adopted resolutions on the division of ENEA Trading through the transfer of the Company's Organized Part of the Enterprise to ENEA Power&Gas Trading. As a result of the division, ENEA Trading's share capital will be reduced by PLN 38,795,000, to PLN 61,205,000, and ENEA Power&Gas Trading's share capital will be increased by PLN 58,192,500, to PLN 61,392,500. The Organized Part of the Enterprise will be transferred on the entry to the National Court Register (KRS) by the competent court.
- 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 Połaniec entered into an agreement with the City of Tarnobrzeg, under which the city of Tarnobrzeg purchased from ENEA Elektrownia Połaniec 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 550,000,000 to fund the borrower's scheduled expenses. The loan has been drawn down 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 for all shares. Until 5 October 2022 (the deadline for exercising the pre-emptive purchase right), KOWR had not reported the exercise of the pre-emptive purchase right referred to above. On 25 October 2022, ENEA S.A. disposed of

all shares it held in PGG, i.e. 3,000,000 ordinary registered shares (constituting 7.66% of PGG's share capital), to the State Treasury.

- On 3 August 2022, ENEA S.A. purchased from 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 surviving company would be ENEA Ciepło. The merger came into effect on 3 October 2022.
- 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 750,452,000 to fund investment tasks.
- On 17 November 2022, ENEA Nowa Energia with its registered office in Radom and ENEA Innowacje with its registered office in Warsaw established two limited liability companies: 1) ENEBIOGAZ 1 sp. z o.o. in organization with its registered office in Radom, with the share capital of PLN 5,000.00 divided into 100 shares with a par value of PLN 50.00 each, which was fully covered by cash and shares were subscribed by: i) ENEA Nowa Energia: 99 shares with a total value of PLN 4,950.00, ii) ENEA Innowacje – 1 share with a total value of PLN 50.00. 2) ENEBIOGAZ 2 sp. z o.o. in organization with its registered office in Radom, with the share capital of PLN 5,000.00 divided into 100 shares with a par value of PLN 50.00 each, which was fully covered by cash and shares were subscribed by: i) ENEA Nowa Energia: 99 shares with a total value of PLN 4,950.00, ii) ENEA Innowacje – 1 share with a total value of PLN 50.00.

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 by connecting new customers
- Operation, maintenance and repairs of the distribution grid
- Management of metering data

Generation

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

Mining

- Production of bituminous coal
- Bituminous coal sale
- 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 primarily for the generation of electricity and heat and the production of cement. LWB's customers are chiefly industrial companies, especially ones operating in the power sector, located in eastern and north-eastern Poland.

Item	Q1-Q3 2021	Q1-Q3 2022	% change	Q3 2021	Q3 2022	% change
Net production [000s of tons]	7,503	7,163	-4.5%	2,556	1,593	-37.7%
Sales of coal [000s of tons]	7,244	7,157	-1.2%	2,654	1,920	-27.7%
Inventories (at the end of the period) [000s tons]	381	27	-92.9%	381	27	-92.9%
Excavation works [km]	15.4	25.2	63.6%	5.0	6.9	38.0%

2.3.2. Generation

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

Item	Installed electricity generation capacity [MW _e]	Achieved electricity generation capacity [MW _e]	Installed heat generation capacity [MW _t]	Installed capacity in RES [MW _e]
Kozienice Power Plant	4,071.8	4,007.0	125.4	-
Elektrownia Połaniec	1,879.0	1,899.0	130.0	230.0
Wind farms in Bardy, Darżyno and Baczyna [Lubno I and Lubno II]	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

Kozienice Power Plant

Unit	U1	U2	U3	U4	U5	U6	U7	U8	U9	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 scenario. 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.

Elektrownia Połaniec

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 Q3 2022, the Company had productive and non-productive assets: 21 water stages with auxiliary facilities on which hydro power plants are located with installed capacity from 132 kW to 24.8 MW, Gorzesław Biogas Plant with installed capacity of 1.7 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. The Company also operates the Jastrowie photovoltaic farm with a capacity of 3.0 MW.

ENEA Ciepło

Unit	U1	U2	U3	U4 ¹⁾	Water boilers	B1	B2	B3	B4	B5
Installed capacity [MW]	55	55	70	23.5	Installed capacity [MW]	0	0	0	0	0
Thermal capacity [MWt]	98.4	108	108	0	Thermal capacity [MWt]	33	35	35	40	40
Planned last year of production	2028	2045	2055	2061	Planned last year of production	-	-	-	-	-

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

2.3.2.3. Data for the Generation Area

Item	Q1-Q3 2021	Q1-Q3 2022	% change	Q3 2021	Q3 2022	% change
Total (net) electricity generation [GWh]	19,535	20,180	3.3%	7,466	6,877	-7.9%
Net generation from conventional sources [GWh]	17,742	18,693	5.4%	6,826	6,541	-4.2%
RES production [GWh]	1,793	1,487	-17.1%	640	336	-47.5%
Gross heat production [TJ]	5,413	5,395	-0.3%	1,111	1,090	-1.9%

ENEA Wytwarzanie

Total (net) electricity generation [GWh]	13,415	13,273	-1.1%	5,220	4,722	-9.5%
Net generation from conventional sources [GWh], including:	13,415	13,273	-1.1%	5,220	4,722	-9.5%
Unit 11 in the Kozenice Power Plant						
Net electricity production [GWh]	4,137	4,017	-2.9%	1,565	1,177	-24.8%
Average monthly net load [MW]	718.6	766.8	6.7%	743.1	755.9	1.7%
Gross heat production [TJ]	181	379	109.4%	30	24	-20.0%

ENEA Nowa Energia

Total (net) electricity generation [GWh]	199	219	10.1%	53	50	-5.7%
RES production [GWh], including:	199	218	10.1%	53	50	-5.7%
hydro power plants	89	84	-5.6%	20	19	-5.0%
wind farms	105	126	20.0%	31	28	-9.7%
biogas plants	6	6	-	2	2	-
PV farm ¹⁾	-	2	100%	-	1	100%

ENEA Elektrownia Połaniec

Total (net) electricity generation [GWh]	5,574	6,384	14.5%	2,114	2,037	-3.6%
Net generation from conventional sources [GWh]	4,142	5,281	27.5%	1,595	1,805	13.2%
RES production (biomass firing – Green Unit) [GWh]	1,193	874	-26.7%	432	117	-72.9%
RES production (biomass co-firing) [GWh]	239	229	-4.2%	87	115	32.2%
Gross heat production [TJ]	1,713	1,786	4.3%	567	567	-

ENEA Ciepło

Total (net) electricity generation [GWh]	304	270	-11.2%	69	56	-18.8%
Net generation from conventional sources [GWh] excluding biomass firing	142	105	-26.1%	1	2	100%
RES production – biomass firing [GWh]	162	166	2.5%	68	54	-20.6%
Gross heat production [TJ] (in combination with the "Zachód" Heat Plant)	2,898	2,661	-8.2%	448	431	3.8%

PEC Oborniki

Gross heat production [TJ]	87	76	-12.6%	9	9	-
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MEC Piła

Total (net) electricity generation [GWh]	43	34	-20.9%	9	12	33.3%
Gross heat production [TJ]	534	492	-7.9%	56	58	3.6%

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

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			
Q1-Q3 2021	11,918,548	2,195 ¹⁾	1,596,430
Q1-Q3 2022	11,955,790	2,139 ²⁾	2,927,192
MEC Piła			
Q1-Q3 2021	60,551	9,083 ¹⁾	9,164
Q1-Q3 2022	27,620	6,923 ²⁾	8,097
Białystok - CHP plant			
Q1-Q3 2021	220,187	45,587 ¹⁾	25,756
Q1-Q3 2022	167,153	44,415 ²⁾	26,724
Białystok – “Zachód” Heat Plant			
Q1-Q3 2021	14,671	2,487 ¹⁾	1,667
Q1-Q3 2022	8,506	2,923 ²⁾³⁾	1,602
Elektrownia Połaniec			
Q1-Q3 2021	4,269,215	89,956 ¹⁾	423,739
Q1-Q3 2022	5,408,963	87,646 ²⁾	1,250,724
Łęczyńska Energetyka ⁴⁾			
Q1-Q3 2021	35,401	10,632 ¹⁾	7,743
Q1-Q3 2022	31,551	11,809 ²⁾	6,429
Q1-Q3 2021, in total	16,518,573	159,940	2,064,499
Q1-Q3 2022, in total	17,599,583	155,855	4,220,768

¹⁾ Gratuitous allowances granted for 2021.

²⁾ Gratuitous allowances granted for 2022.

³⁾ Including additional allowances received on 5 August 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 Q1-Q3 2022 were coal and biomass – mainly in the form of steam wood chips, steam willow and poplar wood chips, and residues from agricultural production and the agricultural processing industry.

Coal deliveries

	Kozienice Power Plant	Elektrownia Połaniec	ENEA Ciepło
Main coal suppliers in Q1-Q3 2022	LW Bogdanka (78%), PGG (12%), JSW (3%), Węgiłokoks (3%)	LW Bogdanka (50%) PGG (34%), PGE Paliwa (4%)	LW Bogdanka (86%), PGG (14%)
Main operator effecting deliveries in Q1-Q3 2022	PKP CARGO S.A. (95%), Konsorcjum DB Cargo Polska S.A./ CTL Logistics sp. z o.o. (5%)	PKP CARGO S.A. (74%), Own transport (23%)	LW Bogdanka (86%) PKP CARGO S.A. (14%)

Purchase of fuel

Fuel type	Generation Area			
	Q1-Q3 2021		Q1-Q3 2022	
	Quantity [000s of tons]	Cost [PLN million]	Quantity [000s of tons]	Cost [PLN million]
Bituminous coal	7,483	1,793	8,447	2,733
Biomass	1,527	310	1,492	744
(Heavy) fuel oil ¹⁾	10	19	11	36
(Light) fuel oil ²⁾	5	15	3	20
Natural gas [thous. m ³] ³⁾⁴⁾	13,659	15	9,225	20
Total		2,152		3,553

¹⁾ Light up fuel in U1-10 of the Kozienice Power Plant and U1-7 of the Połaniec Power Plant; calculation updated for 2021

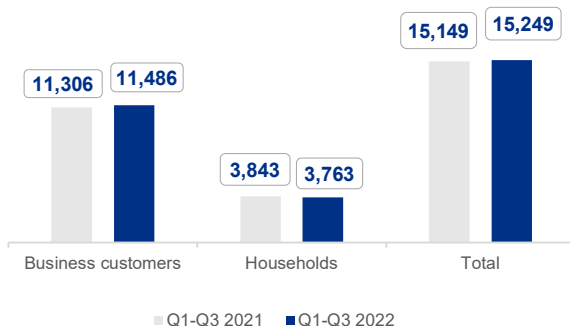
²⁾ Light up fuel in U11 of the Kozienice Power Plant and U9 of the Połaniec Power Plant

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

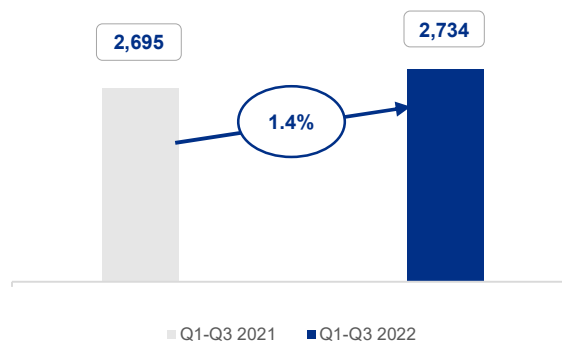
⁴⁾ Used for generation of heat in the “Zachód” Heat Plant; gas volume unit: thousand Nm³

2.3.3. Distribution

Sales of distribution services [GWh]



Number of customers [in thousands]



Connected RES sources in the operating area of ENEA Operator in 2016 - Q1- Q3 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	Total capacity of connected micro-installations, 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
Q1-Q3 2022	1,030	144,767	2,392	1,176

Number and length of connections

Item	As at 31 December 2021		As at 30 September 2022	
	Number	Length [km]	Number	Length [km]
Overhead	319,658	6,990	314,468	6,987
Cable	666,670	6,242	681,586	6,263
Total	986,328	13,232	996,054	13,250

Number of electrical substations

Item	As at 31 December 2021	As at 30 September 2022
	Number	Number
110 kV	249	249
MV	38,689	38,854
Total	38,938	39,103

108.2 thousand km – length of distribution lines

13.3 thousand km – length of connections

39.1 thousand – number of substations

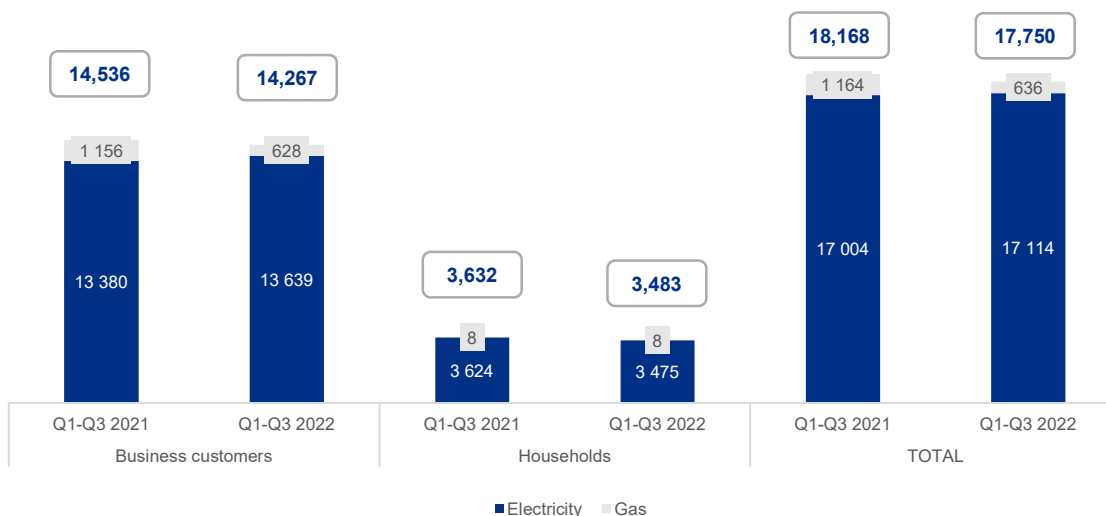
996.1 thousand – number of connections

2.3.4. Trading

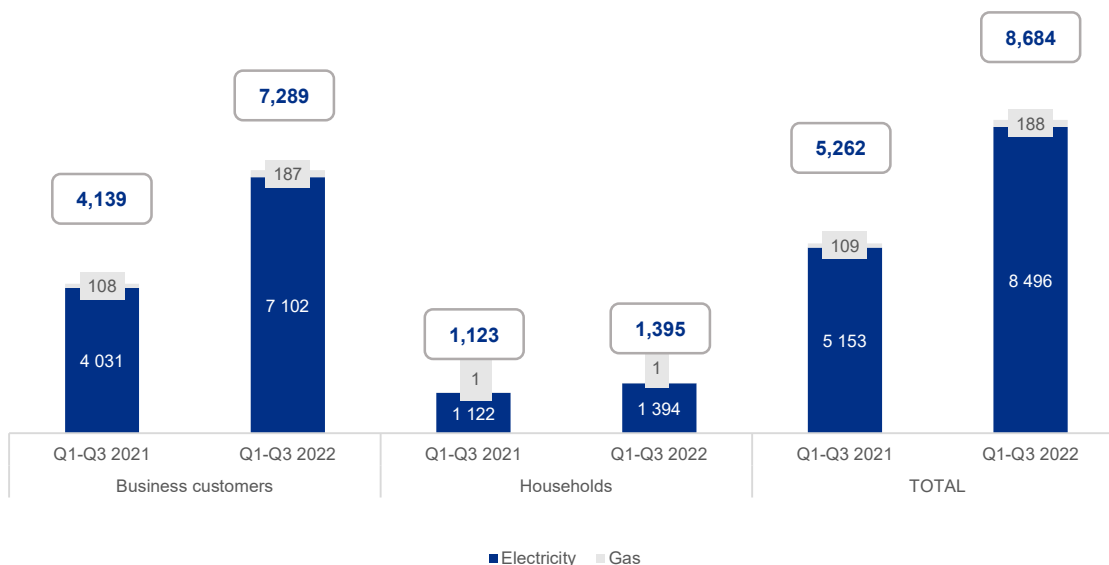
Sales of electricity and gaseous fuel to retail customers carried out by ENEA S.A.

In Q1-Q3 2022, as compared to the corresponding period of 2021, the total sales volume of electricity and gaseous fuel decreased by 418 GWh, or 2.3%. The decrease was caused by a change to the customer portfolio. In the business customer segment, the sales volume of gaseous fuel decreased by 528 GWh, or 45.7% y/y, with a concurrent increase in the sales volume of electricity by 259 GWh, or 1.9%. In the retail customer segment, there was a decrease in the volume of sales of electricity by 149 GWh, i.e. 4.1%, while the sales volume of gaseous fuel remained at the same level as in the corresponding period of 2021. Total revenue from sales of electricity and gaseous fuel increased in Q1-Q3 2022 by PLN 3,422 million, or 65.0%, as compared to the corresponding period of 2021, reflecting the rapid price increases on the wholesale market. This increase affected revenues both in both the business customer segment and in the retail customer 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.



ENEA, while carrying out the transformation of the Polish energy sector in a reasonable and efficient manner, provides reliable products and services to customers by building lasting relationships based on respect for the environment and shared values.



ENEA is a leading supplier of integrated products and services, setting new trends during energy transition.

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.

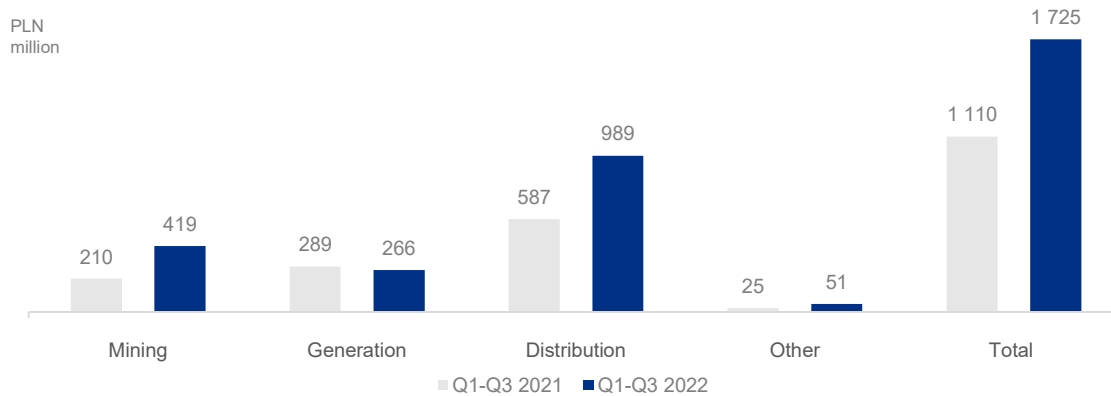
The ENEA Group intends to conduct its business in a sustainable manner while minimizing its impact on the natural environment. These development directions form a foundation which is used to define strategic objectives:



The ENEA Group, as one of the key entities on the energy market in Poland, co-responsible for the state's energy security, 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)



CAPEX – capital expenditures [PLN m]	Q3 2021	Q3 2022	Actuals Q3 2022/Plan Q3 2022	Q1-Q3 2021	Q1-Q3 2022	Actuals Q1-Q3 2022/Plan Q1-Q3 2022	Plan 2022
Mining	73.2	146.9	108.5%	210.3	418.5	89.3%	679.0
Generation	84.6	98.9	92.2%	288.6	266.1	84.4%	612.7
Distribution	215.6	381.8	135.0%	586.6	989.4	105.3%	1,264.4
Support and other	8.8	19.9	49.4%	24.8	51.1	8.5%	645.0
Total plan performance	382.2	647.5	114.4%	1,110.3	1,725.1	74.1%	3,201.1

Environmental investment projects

Item [PLN m]	Actuals Q3 2022	Actuals Q1-Q3 2022
Adaptation to BAT conclusions (Polaniec Power Plant)	14.2	51.8
Other	6.5	8.6
Total investments related to environmental protection	20.7	60.4

2.5.2. Execution of other projects and investments

Mining Area

Name of investment	Value [PLN m]
Investments implemented in the first three quarters of 2022:	
Development investments - purchase of finished goods, machinery and equipment	72.6
Operating investments - new mining pits and modernization of existing ones – in Q1-Q3 2022, 25.2 km of roadways were made.	327.5
Other investments	18.4
Investments planned for Q4 2022:	
Development investments - purchase of finished goods, machinery and equipment, purchase and installation of a longwall system	130.8
Operating investments - new mining pits and modernization of existing ones	81.4
Other investments	48.3

Generation Area – Kozenice Power Plant

Name of investment	Value [PLN m]
Investments implemented in the first three quarters of 2022:	
- Modernization of Chimney 5	1.4
- Modernization of Unit 4	1.4
- Reconstruction of groins on the Vistula River – OS4/426, OS6/426, OS8/426 and OS4/427	1.8
- Installation of a selective catalytic reduction flue gas denitrification installation for Units 9 and 10	2.3
- Restoration of generation capacity	3.6
- Regular overhauls	11.2
- Modernization of Unit 11	13.4
- Performance of other investment implemented in the first three quarters of 2022	14.1
- Modernization of Unit 6	34.6
- Modernization of Unit 10	41.2
Investments planned for Q4 2022:	
- Modernization of MKM-33 coal pulverizers on boilers B-1 and B-6	0.3
- Reconstruction of groins on the Vistula River – OS4/426, OS6/426, OS8/426 and OS4/427	0.9
- Other investments related to Unit 11	1.2
- Modernization of slag pipelines	2.4
- Purchase of ready-made fixed assets	3.8
- Regular overhauls	8.1
- Shared investments - 8x200 MW and 2x500 MW units	12.3
- Modernization of Unit 11	49.5

Generation Area – ENEA Nowa Energia

Name of investment	Value [PLN m]
Investments implemented in the first three quarters of 2022:	
- PV Likowo – 1 MW capacity, independent project, construction outsourced	2.1
- PV Jastrowie I – 3 MW capacity, independent project, construction by ENEA Serwis	2.8
Investments planned for Q4 2022:	
- Power plant automation, modernization project, technological monitoring of a power plant	0.3
- PV Likowo – 1 MW capacity, independent project, construction outsourced;	0.9
- PV Lubno I and II – 2x1MW capacity, independent project, construction outsourced	5.4
- PV-FW Lubno I – 3 MW capacity, independent project, construction outsourced	7.4
- 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 implemented in the first three quarters of 2022:	
- Construction of the EC-Zachód source ¹⁾	2.6
- Purchase of fixed assets	0.1
Investments planned for Q4 2022:	
- Reconstruction of heating networks – project executed in 2021-2023 (planned total cost PLN 11.1 million)	3.2
- Purchase of fixed assets	0.3

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

Generation Area – ENEA Ciepło

Name of investment	Value [PLN m]
Investments implemented in the first three quarters of 2022:	
- Replacement of controllers in DCS systems and FSC security systems on units and off-unit systems	0.6
- Construction of a biomass-fired cogeneration unit	0.6
- Delivery and installation of the third batch of SCR installation catalysts K-7 and K-8	0.7
- Modernization of coal-fired boilers in the Zachód Heat Plant to adapt them to the environmental requirements	0.9
- Replacement of chemical storage systems and regeneration systems SUW2	1.2
- Restoration of coal bunkers of boiler K7	1.5
- Other capital expenditures in the Białystok CHP Plant area	2.6
- Development investments – building new heat distribution networks, connections and hubs, telemetry	3.7
- Other investments Head Office area	4.3
- Investments with co-funding – rebuilding existing heat distribution networks and hubs	16.7
Investments planned for Q4 2022:	
- Replacement of chemical storage systems and regeneration systems SUW2	0.3
- Modernization of the emergency power supply (from a power generator)	0.4
- Replacement of controllers in DCS systems and FSC security systems on units and off-unit systems	0.5
- Modernization of physiochemical measurements in unit water and steam circuits	0.8
- Replacement of the TZ4 turboset	0.9
- Construction of a biomass-fired cogeneration unit	0.9
- Other investments Head Office area	1.4
- Other capital expenditures in the Białystok CHP Plant area	2.2
- Development investments – building new heat distribution networks, connections and hubs, telemetry	2.8
- Modernization of coal-fired boilers in the Zachód Heat Plant to adapt them to the environmental requirements	5.6
- Investments with co-funding – rebuilding existing heat distribution networks and hubs	13.8

Generation Area – ENEA ELKOGAZ

Name of investment	Value [PLN m]
Investment implemented in the first three quarters of 2022:	
- Restoration of generation capacity of 200 MW coal-fired units in the Koziernice Power Plant based on the gaseous fuel combustion technology	9.2
Investments planned for Q4 2022:	
- Restoration of generation capacity of 200 MW coal-fired units in the Koziernice Power Plant based on the gaseous fuel combustion technology	2.3

Generation Area – Połaniec Power Plant

Name of investment	Value [PLN m]
Investments implemented in the first three quarters of 2022:	
- Adaptation of ENEA Elektrownia Połaniec to the BAT conclusions	51.8
- Adaptation of ENEA Elektrownia Połaniec to Capacity Market requirements after 1 July 2025	0.8
Investments planned for Q4 2022:	
- Adaptation of ENEA Elektrownia Połaniec to the BAT conclusions	6.2
- Adaptation of ENEA Elektrownia Połaniec to Capacity Market requirements after 1 July 2025	3.0

Distribution Area – ENEA Operator

Name of investment	Value [PLN m]
Investments implemented in the first three 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	944.9
- Development of the infrastructure area to support operations in terms of IT and telecommunications	19.2
- Development of the infrastructure area to support operations in terms of buildings and tools	16.5
- Development of the infrastructure area to support operations in terms of transport	3.8
Investments planned for Q4 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	204.4
- Development of the infrastructure area to support operations in terms of IT and telecommunications	34.0
- Development of the infrastructure area to support operations in terms of buildings and tools	23.5
- Development of the infrastructure area to support operations in terms of transport	3.7

Trading Area – execution of key projects

Area
Retail and Customer Service Area
- Continuation of work on introducing automation processes in the customer service area through, e.g., robotic process automation (RSA 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.
- On 1 September 2022, a new product called EKO OFFER was launched. Under the EKO Offer, ENEA offers customers attractive electricity prices, stable sales fees and acquisition by ENEA of guarantees of origin in the amount covering the customer’s actual consumption. Moreover, the customers can choose EKO Price List as part of the Energia+ Fachowiec offer, under which the customer additionally receives the assistance of professional technicians for minor electrical, plumbing, or household appliance repairs.
- On 18 October 2022, a new law entered into force, the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market, and on 4 November 2022, the Law of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023 came into force. The Company has taken measures to adapt its organization (processes, billing systems) to the requirements of this regulation.
- Continued work related to 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
- 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 Q1-Q3 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 Q3 2022, ENEA S.A. did not enter into any new long-term loan agreements and did not issue any bonds. However, 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 750 million to PLN 1,250 million. In addition to the said facility limit, as at 30 September 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 September 2022, the nominal debt of ENEA S.A. arising from issued bonds and contracted loans totaled PLN 4,495 million, including PLN 1,554 million from long-term loans and PLN 2,941 million from bonds.

In the ENEA Group, some companies also have executed external financing agreements. As at 30 September 2022, the total nominal amount of such companies' external debt under the loans and borrowings (without ENEA S.A.) was PLN 42 million.

In the reporting period ended in 30 September 2022, neither the ENEA Group companies nor their counterparties did not terminate any loan or borrowing agreements.

After the reporting period, on 3 October 2022, ENEA S.A. signed a multi-currency overdraft agreement with PKO BP S.A. up to PLN 500 million valid till 31 December 2022. On 21 October 2022, ENEA S.A. signed an open overdraft agreement with Pekao S.A. with a credit limit up to PLN 750 million valid till 21 December 2023. On 27 October 2022, ENEA S.A. signed Annex no. 3 to the open overdraft agreement with Bank Gospodarstwa Krajowego in the amount of PLN 1,250 million, extending the term of the agreement till 28 July 2023.

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 (the "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 30 September 2022, the surety agreement with Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna was amended by Annex 1, as a result of which the amount of the surety was increased to PLN 3,400 million.

On 27 June 2022, ENEA S.A. granted a corporate guarantee to Axpo Polska Sp. z o.o. for the liabilities of ENEA Trading (the "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 guarantee covers the Subsidiary's liabilities towards the Bank existing as at the date of the corporate guarantee 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.

On 12 July 2022, ENEA S.A. granted a corporate guarantee to Morgan Stanley Europe SE for the liabilities of ENEA Trading (the "Subsidiary") up to EUR 200 million. The liabilities include cash to be provided by Morgan Stanley Europe SE to the Subsidiary due to forward transactions related to CO₂ emission allowances executed by the Subsidiary. The corporate guarantee covers the Subsidiary's liabilities towards the Bank existing as at the date of the corporate guarantee. ENEA S.A. may terminate the corporate guarantee with immediate effect by delivering Morgan Stanley Europe SE a notice of termination at least 30 business days in advance.

On 7 July 2022, ENEA S.A. concluded a surety agreement with Izba Rozliczeniowa Giełd Towarowych S.A. ("IRGiT") for the liabilities of ENEA Elektrownia Połaniec S.A. (the "Subsidiary") up to the amount of PLN 4,000 million. The liabilities include cash to be provided by IRGiT to the Subsidiary due to deposits provided to secure transactions executed by the Subsidiary. On 26 July 2022, the surety agreement with IRGiT was amended by Annex 1, as a result of which the amount of the surety was increased to PLN 10,800 million. The surety agreement expires on 30 April 2023.

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 September 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 16,495.1 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 923.9 million.

2.5.6. Interest rate swaps

In the reporting period ended on 30 September 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 September 2022, the total nominal exposure arising from intra-Group bonds held by ENEA S.A. was PLN 1,566 million. The intragroup bond issuance programs have been fully utilized and repayment, depending on the series, is either on a one-off basis or in installments.

2.5.8. Intra-group financing – loans

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.

On 29 July 2022, ENEA S.A. and ENEA Operator entered into a loan agreement to provide up to PLN 550 million to fund the ENEA Operator'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 thousand for the execution by ENEA Operator 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 Series D Shares issued as a result of an increase in ENEA S.A.'s share capital. As at 30 September 2022, pursuant to this agreement ENEA Operator disbursed one tranche in the amount of PLN 267 million.

The nominal value of debt as at 30 September 2022 was PLN 4,907 million. Detailed information on the loan agreements signed by ENEA S.A. and active in the reporting period ended on 30 September 2022 and their utilization is presented in the table below:

Starting date	Ending date	Company	Value of agreements PLN million	Amount of credit taken in Q1-Q3 2022 PLN million	Interest rate	Loan debt as at 30 September 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	July 2028	ENEA Operator	3,340	817	base rate + margin	2,417
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 September 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 September 2022.

2.5.9. Related party transactions

In Q1-Q3 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 September 2022".

3. Risk management

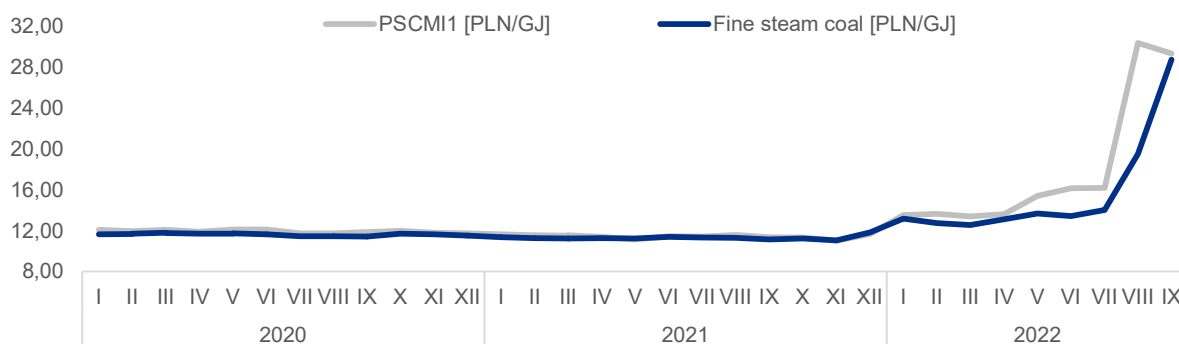
The ENEA Group's risk model was updated to take into account the major risks to which the ENEA Group was exposed in Q1-Q3 2022.

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
	Risk of a generation gap or loss of competence	- Organization of paid traineeships and apprenticeships, cooperation with endorsed schools - 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 breach of financing agreements	- Monitoring of banking covenants by the ENEA Group
	Risk of rating downgrade	- Ongoing consultations with the credit rating agency
	Liquidity risk	- Cash flow planning in the current and strategic horizon - 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 interest rate fluctuations	- Conducting structured activities in the area of credit risk management and debt collection
	Risk of losses due to counterparty default (including credit risk)	- Preparing information on the transformation of production sources and dialog with the insurance and reinsurance market
	Risk of adverse environment of the insurance market	- Ongoing review of information and events with a view to fulfilling disclosure obligations
	Risk of a breach of stock exchange disclosure obligations	- Analysis of new legislative acts and their impact on performance
	Regulatory risk related to uncertainty of decisions of the ERO President regarding regulated revenue	- Monitoring the progress of work on building public charging stations
	Risk of failing to meet obligations and losing the incurred expenditures related to the construction of public charging stations	- Negotiations with the contractors to work out amendments
	Risk of claims from contractors executing the grid investment projects, resulting from increased project expenditures	
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 maintenance procedures - Removal of the effects of failures and damage to power lines and installations. - 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 high quality of operational inspections and preventive treatments
	Risk of losses in capacity caused by hydrologic conditions	- Monitoring the weather and hydrologic conditions - Maintaining technical infrastructure in proper order to prevent failures
	Risk of disasters and industrial 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 inventories - Diversification of sources of supply
	Volumetric risk of fuel and transport	- 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

Bituminous coal prices on the Polish market

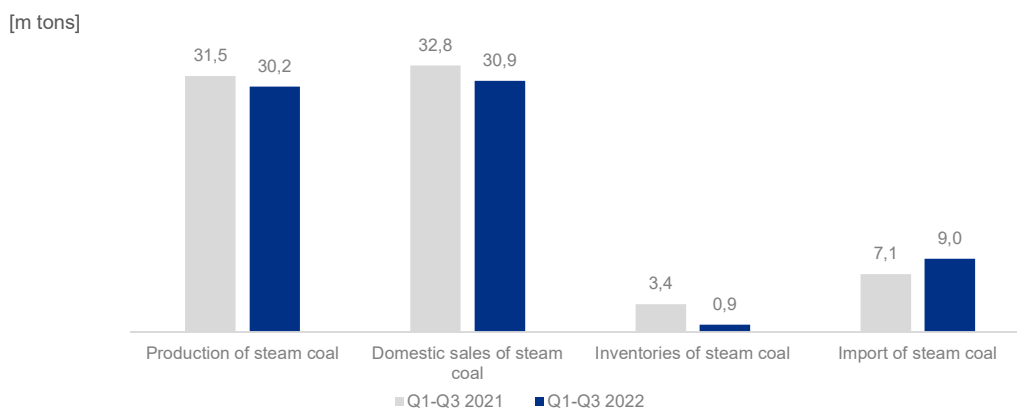


Data: Industrial Development Agency.

PSCMI1: The average price of PSCMI1 in Q3 2022 was PLN 25.30 per GJ, which, compared to the average price in Q3 2021, i.e. PLN 11.44 per GJ, represents a significant increase of 121.2% yoy. According to the Industrial Development Agency, the increase in August to a historically high level of PLN 30.36 per GJ resulted from the renegotiation of previously concluded coal supply contracts in terms of their value by some Coal Companies and a series of adjustments for previously issued invoices. In Q1-Q3 2022, the average price was PLN 17.96 per GJ vs. PLN 11.44 per GJ in the corresponding period of 2021, which represents an increase by 57.0% yoy.

Fine steam coal: The average price of fine steam coal sold to commercial power plants in Q3 2022 amounted to PLN 20.75 per GJ vs. PLN 11.26 per GJ in Q3 2021, i.e. increased significantly by as much as 84.3% yoy. In September 2022, the cost of purchasing 1 ton of fine steam coal was PLN 28.74 per GJ compared to PLN 11.15 per GJ in the previous year (+157.8% yoy). In Q1-Q3 2022, the average price of fine steam coal was PLN 15.65 per GJ, compared to 11.28 PLN/GJ in the corresponding period of 2021, up by 38.8%.

Steam coal market



Data: Industrial Development Agency.

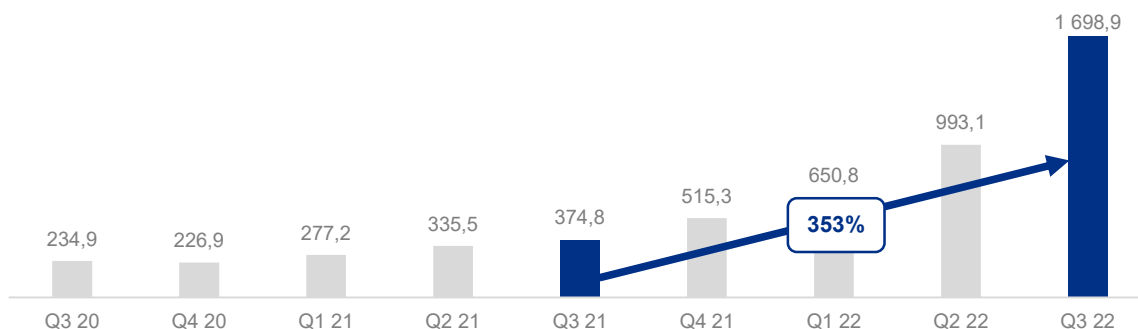
In the first nine months of 2022, the volume of domestic steam coal extraction was 30.2 tons, compared to 31.5 million tons in 2021. Total sales of this commodity on the domestic market reached 30.9 million tons, compared to 32.8 million tons last year. As at the end of September, inventories of steam coal totaled at 0.9 million tons, down by 73.5% compared to September 2021. In Q1-Q3 2022, nearly 9.0 million tons of steam coal were imported.

Situation in the domestic bituminous coal mining sector

Continued work on building the National Energy Security Agency (NABE) as a company that will eventually take over the management of all coal-based sources. Difficult situation on the energy resources market in Europe and the binding embargo on coal imports from Russia, continue to result in the need for intervention purchases of raw materials on the international market. In Poland, the estimated volume of coal imports by the end of 2022 is about 11 million tons and by the end of the heating season, i.e. April 2023, it is about 17 million tons. As of the end of September this year, physical supply prices had lost value against the record high quotes during the summer. SPOT prices remained at the level of USD 200-300 per ton, with only slight fluctuations.

Energy prices on the Polish market

BASE_Y_21/22/23 (PLN/MWh)

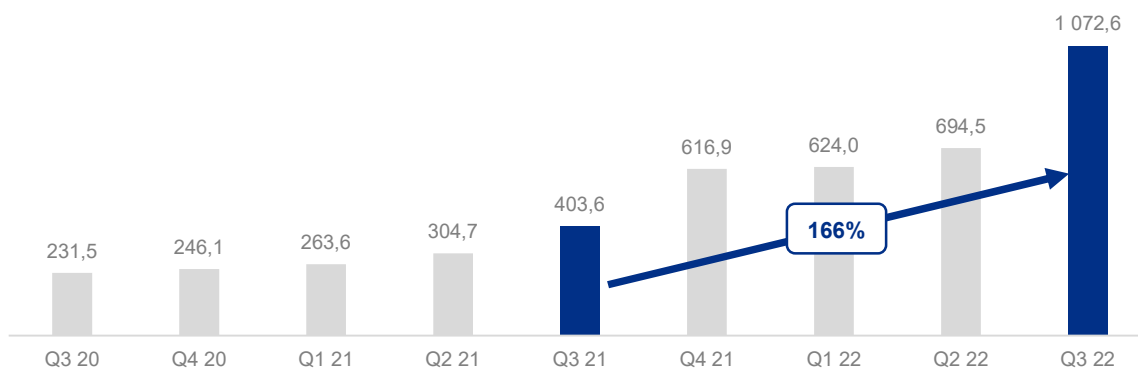


Source: Own study based on publicly available stock market data.

In Q3 2022, on the wholesale electricity forward market, the price of the BASE Y-23 product increased by 353%, to the average level of PLN 1,698.9 per MWh, compared to the corresponding product (i.e. BASE Y-22) in Q3 2021. The market price of BASE Y-23 in Q1-Q3 2022 was highly volatile. At the beginning of the year, it hovered above PLN 592.90 per MWh, reaching the historic high of PLN 2,547.1 per MWh in August, to fall below PLN 1,810.00 per MWh towards the end of September. The BASE Y-23 price in Q1-Q3 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 Q1-Q3 2022, the volume of trading in the annual frontal product BASE Y-23, totaled 5,952 MW, signifying a major drop compared to Q1-Q3 2021, when transactions for a total of as much as 8,686 MW were executed under BASE Y-22 contracting (down by 31% yoy). Importantly, the disproportion in terms of liquidity for the products in question deepened, i.e. the average volume contracted at each session amounted to 46 MW in Q1-Q3 2021 and fell to 31 MW in Q1-Q3 2022.

RDN BASE (PLN/MWh)



Source: Own study based on publicly available stock market data.

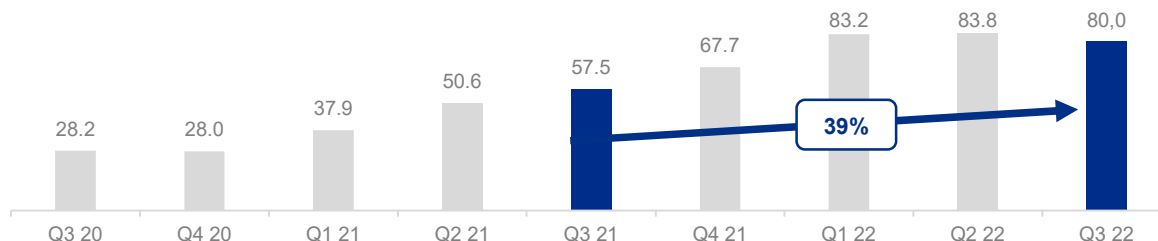
The average price of electricity on the spot market in Q3 2022 was 166% higher than in the corresponding period of 2021. This increase resulted mainly from the considerably higher valuation of all months in the quarter than in the corresponding period of 2021.

In Q1-Q3 2022, the level of electricity prices on the spot market 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), especially in May-September (price-increasing effect),
- higher wind generation, compared to the same period of 2021 (price-decreasing effect).

Prices of CO₂ emission allowances and “green” property rights

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



Source: Own study based on publicly available stock market data.

In the first days of January 2022 the prices of CO₂ emission allowances were in 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 (Committee on the Environment, Public Health and Food Safety) 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 (Carbon Border Adjustment Mechanism) border tax¹.

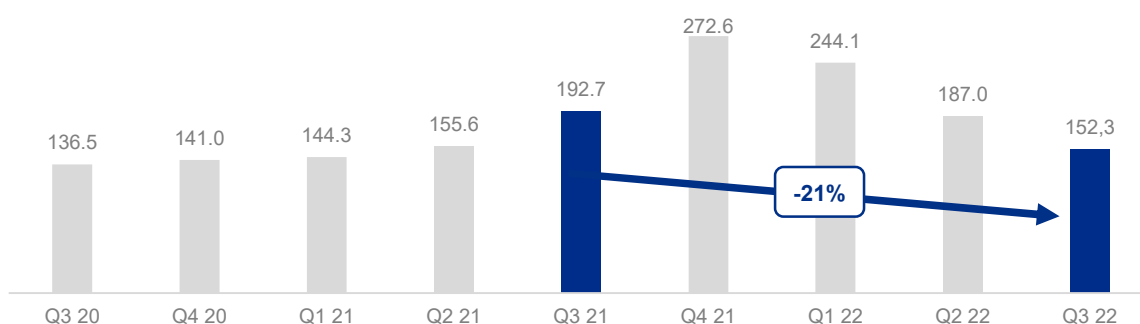
Until mid-April, prices remained within a quite narrow range between EUR 77.18 per ton and EUR 80.09 per ton. A major hike in EUA prices occurred on 20 April when the value of DEC-22 increased to 87.82 EUR per ton, which was almost a 10% shift within a single day. The reason for the price increase may 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 so-called 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 concerned with the changes. In Q3 2022, trading in CO₂ emission allowances was heavily dependent on information coming from Brussels. The regulation of electricity prices in Europe and the emerging proposals under the so-called REPowerEU Plan were particularly significant. During the first three weeks of July, the DEC-22 price moved within a narrow range from EUR 82.72 per ton to EUR 85.65 per ton.

The next week, however, it fell by EUR 4.81 per ton to EUR 78.84 per ton after the President of the European Commission announced details of the gas-saving plan and the EUA exchange rate fell below selected technical analysis indicators, resulting in increased sales of allowances. The DEC-22 price remained at a similar level until the end of July. August was marked by greater volatility than July, and the prices ranged from EUR 80.03 per ton to EUR 98.01 per ton. The prices of emission allowances rose for more than half of the month, peaking at EUR 98.01 per ton. Since then, quotations turned to a downward trend, which continued until the second week of September, when DEC-22 closed with a price of EUR 66.08 per ton. The figures close to EUR 66 per ton became the new support level for CO₂ emission allowances, which shifted to a side trend for the rest of the month. September also saw high volatility, but the EUA rate decreased, with prices ranging from EUR 65.15 per ton to EUR 80.79 per ton.

¹⁾ The European Carbon Border Adjustment Mechanism, also called a "border tax" or "carbon duty," under which imported goods originating from outside the EU can be subject to an additional charge for greenhouse gas emissions emitted during production processes in countries with less rigorous climate policies.

The average DEC-22 price in Q3 2022 was 39% higher than the average price in the corresponding quarter of 2021.

Prices of "green" property rights (PMOZE_A) (PLN/MWh)



Source: Own study based on publicly available stock market data.

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 the 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 implied 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 per MWh and PLN 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 Climate and Environment regarding the level of the RES obligation for 2023, in which the March proposal was increased from 10% to 12%.

The regulation in its final form was published on 27 July 2022. The significant reduction in the requirement for 2023 has become a strong price-decreasing factor. In July, PMOZE_A remained above PLN 170 per MWh on the first three sessions only. Over the next month, from 14 July to 16 August, the average daily price of green property rights remained in a limited range between PLN 164.36 per MWh and PLN 167.82 per MWh. Further reductions were observed in the second half of August, and PMOZE_A per one megawatt hour dropped from PLN 158.02 per MWh to PLN 148.00 per MWh. The downward trend continued in the first half of September. On 15 September, the average value of green certificates fell to PLN 88.19 per MWh, the lowest level since March 2019. This amount became the support level for the price of green property rights, the price rebounded and gradually increased in the 4 last September sessions to reach PLN 158.51 per MWh at the end of the analyzed period.

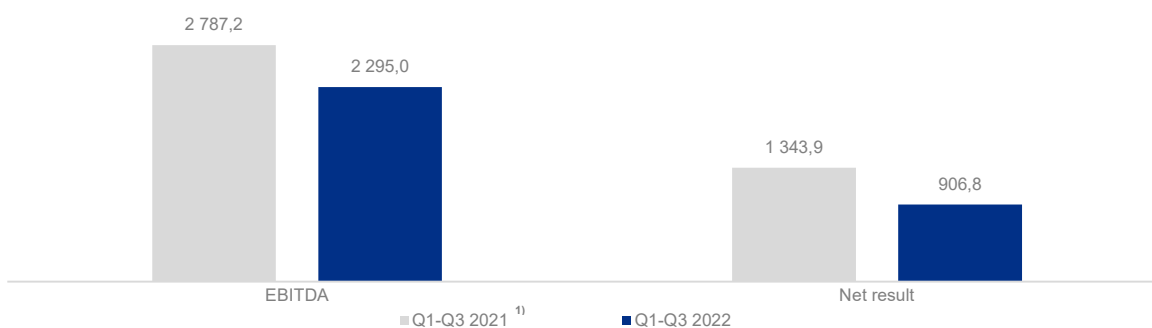
In Q3 2022, 3.9 TWh of property rights were issued and 5.9 TWh of property rights were redeemed, leaving 22.9 TWh of active rights in the register. The average price in Q3 2022 was 21% higher than the average price in the corresponding quarter of 2021.

5. Financial standing

5.1. Selected consolidated financial data

[PLN 000s]	Q1-Q3 2021 ¹⁾	Q1-Q3 2022	Change	% change
Revenue from sales and other income	15,342,523	22,731,887	7,389,364	48.2%
Operating profit / (loss)	1,640,048	1,110,556	-529,492	-32.3%
Profit / (loss) before tax	1,634,625	1,100,226	-534,399	-32.7%
Net profit / (loss) for the reporting period	1,343,877	906,797	-437,080	-32.5%
EBITDA	2,787,242	2,294,995	-492,247	-17.7%
Net cash flows from:				
operating activities	6,684,129	4,201,380	-2,482,749	-37.1%
investing activities	(1,303,915)	(1,782,218)	-478,303	-36.7%
financial activities	(1,286,078)	(1,520,170)	-234,092	-18.2%
Cash and cash equivalents at the end of the period	6,035,690	5,052,545	-983,145	-16.3%
Net profit/(loss) attributable to shareholders of the parent company	1,277,102	788,787	-488,315	-38.2%
Weighted average number of shares	441,442,578	491,893,158	50,450,580	11.4%
Net earnings/(loss) per share [PLN]	2.89	1.60	-1.29	-44.6%
Diluted earnings/(loss) per share [PLN]	2.89	1.60	-1.29	-44.6%

PLN million

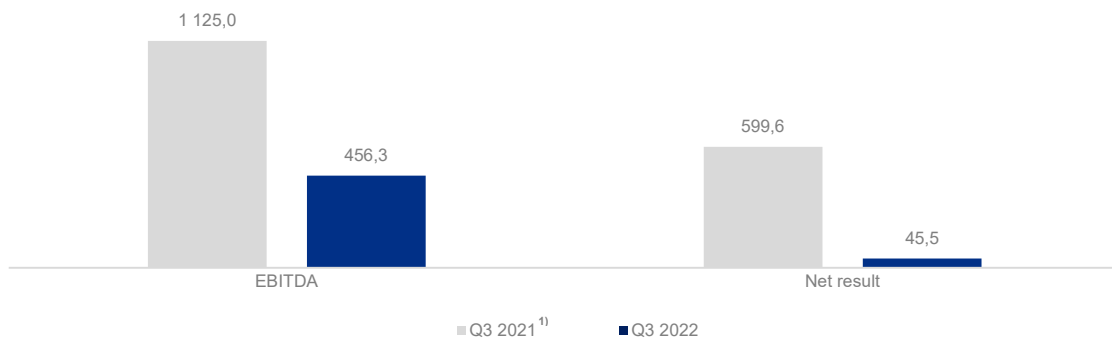


[PLN 000s]	31 December 2021 ¹⁾	30 September 2022	Change	% change
Total assets	34,657,143	36,774,398	2,117,255	6.1%
Total liabilities	19,455,243	19,663,730	208,487	1.1%
Non-current liabilities	7,876,738	7,520,741	-355,997	-4.5%
Current liabilities	11,578,505	12,142,989	564,484	4.9%
Equity	15,201,900	17,110,668	1,908,768	12.6%
Share capital	588,018	676,306	88,288	15.0%
Book value per share [PLN]	34.44	32.30	-2.14	-6.2%
Diluted book value per share [PLN]	34.44	32.30	-2.14	-6.2%

1) Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022.

[PLN 000s]	Q3 2021 ¹⁾	Q3 2022	Change	% change
Revenue from sales and other income	5,481,838	8,020,826	2,538,988	46.3%
Operating profit / (loss)	730,707	46,153	-684,554	-93.7%
Profit / (loss) before tax	695,160	45,238	-649,922	-93.5%
Net profit / (loss) for the reporting period	599,625	45,469	-554,156	-92.4%
EBITDA	1,124,956	456,335	-668,621	-59.4%
Net profit/(loss) attributable to shareholders of the parent company	572,296	49,732	-522,564	-91.3%
Weighted average number of shares	441,442,578	529,731,093	88,288,515	20.0%
Net earnings/(loss) per share [PLN]	1.30	0.09	-1.21	-93.1%
Diluted earnings/(loss) per share [PLN]	1.30	0.09	-1.21	-93.1%

PLN million



1) Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022

5.2. Key operating data and indicators for ENEA Group

	Unit	Q1-Q3 2021 ¹⁾	Q1-Q3 2022	Change	% change	Q3 2021 ¹⁾	Q3 2022	Change	% change
Revenue from sales and other income	PLN 000s	15,342,523	22,731,887	7,389,364	48.2%	5,481,838	8,020,826	2,538,988	46.3%
EBITDA	PLN 000s	2,787,242	2,294,995	-492,247	-17.7%	1,124,956	456,335	-668,621	-59.4%
EBIT	PLN 000s	1,640,048	1,110,556	-529,492	-32.3%	730,707	46,153	-684,554	-93.7%
Net profit / (loss) for the reporting period	PLN 000s	1,343,877	906,797	-437,080	-32.5%	599,625	45,469	-554,156	-92.4%
Net profit/(loss) attributable to shareholders of the parent company	PLN 000s	1,277,102	788,787	-488,315	-38.2%	572,296	49,732	-522,564	-91.3%
Net cash flows from operating activities	PLN 000s	6,684,129	4,201,380	2,482,749	-37.1%	2,526,777	38,887	-2,487,890	-98.5%
CAPEX	PLN 000s	1,110,254	1,725,132	614,878	55.4%	382,155	647,470	265,315	69.4%
Net debt	PLN 000s	1,075,242	-553,315	1,628,557	-151.5%	1,075,242	-553,315	-1,628,557	-151.5%
Net debt / EBITDA ²⁾	-	0.31	-0.18	-0.49	-158.1%	0.31	-0.18	-0.49	-158.1%
Return on assets (ROA) ²⁾³⁾	%	5.3%	3.3%	-2.0 p.p.	-	7.1%	0.5%	-6.6 p.p.	-
Return on equity (ROE) ²⁾³⁾	%	12.3%	7.1%	-5.2 p.p.	-	16.5%	1.1%	-15.4 p.p.	-
Trading									
Sales of electricity and gaseous fuel to retail customers	GWh	18,168	17,750	-418	-2.3%	5,993	5,731	-262	-4.4%
Number of customers (Power Delivery Points)	000s	2,609	2,660	51	2.0%	2,609	2,660	51	2.0%
Distribution									
Sales of distribution services to end users	GWh	15,149	15,249	100	0.7%	4,986	5,076	90	1.8%
Number of customers (closing balance)	000s	2,695	2,734	39	1.4%	2,695	2,734	39	1.4%
Generation									
Total generation of electricity, including:	GWh	19,535	20,180	645	3.3%	7,466	6,877	-589	-7.9%
from conventional sources	GWh	17,742	18,693	951	5.4%	6,826	6,541	-285	-4.2%
from renewable sources	GWh	1,793	1,487	-306	-17.1%	640	336	-304	-47.5%
Gross heat generation	TJ	5,413	5,395	-18	-0.3%	1,111	1,090	-21	-1.9%
Sales of electricity, including:	GWh	22,835	22,556	-279	-1.2%	8,349	7,466	-883	-10.6%
from conventional sources	GWh	17,742	18,693	951	5.4%	6,826	6,541	-285	-4.2%
from renewable sources	GWh	1,793	1,487	-306	-17.1%	640	336	-304	-47.5%
from purchase	GWh	3,300	2,376	-924	-28.0%	883	589	-294	-33.3%
Sales of heat	TJ	4,871	4,885	14	0.3%	957	938	-19	-2.0%
Mining									
Net production	000s tons	7,503	7,163	-340	-4.5%	2,556	1,593	-963	-37.7%
Coal sales	000s tons	7,244	7,157	-87	-1.2%	2,654	1,920	-734	-27.7%
Closing stocks	000s tons	381	27	-354	-92.9%	381	27	-354	-92.9%
Excavation works	km	15.4	25.2	9.8	63.6%	5.0	6.9	1.9	38.0%

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022

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

³⁾ Ratio numerator i.e. net profit (loss) for the reporting period is annualized

5.3 Financial results of the ENEA Group in Q1-Q3 2022 and Q3 2022

Consolidated statement of profit and loss in Q1-Q3 2022

[PLN 000s]	Q1-Q3 2021 ¹⁾	Q1-Q3 2022	Change	% change
Revenue from sales of electricity	11,217,400	18,086,887	6,869,487	61.2%
Revenue from sales of heat	298,155	326,912	28,757	9.6%
Revenue from sales of gas	288,358	253,827	-34,531	-12.0%
Revenue from sales of distribution services	2,338,031	2,527,603	189,572	8.1%
Revenue from certificates of origin	1,744	438	-1,306	-74.9%
Revenue from sales of goods and materials	101,866	155,555	53,689	52.7%
Revenue from sales of other products and services	124,797	156,489	31,692	25.4%
Revenue from sales of coal	310,090	538,834	228,744	73.8%
Revenue from the Capacity Market	652,951	675,998	23,047	3.5%
Net revenue from sales	15,333,392	22,722,543	7,389,151	48.2%
Revenue from leases and operating subleases	9,131	9,344	213	2.3%
Revenue from sales and other income	15,342,523	22,731,887	7,389,364	48.2%
Amortization and depreciation	1,143,749	1,181,685	37,936	3.3%
Employee benefit costs	1,573,890	1,821,487	247,597	15.7%
Consumption of materials and supplies and cost of goods sold	3,395,360	6,510,217	3,114,857	91.7%
Purchase of energy and gas for subsequent sale	6,180,123	9,113,971	2,933,848	47.5%
Transmission services	329,480	354,660	25,180	7.6%
Other third-party services	681,502	751,033	69,531	10.2%
Taxes and charges	351,519	403,120	51,601	14.7%
Tax-deductible expense	13,655,623	20,136,173	6,480,550	47.5%
Other operating revenue	145,683	221,891	76,208	52.3%
Other operating costs	145,906	263,729	117,823	80.8%
Change in provision related to onerous contracts	-11,066	-1,410,888	-1,399,822	-12,649.8%
Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets	(32,118)	(29,678)	2,440	7.6%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	3,445	2,754	-691	-20.1%
Operating profit / (loss)	1,640,048	1,110,556	-529,492	-32.3%
Finance costs	165,875	222,680	56,805	34.2%
Finance income	47,943	156,953	109,010	227.4%
Dividend income	217	1,163	946	435.9%
Impairment losses/ (reversal thereof) on financial assets measured at amortized cost	13,762	10,962	-2,800	-20.3%
Share in the results of associates and jointly controlled entities	126,054	65,196	-60,858	-48.3%
Profit / (loss) before tax	1,634,625	1,100,226	-534,399	-32.7%
Income tax	290,748	193,429	-97,319	-33.5%
Net profit / (loss) for the reporting period	1,343,877	906,797	-437,080	-32.5%
EBITDA	2,787,242	2,294,995	-492,247	-17.7%

1) Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022

ENEA Group – key EBITDA drivers in Q1-Q3 2022 (down by PLN 492.2 million):

- (+) an increase in revenue from sales of electricity by PLN 6,869 million, driven mainly by an increase in the average sales price
- (+) an increase in revenue from sales of heat by PLN 29 million, largely driven by an increase in the average sales price
- (-) a decrease in revenue from sales of natural gas by PLN 35 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 190 million, largely driven by the higher average sales price and an increase in the volume of distributed electricity
- (+) an increase in revenue from sales of goods and materials by PLN 54 million resulting from greater demand for goods from external buyers
- (+) an increase in revenue from sales of other products and services by PLN 32 million resulting from greater demand from external buyers
- (+) an increase in revenue from sales of coal by PLN 229 million, driven mainly by an increase in the average sales price
- (+) an increase in the revenue from the Capacity Market by PLN 23 million
- (-) an increase in employee benefit costs by PLN 248 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 3,115 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 2,934 million results mainly from higher average sales prices with the lower sales volume
- (-) an increase in costs of transmission services by PLN 25 million, largely due to the balance of fees moved forward
- (-) an increase in costs of third-party services by PLN 70 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 52 million caused partly by higher fees for the establishment of transmission easements and a higher property tax
- (-) movement in provisions related to onerous contracts (increase in provisions by PLN 1,400 million):
 - (-) in Q1-Q3 2022, a provision related to onerous contracts of PLN was established in the Generation Area PLN 1,311.5 million
 - (-) in Q1-Q3 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 Q1-Q3 2022, the use of a portion of the provision of PLN 18.4 million was recognized in revenues 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 was recognized in expenses. In Q1-Q3 2021, the use of a portion of this provision in the amount of PLN 14.9 million was recognized and an update of this provision in the amount of PLN 26.0 million was recognized in expenses.
- (-) result on other operating activities down by PLN 39 million:
 - (-) higher provisions for potential claims by PLN 68 million, including: costs of provisions for claims under terminated RES property rights contracts up by PLN 72 million
 - (-) movement in other operating income and expenses by PLN 10 million, including: costs of removal of accidental losses – mass failures which occurred in Q1 2022
 - (+) remeasurement of CO₂ contracts by PLN 39 million

Material changes affecting net result:

- (+) in Q1-Q3 2021, recognition of a PLN 114.1 million partial reversal of the provision for future investment commitments to Elektrownia Ostrołęka Sp. z o.o., established in the amount of PLN 222.2 million (original amount: PLN 219.4 million). In turn, in Q1-Q3 2022, a partial reversal of this provision in the amount of PLN 44.1 million was recognized.
- (-) decrease in the impairment losses on loans granted to Elektrownia Ostrołęka Sp. z o.o. including interest by PLN 2.8 million

Consolidated statement of profit and loss in Q3 2022

[PLN 000s]	Q3 2021 ¹⁾	Q3 2022	Change	% change
Revenue from sales of electricity	4,149,231	6,556,295	2,407,064	58.0%
Revenue from sales of heat	63,403	73,015	9,612	15.2%
Revenue from sales of gas	66,479	82,872	16,393	24.7%
Revenue from sales of distribution services	770,768	844,790	74,022	9.6%
Revenue from certificates of origin	91	0	-91	-100.0%
Revenue from sales of goods and materials	42,161	47,168	5,007	11.9%
Revenue from sales of other products and services	43,244	48,121	4,877	11.3%
Revenue from sales of coal	117,399	137,989	20,590	17.5%
Revenue from the Capacity Market	226,800	228,366	1,566	0.7%
Net revenue from sales	5,479,576	8,018,616	2,539,040	46.3%
Revenue from leases and operating subleases	2,262	2,210	-52	-2.3%
Revenue from sales and other income	5,481,838	8,020,826	2,538,988	46.3%
Amortization and depreciation	394,168	410,005	15,837	4.0%
Employee benefit costs	525,168	682,210	157,042	29.9%
Consumption of materials and supplies and cost of goods sold	1,282,682	2,403,602	1,120,920	87.4%
Purchase of energy and gas for subsequent sale	2,063,161	3,112,272	1,049,111	50.8%
Transmission services	112,295	98,391	-13,904	-12.4%
Other third-party services	235,815	272,798	36,983	15.7%
Taxes and charges	115,677	144,175	28,498	24.6%
Tax-deductible expense	4,728,966	7,123,453	2,394,487	50.6%
Other operating revenue	65,824	93,810	27,986	42.5%
Other operating costs	72,051	85,035	12,984	18.0%
Change in provision related to onerous contracts	-7,330	-854,846	-847,516	-11562.3%
Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets	(8,527)	(4,972)	3,555	41.7%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	81	177	96	118.5%
Operating profit / (loss)	730,707	46,153	-684,554	-93.7%
Finance costs	48,964	80,041	31,077	63.5%
Finance income	12,243	69,656	57,413	468.9%
Dividend income	98	0	-98	-100.0%
Impairment losses/ (reversal thereof) on financial assets measured at amortized cost	3,774	3,829	55	1.5%
Share in the results of associates and jointly controlled entities	4,850	13,299	8,449	174.2%
Profit / (loss) before tax	695,160	45,238	-649,922	-93.5%
Income tax	95,535	-231	-95,766	-100.2%
Net profit / (loss) for the reporting period	599,625	45,469	-554,156	-92.4%
EBITDA	1,124,956	456,335	-668,621	-59.4%

1) Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022

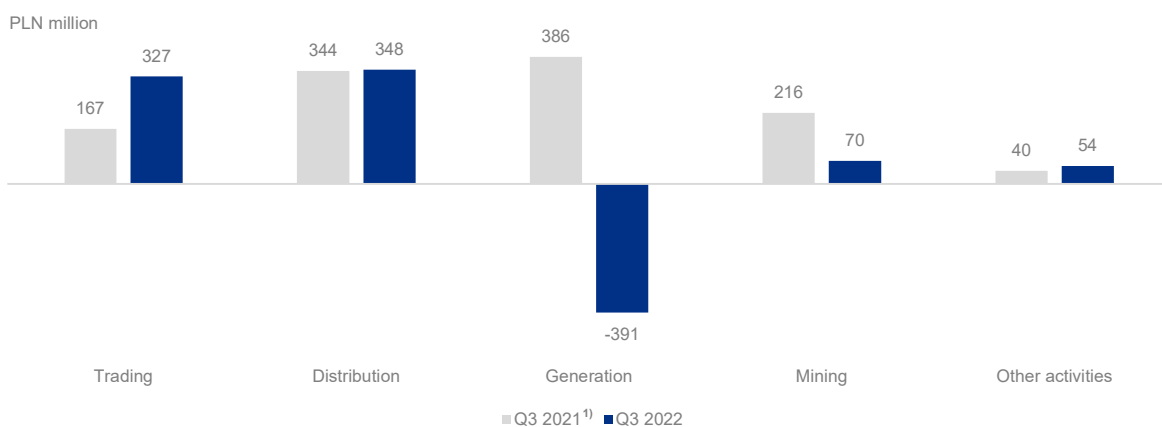
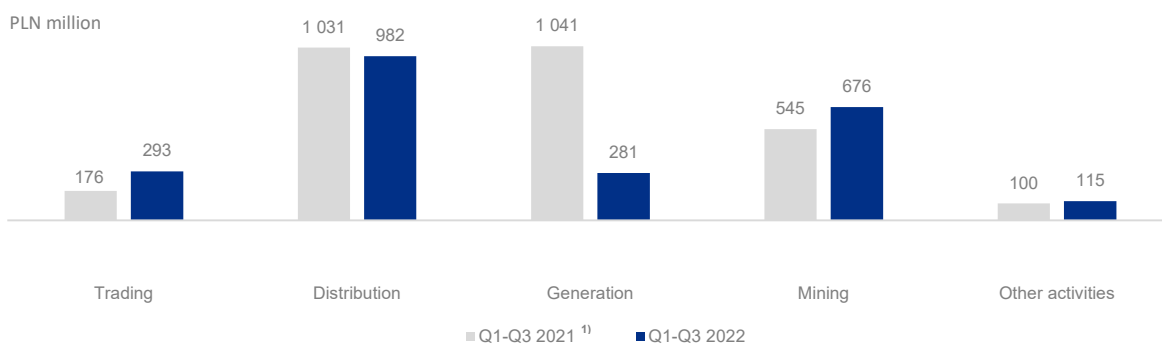
ENEA Group – key EBITDA drivers in Q3 2022 (down by PLN 668.6 million):

- (+) 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
- (+) an increase in revenue from sales of natural gas by PLN 16 million, largely driven by an increase in the average sales price with a concurrent decline in sales volume
- (+) an increase in revenue from sales of distribution services by PLN 74 million, driven mainly by the higher average sales price and an increase in the volume of distributed electricity
- (+) an increase in revenue from sales of coal by PLN 21 million, largely driven by an increase in the average sales price with a concurrent decline in sales volume
- (-) an increase in employee benefit costs by PLN 157 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 1,121 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 1,049 million results mainly from higher average sales prices with the lower sales volume
- (+) a decrease in costs of transmission services by PLN 14 million, largely due to the balance of fees moved forward
- (-) an increase in costs of third-party services by PLN 37 million caused mainly by an increase in the costs of repair services and the costs of services outsourced to external companies
- (-) an increase in costs of taxes and charges by PLN 28 million caused mostly by higher fees on the establishment of transmission easements
- (-) movement in provisions related to onerous contracts (increase in provisions by PLN 848 million):
 - (-) in Q3 2022, an update of the provision related to onerous contracts in the Generation Area was recognized at the level of PLN 864.6 million
 - (+) in Q3 2021, an update of the provision of PLN 14.1 million and the use of a portion 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 6.8 million were recognized in expenses. In Q3 2022, the use of a portion of this provision in the amount of PLN 9.7 million was recognized
- (+) the result on other operating activities up by PLN 19 million:
 - (+) provisions for potential claims down by PLN 7 million
 - (+) fixed assets accepted free of charge up by PLN 5 million
 - (+) loss arising from liquidation of property, plant and equipment down by PLN 4 million
 - (+) balance of refunds from the insurer up by PLN 3 million
 - (+) change in other operating income and costs by PLN 15 million
 - (-) remeasurement of CO₂ contracts by PLN 16 million

Financial results of the ENEA Group in Q1-Q3 2022 and Q3 2022

EBITDA [PLN k]	Q1-Q3 2021 ¹⁾	Q1-Q3 2022	Change	% change	Q3 2021 ¹⁾	Q3 2022	Change	% change
Trading	176,254	293,103	116,849	66.3%	167,344	326,694	159,350	95.2%
Distribution	1,031,148	981,773	-49,375	-4.8%	343,691	347,891	4,200	1.2%
Generation	1,041,454	281,337	-760,117	-73.0%	386,129	-391,422	-777,551	-201.4%
Mining	544,677	675,796	131,119	24.1%	216,193	69,507	-146,686	-67.8%
Other activities	99,837	114,897	15,060	15.1%	39,583	54,224	14,641	37.0%
Unassigned items and exclusions	-106,128	-51,911	54,217	51.1%	-27,984	49,441	77,425	276.7%
Total EBITDA	2,787,242	2,294,995	-492,247	-17.7%	1,124,956	456,335	-668,621	-59.4%

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022



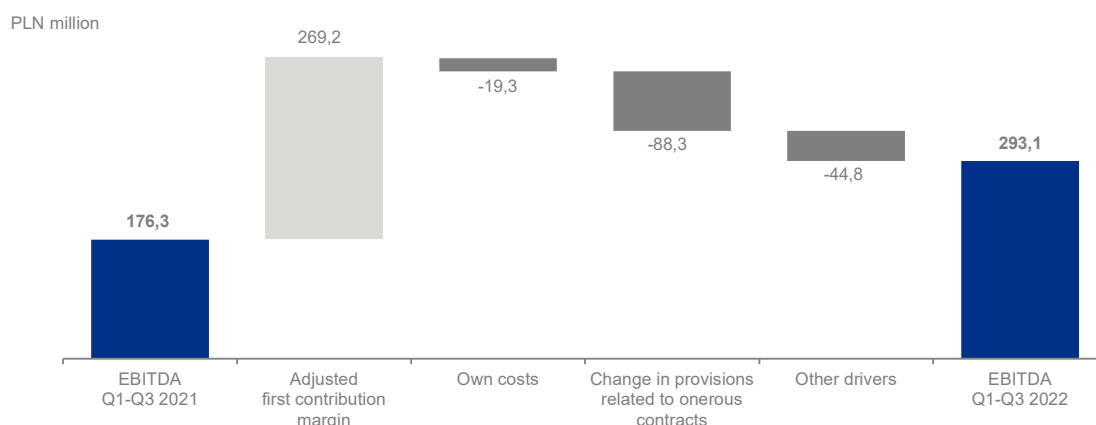
1) Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022

The Trading Area in Q1-Q3 2022 and Q3 2022

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

[PLN 000s]	Q1-Q3 2021	Q1-Q3 2022	Change	% change	Q3 2021	Q3 2022	Change	% change
Revenue from sales and other income	7,121,700	10,106,239	2,984,539	41.9%	2,475,378	3,506,252	1,030,874	41.6%
EBIT	173,982	291,089	117,107	67.3%	166,671	326,024	159,353	95.6%
Amortization and depreciation	2,272	2,014	-258	-11.4%	673	670	-3	-0.4%
EBITDA	176,254	293,103	116,849	66.3%	167,344	326,694	159,350	95.2%
CAPEX ¹⁾	1,480	1,375	-105	-7.1%	195	0	-195	-100.0%
Share of the segment's sales revenue in the Group's sales revenue	38%	38%	-	-	36%	39%	3 p.p.	-

¹⁾ Without equity investments of ENEA S.A.



Key EBITDA drivers in Q1-Q3 2022 (up by PLN 116.8 million):

Adjusted first contribution margin (up by PLN 269.2 million)

- (+) higher average sales price of energy by 63.8%
- (+) higher energy sales volume by 0.6%
- (+) remeasurement of CO₂ contracts, forward transactions for energy, gas and property rights
- (-) average energy purchase price up by 67.8%
- (-) costs of environmental obligations up by 41.8%
- (-) lower result on trading in gaseous fuel
- (-) costs of provisions for claims under terminated RES property rights contracts up by PLN 72.3 million

Own costs (up by PLN 19.3 million)

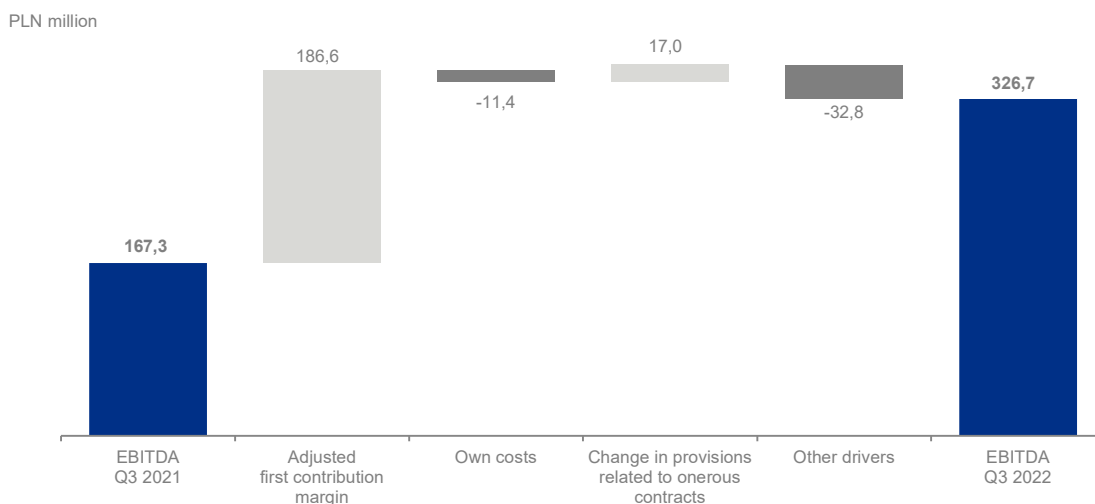
- (-) general and administrative expenses up by PLN 12.8 million
- (-) higher direct selling costs by PLN 8.2 million
- (+) costs of shared services down by PLN 1.7 million

Movement in provisions related to onerous contracts (up by PLN 88.3 million)

- (-) in Q1-Q3 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 Q1-Q3 2022, the use of a portion of the provision of PLN 18.4 million was recognized in revenues 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 was recognized in expenses. The provision was recognized in expenses in December 2020 amounting to PLN 50.8 million 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 have been connected to the grid by 31 March 2022. In Q1-Q3 2021, the use of a portion of this provision in the amount of PLN 14.9 million was recognized and an update of this provision in the amount of PLN 26.0 million was recognized in expenses.

Other factors (down by PLN 44.8 million)

- (-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 24.1 million
- (-) revenue from sales of services down by PLN 16.1 million
- (-) written off receivables recognized in expenses up by PLN 8.6 million
- (-) donation costs up by PLN 5.0 million
- (-) litigation costs up by PLN 4.2 million
- (+) lower impairment losses on receivables by PLN 9.6 million
- (+) litigation provisions down by PLN 1.7 million



Key EBITDA drivers in Q3 2022 (up by PLN 159.4 million):

Adjusted first contribution margin (up by PLN 186.6 million)

- (+) average energy sales price up by 79.8%
- (-) energy sales volume down by 2.1%
- (-) average energy purchase price up by 76.5%
- (-) costs of environmental obligations up by 7.5%
- (-) lower result on trading in gaseous fuel
- (-) remeasurement of CO₂ contracts, forward transactions for energy, gas and property rights

Own costs (up by PLN 11.4 million)

- (-) higher direct selling costs by PLN 6.9 million
- (-) higher general and administrative expenses by PLN 5.1 million
- (+) costs of shared services down by PLN 0.6 million

Change in provisions related to onerous contracts (a decrease of PLN 17.0 million)

(+) in Q3 2021, an update of the provision of PLN 14.1 million and the use of a portion 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 6.8 million were recognized in expenses. The provision was recognized in expenses in December 2020 amounting to PLN 50.8 million 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 have been connected to the grid by 31 March 2022. In Q3 2022, the use of a portion of this provision in the amount of PLN 9.7 million was recognized.

Other factors (down by PLN 32.8 million)

- (-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 19.1 million
- (-) revenue from sales of services down by PLN 12.2 million
- (-) written off receivables recognized in expenses up by PLN 4.8 million
- (-) donation costs up by PLN 2.5 million
- (+) lower impairment losses on receivables by PLN 4.8 million

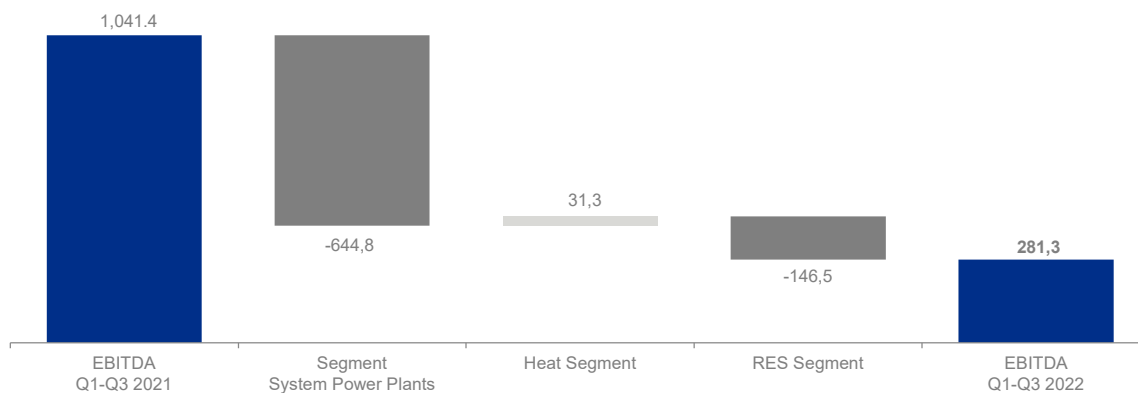
The Generation Area in Q1-Q3 2022 and Q3 2022

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 and ENEA Bioenergia are presented.

ENEA Wytwarzanie owns, among others, 11 high-efficiency and modernized power units in the Koźienice 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]	Q1-Q3 2021	Q1-Q3 2022	Change	% change	Q3 2021	Q3 2022	Change	% change
Net revenue from sales	7,205,692	11,359,899	4,154,207	57.7%	2,742,147	3,959,831	1,217,684	44.4%
electricity	5,941,372	9,977,370	4,035,998	67.9%	2,317,893	3,586,971	1,269,078	54.8%
Capacity Market	652,951	675,998	23,047	3.5%	226,800	228,366	1,566	0.7%
certificates of origin	270,675	300,053	29,378	10.9%	114,900	37,826	-77,074	-67.1%
heat	292,621	319,331	26,710	9.1%	62,241	71,266	9,025	14.5%
other	48,073	87,147	39,074	81.3%	20,313	35,402	15,089	74.3%
Revenue from leases and operating subleases	652	697	45	6.9%	202	260	58	28.7%
Revenue from sales and other income	7,206,344	11,360,596	4,154,252	57.6%	2,742,349	3,960,091	1,217,742	44.4%
EBIT	738,215	-49,599	-787,814	-106.7%	284,028	-502,965	-786,993	-277.1%
Amortization and depreciation	303,239	332,673	29,434	9.7%	102,101	111,543	9,442	9.2%
Impairment loss/ (reversal of impairment loss) on non-financial non-current assets	0	(1,737)	-1,737	-100.0%	0	-	0	0.0%
EBITDA	1,041,454	281,337	-760,117	-73.0%	386,129	-391,422	-777,551	-201.4%
CAPEX	288,552	266,101	-22,451	-7.8%	84,606	98,932	14,326	16.9%
Share of the area's sales revenue in the Group's net revenue from sales	38%	43%	5 p.p.	-	40%	44%	4 p.p.	-

PLN million



Key EBITDA drivers in Q1-Q3 2022 (down by PLN 760.1 million):

System Power Plants Segment (down by PLN 644.8 million)

- (-) provisions related to onerous contracts of PLN 1,263.0 million
- (-) other drivers down by PLN 94.0 million
- (-) lower margin on Balancing Market by PLN 39.9 million
- (+) generation margin up by PLN 702.2 million
- (+) revenue from the Capacity Market up by PLN 24.2 million
- (+) revenue from Regulatory System Services up by PLN 15.8 million
- (-) lower margin on trading by PLN 9.9 million

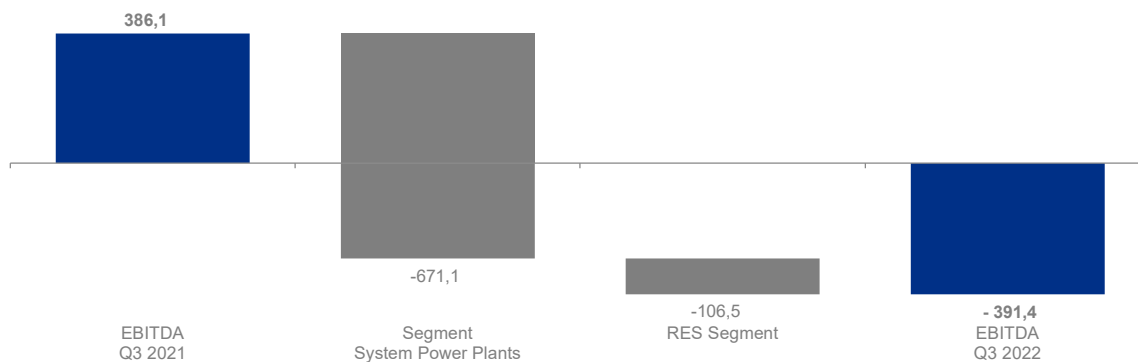
Heat Segment (an increase of PLN 31.3 million)

- (+) margin on heat up by PLN 26.9 million
- (+) other drivers up by PLN 20.1 million
- (+) revenue from the Capacity Market up by PLN 0.3 million
- (-) higher fixed costs by PLN 16.0 million

RES Segment (down by PLN 146.5 million)

- (-) provisions related to onerous contracts of PLN 48.4 million
- (-) Biomass Area (Green Unit): PLN -119.5 million (of which PLN -2.1 million in ENEA Bioenergia Sp. z o.o.); margin on renewable energy generation down by PLN -137.9 million, fixed costs up by PLN -2.6 million, other variable costs up by PLN -0.9 million, Green Block's margin on sales of green certificates up by PLN +24.1 million
- (-) Hydro Area (PLN -0.3 million): chiefly: fixed costs up by PLN -5.1 million, revenue from the Capacity Market down by PLN -1.5 million, revenue from sales of energy up by PLN +6.4 million
- (-) Biogas Area (PLN -0.1 million):
- (+) Wind Area (PLN +20.1 million): revenue from certificates of origin up by PLN +11.8 million, energy sales up by PLN +9.6 million, fixed costs up by PLN -1.4 million
- (+) Photovoltaics Area (PLN +1.6 million)

PLN million



Key EBITDA drivers in Q3 2022 (down by PLN 777.5 million):

System Power Plants Segment (down by PLN 671.1 million)

- (-) provisions related to onerous contracts of PLN 874.3 million
- (-) other drivers down by PLN 44.0 million
- (-) lower margin on Balancing Market by PLN 0.4 million
- (+) generation margin up by PLN 233.9 million
- (-) lower margin on trading by PLN 6.0 million
- (+) revenue from Regulatory System Services up by PLN 5.5 million
- (+) revenue from the Capacity Market up by PLN 2.2 million

RES Segment (down by PLN 106.5 million)

(-) Biomass Area (Green Unit): PLN -106.9 million (of which PLN -3.6 million in ENEA Bioenergia Sp. z o.o.): margin on renewable energy generation down by PLN -102.0 million, fixed costs up by PLN -2.7 million, other variable costs down by PLN +1.3 million

(-) Wind Area (PLN -6.6 million): revenue from sales of energy down by PLN -3.8 million, revenue from certificates of origin down by PLN -2.1 million, fixed costs up by PLN -0.9 million

(-) Hydro Area (PLN -3.5 million): chiefly: fixed costs up by PLN -2.1 million, revenue from the Capacity Market down by PLN -1.2 million

(+) Photovoltaics Area (PLN +1.0 million)

(-) Biogas Area (PLN -0.4 million):

(+) lower costs of provisions related to onerous contracts of PLN 9.8 million

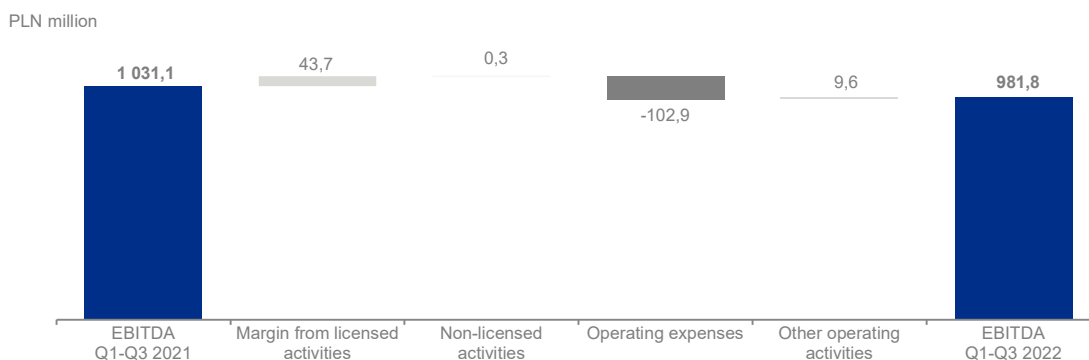
The Distribution Area in Q1-Q3 2022 and Q3 2022

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]	Q1-Q3 2021	Q1-Q3 2022	Change	% change	Q3 2021	Q3 2022	Change	% change
Net revenue from sales	2,438,616	2,676,850	238,234	9.8%	810,028	886,451	76,423	9.4%
distribution services to end users	2,242,709	2,409,545	166,836	7.4%	734,421	780,557	46,136	6.3%
Grid connection fees	63,552	61,050	-2,502	-3.9%	27,155	24,900	-2,255	-8.3%
other	132,355	206,255	73,900	55.8%	48,452	80,994	32,542	67.2%
EBIT	529,737	449,005	-80,732	-15.2%	174,346	162,672	-11,674	-6.7%
Amortization and depreciation	501,411	532,768	31,357	6.3%	169,345	185,219	15,874	9.4%
EBITDA	1,031,148	981,773	-49,375	-4.8%	343,691	347,891	4,200	1.2%
CAPEX	586,632	989,360	402,728	68.7%	215,573	381,837	166,264	77.1%
Share of the segment's sales revenue in the Group's sales revenue	13%	10%	-3 p.p.	-	12%	10%	-2 p.p.	-



Key EBITDA drivers in Q1-Q3 2022 (down by PLN 49.4 million):

Margin on licensed activity (up by PLN 43.7 million)

(+) revenue from sales of distribution services to end users up by PLN 167 million

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

(-) costs of purchasing electricity to cover the balancing difference (balance) up by PLN 98 million

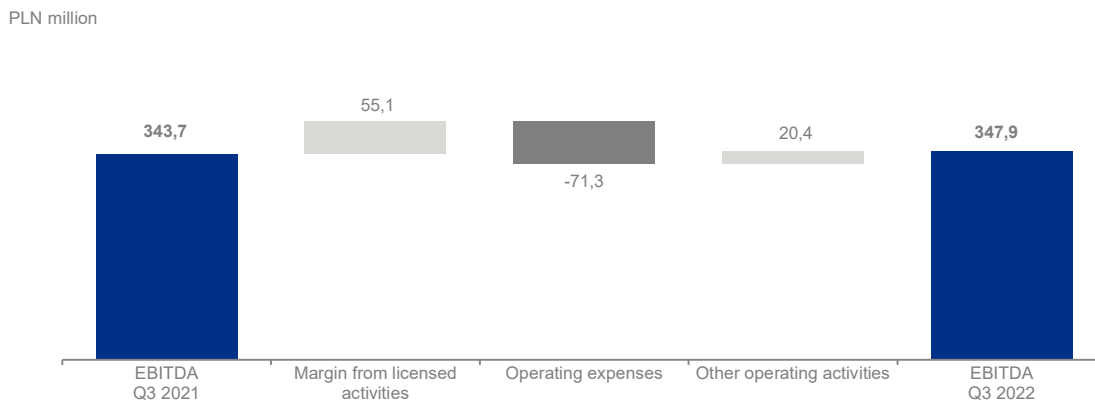
(-) revenue from grid connection fees down by PLN 3 million

Operating expenses (up by PLN 102.9 million)

- (-) employee benefit costs up by PLN 60 million
- (-) costs of taxes and charges up by PLN 44 million

Other operating activity (up by PLN 9.6 million)

- (+) change in provisions related to grid assets by PLN 21 million
- (+) revenues from the removal of infrastructure collisions up by PLN 7 million
- (-) operating expenses related to the removal of accidental losses up by PLN 15 million
- (-) revenue from contractual penalties and indemnities received down by PLN 2 million
- (-) costs of liquidation up by PLN 1 million



Key EBITDA drivers in Q3 2022 (up by PLN 4.2 million):

Margin on licensed activity (up by PLN 55.1 million)

- (+) revenue from sales of distribution services to end users up by PLN 46 million
- (-) revenue from grid connection fees down by PLN 2 million
- (+) costs of purchasing electricity to cover the balancing difference (balance) down by PLN 12 million

Operating expenses (up by PLN 71.3 million)

- (-) costs of taxes and charges up by PLN 26 million
- (-) employee benefit costs up by PLN 38 million
- (-) costs of third-party services up by PLN 5 million

Other operating activity (up by PLN 20.4 million)

- (+) change in provisions related to grid assets by PLN 18 million
- (+) revenues from the removal of infrastructure collisions up by PLN 6 million
- (-) revenue from contractual penalties and indemnities received down by PLN 1 million
- (-) costs of liquidation up by PLN 1 million

The Mining Area in Q1-Q3 2022 and Q3 2022

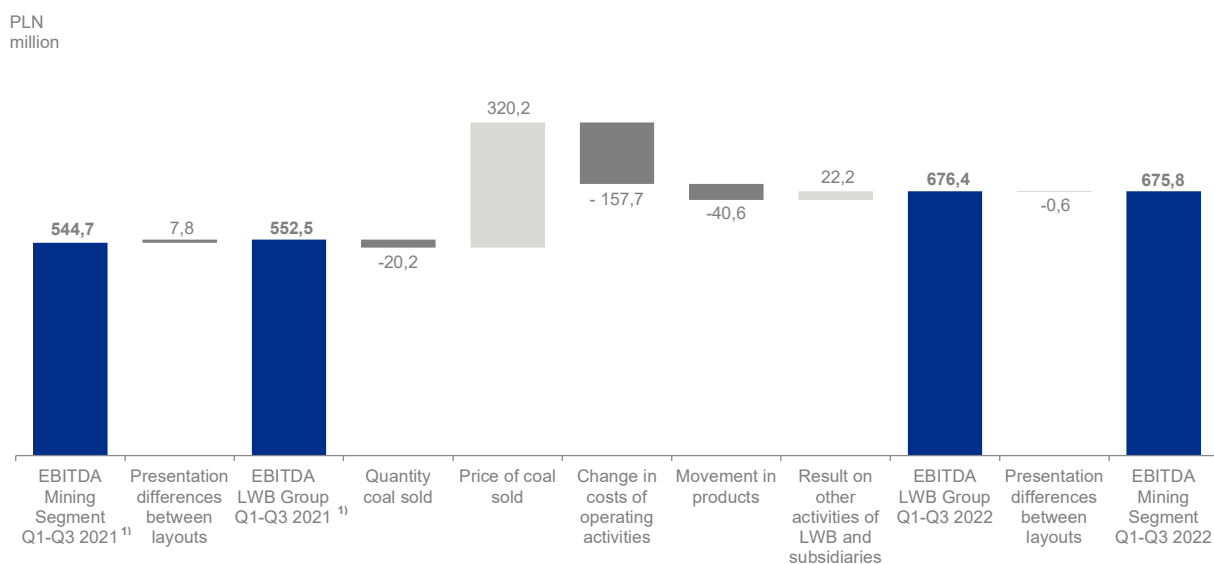
The Mining Area presents the financial results of the LW Bogdanka Group with the parent company – Lubelski Węgiel Bogdanka S.A. and its subsidiaries.

LW Bogdanka divides its product range into fine steam coal, which accounts for 97% of its output, and pea.

The main buyers are commercial and industrial energy sectors.

[PLN 000s]	Q1-Q3 2021 ¹⁾	Q1-Q3 2022	Change	% change	Q3 2021 ¹⁾	Q3 2022	Change	% change
Net revenue from sales	1,714,331	2,024,217	309,886	18.1%	634,568	565,812	-68,756	-10.8%
coal	1,679,031	1,976,895	297,864	17.7%	623,121	553,166	-69,955	-11.2%
other products and services	22,340	29,667	7,327	32.8%	6,284	7,108	824	13.1%
goods and materials	12,960	17,655	4,695	36.2%	5,163	5,538	375	7.3%
Revenue from leases and operating subleases	6,181	5,867	-314	-5.1%	2,002	1,941	-61	-3.0%
Revenue from sales and other income	1,720,512	2,030,084	309,572	18.0%	636,570	567,753	-68,817	-10.8%
EBIT	249,292	396,944	147,652	59.2%	107,737	-30,549	-138,286	-128.4%
Amortization and depreciation	295,298	274,361	-20,937	-7.1%	108,375	99,879	-8,496	-7.8%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	87	4,491	4,404	5,062.1%	81	177	96	118.5%
EBITDA	544,677	675,796	131,119	24.1%	216,193	69,507	-146,686	-67.8%
CAPEX	210,344	418,480	208,136	99.0%	73,220	146,903	73,683	100.6%
Share of the area's sales revenue in the Group's net revenue from sales	9%	8%	-1 p.p.	-	9%	6%	-3 p.p.	-

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022



¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022

Key EBITDA drivers in Q1-Q3 2022 (up by PLN 131.1 million):

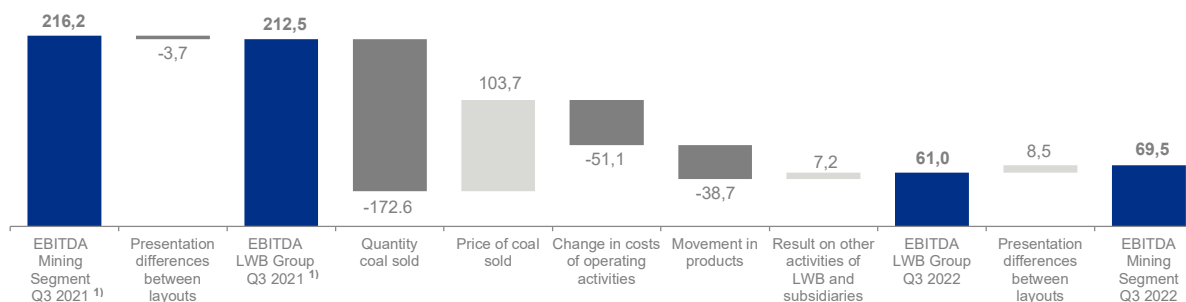
(+) Greater revenue from sales of coal: lower volume of coal sales (-87 thousand tons) with concurrently higher prices of steam coal in contracts which were affected by the increase in the coal prices on global markets

(-) Increase in the amount of incurred mining cash cost – higher costs of materials and energy; higher employee costs and costs of third-party services

(-) In Q1-Q3 2021, the level of coal inventories grew by 260 thousand tons (activation of some of coal production costs). In Q1-Q3 2022, the inventories grew by 6 thousand tons (activation of some of coal production costs).

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

PLN million



¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022

Key EBITDA drivers in Q3 2022 (down by PLN 146.7 million):

(-) Lower revenue from sales of coal: lower volume of coal sales (-734 thousand tons) with concurrently higher prices of steam coal in contracts

(-) Higher mining cash cost – higher costs of materials and energy; higher employee costs

(-) In Q1-Q3 2021, the level of coal inventories dropped by 98 thousand tons (allocation of coal production costs to costs of the period). In Q3 2022, the inventories decreased by 327 thousand tons (allocation of coal production costs to costs of the period).

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

The Other Activities Area in Q1-Q3 2022 and Q3 2022

[PLN 000s]	Q1-Q3 2021	Q1-Q3 2022	Change	% change	Q3 2021	Q3 2022	Change	% change
Net revenue from sales	382,254	442,881	60,627	15.9%	133,866	172,683	38,817	29.0%
Revenue from leases and operating subleases	2,345	2,859	514	21.9%	69	59	-10	-14.5%
Revenue from sales and other income	384,599	445,740	61,141	15.9%	133,935	172,742	38,807	29.0%
EBIT	41,965	58,923	16,958	40.4%	21,712	35,141	13,429	61.9%
Amortization and depreciation	54,514	55,974	1,460	2.7%	17,871	19,083	1,212	6.8%
Impairment loss/ (reversal of impairment loss) on non-financial assets on non-current assets	3,358	0	-3,358	-100.0%	0	0	-	-
EBITDA	99,837	114,897	15,060	15.1%	39,583	54,224	14,641	37.0%
CAPEX	22,870	48,674	25,804	112.8%	8,186	19,169	10,983	134.2%
Share of revenue from sales of the segment in the Group's revenue from sales	2%	2%	-	-	2%	2%	-	-

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

- activities supporting other Group companies:

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

ENEA Innowacje – deals with ventures that offer a chance to become, in the future, innovative and modern products offered by the Group. On 12 April 2021, the Extraordinary General Meeting of ENEA Badania i Rozwój adopted a resolution on the merger with ENEA Innowacje through the acquisition of ENEA Badania i Rozwój by ENEA Innowacje, as a result of which an entry was made on 1 June 2021 in the National Court Register on the merger of ENEA Innowacje and ENEA Badania i Rozwój.

- accompanying activities:

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

Ratio analysis

Definitions of the ratios are presented in section 12 entitled: “Glossary of terms and abbreviations”

	Q1-Q3 2021 ¹⁾	Q1-Q3 2022	Q3 2021 ¹⁾	Q3 2022
Profitability ratios				
ROE – return on equity ²⁾	12.3%	7.1%	16.5%	1.1%
ROA – return on assets ²⁾	5.3%	3.3%	7.1%	0.5%
Net profitability	8.8%	4.0%	10.9%	0.6%
Operating profitability	10.7%	4.9%	13.3%	0.6%
EBITDA profitability	18.2%	10.1%	20.5%	5.7%
Liquidity and financial structure ratios				
Current liquidity ratio	1.1	1.0	1.1	1.0
Coverage of non-current assets with equity	65.7%	70.2%	65.7%	70.2%
Total debt ratio	56.7%	53.5%	56.7%	53.5%
Net debt / EBITDA	0.31	-0.18	0.31	-0.18
Economic activity ratios				
Current receivables turnover in days ³⁾	46	47	43	44
Trade and other payables turnover in days ⁴⁾	75	66	72	63
Inventory turnover in days	32	20	31	19

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022

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

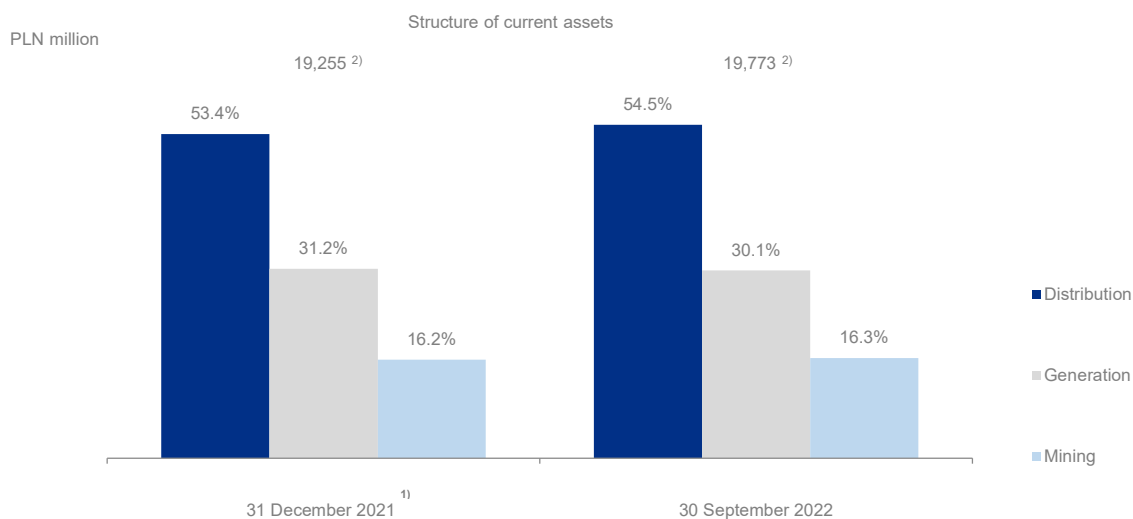
³⁾ Trade receivables – trade receivables, assets under contracts with customers and costs of concluding contracts

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

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

Assets [PLN thousand]	As at:		Change	% change
	31 December 2021 ¹⁾	30 September 2022		
Non-current assets	22,367,189	24,379,567	2,012,378	9.0%
Property, plant and equipment	19,254,971	19,772,548	517,577	2.7%
Right-of-use asset	774,099	808,006	33,907	4.4%
Intangible assets	350,188	344,420	-5,768	-1.6%
Investment properties	20,282	19,399	-883	-4.4%
Investments in associates and jointly controlled entities	137,881	159,427	21,546	15.6%
Deferred tax assets	1,400,872	1,881,936	481,064	34.3%
Financial assets at fair value	195,031	348,448	153,417	78.7%
Trade and other receivables	74,434	885,901	811,467	1,090.2%
Costs related to the conclusion of agreements	11,180	10,807	-373	-3.3%
Receivables under leases and finance subleases	580	778	198	34.1%
Funds in Mine Decommissioning Fund	147,671	147,897	226	0.2%
Current assets	12,289,954	12,394,831	104,877	0.9%
CO ₂ emission allowances	2,859,978	295,699	-2,564,279	-89.7%
Inventories	1,115,920	1,293,345	177,425	15.9%
Trade and other receivables	3,312,572	4,433,316	1,120,744	33.8%
Costs related to the conclusion of agreements	11,652	11,215	-437	-3.8%
Assets arising from contracts with customers	412,908	594,585	181,677	44.0%
Receivables under leases and finance subleases	903	1,145	242	26.8%
Current income tax receivables	3,147	15,308	12,161	386.4%
Financial assets at fair value	419,321	697,673	278,352	66.4%
Cash and cash equivalents	4,153,553	5,052,545	898,992	21.6%
Total Assets	34,657,143	36,774,398	2,117,255	6.1%

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022



¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022

²⁾ Of which elimination

Key change drivers for non-current assets (up by PLN 2,012 million):

- PLN 811 million increase in trade and other receivables – increase in the value of collateral margins related to the contracting of CO₂ emission allowances and the FX forward contracts associated with them
- increase in property, plant and equipment by PLN 518 million, of which: an increase in fixed assets by PLN 1,462 million, with a concurrent increase in accumulated depreciation by PLN 942 million
- PLN 481 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 153 million increase in the amount of 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 34 million increase in the right-of-use asset – mainly the rights to underground parts of land
- PLN 22 million growth in the value of investments in associates and jointly controlled entities – an increase in the value of the investment in shares in Polimex-Mostostal S.A.

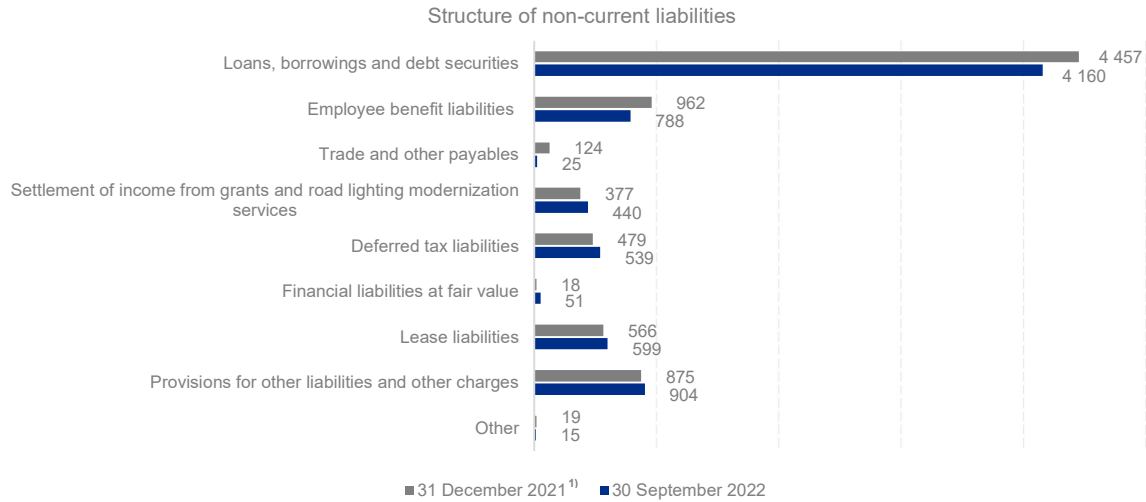
Key drivers of current assets (up by PLN 105 million):

- PLN 1,121 million increase in trade and other receivables – mainly an increase in trade receivables, an increase in the value of collateral margins related to the contracting of CO₂ emission allowances and FX forward contracts associated with them, an increase in tax receivables (excluding income tax)
- PLN 899 million increase in cash and cash equivalents – chiefly proceeds from the issue of shares, cash generated on current activity and movement in earmarked funds for trade in CO₂ emission allowances
- PLN 278 million increase in the amount of 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 182 million increase in assets arising from contracts with customers – largely due to a higher volume of non-invoiced electricity sales
- PLN 177 million increase in inventories – including mainly an increase in inventories of biomass, other materials, coal, with a concurrent decrease in inventories of energy origin certificates
- PLN 2,564 million decrease in the value of CO₂ emission allowances – including mainly redemption of CO₂ emission allowances for the previous year

Equity and liabilities [PLN thousand]	As at		Change	% change
	31 December 2021 ¹⁾	30 September 2022		
Total equity	15,201,900	17,110,668	1,908,768	12.6%
Share capital	588,018	676,306	88,288	15.0%
Share premium	2,692,784	3,348,670	655,886	24.4%
Revaluation reserve – measurement of hedging instruments	108,917	243,466	134,549	123.5%
Retained earnings	10,636,605	11,523,301	886,696	8.3%
Non-controlling interests	1,175,576	1,318,925	143,349	12.2%
Total liabilities	19,455,243	19,663,730	208,487	1.1%
Non-current liabilities	7,876,738	7,520,741	-355,997	-4.5%
Current liabilities	11,578,505	12,142,989	564,484	4.9%
Total equity and liabilities	34,657,143	36,774,398	2,117,255	6.1%

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022

PLN million

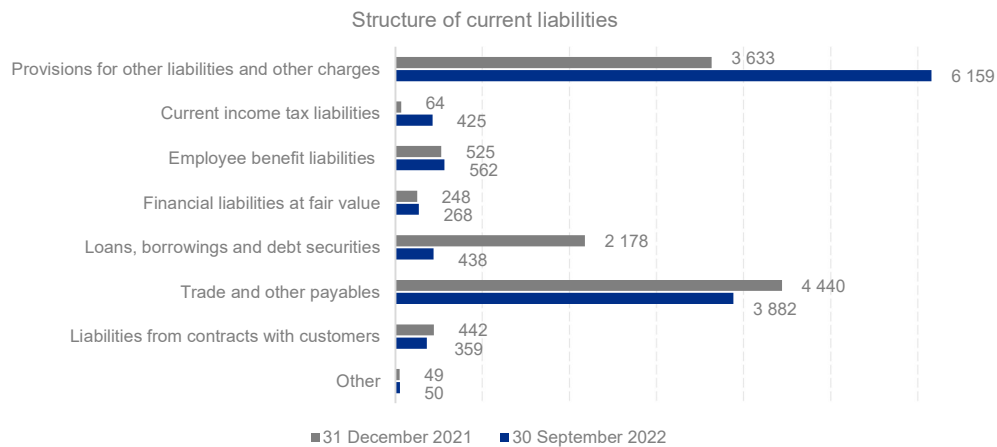


1) Presentation change in accordance with the condensed interim consolidated financial statements for 9 months of 2022

Key drivers of non-current liabilities (down by PLN 356 million)

- PLN 297 million decrease in the loans, borrowings and other debt securities – reclassification of non-current liabilities to current liabilities
- PLN 175 million decrease in employee benefit liabilities – movement in employee benefit liabilities valued according to actuarial principles
- PLN 99 million decrease in trade and other payables – mainly a decrease in liabilities related to deposits for futures transactions for CO₂ emission allowances
- PLN 63 million increase in settlement of income from grants and road lighting modernization services
- PLN 59 million increase in deferred tax liabilities
- PLN 33 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
- PLN 33 million increase in lease liabilities
- PLN 29 million increase in provisions for other liabilities and other charges – higher long-term provision for a loss arising from the settlement of the distribution fee rebate regarding the electricity fed into the grid by prosumers

PLN million



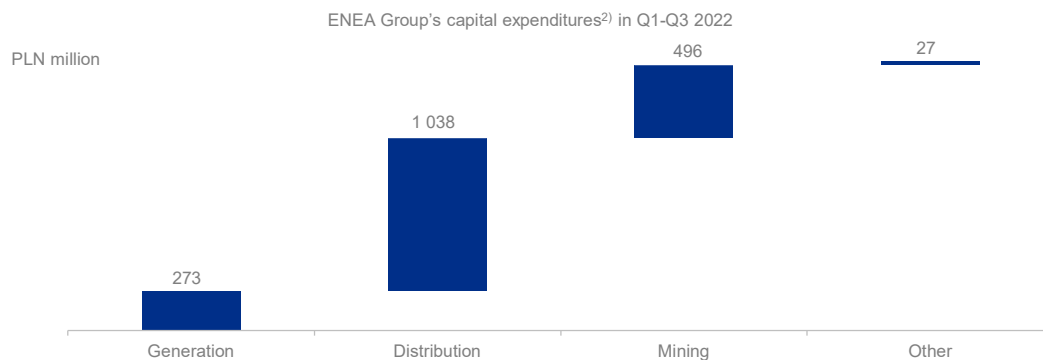
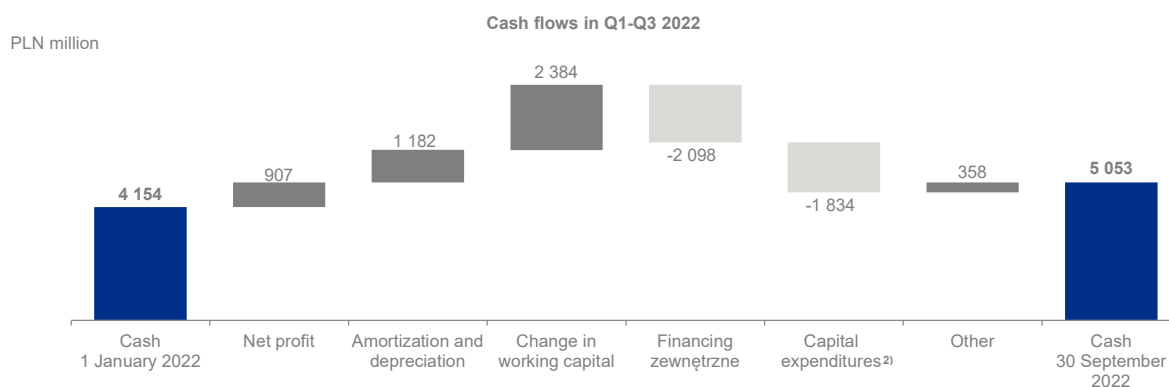
Key change drivers for current liabilities (down by PLN 564 million)

- PLN 2,526 million increase in provisions for other liabilities and other charges – including: an increase in provisions for onerous contracts by PLN 1,374 million, an increase in provisions for the purchase of CO₂ emission allowances by PLN 1,254 million, with a concurrent decrease in provisions for energy origin certificates by PLN 98 million, the reversal of a PLN 44 million portion of the provision for future investment liabilities at Elektrownia Ostrołęka Sp. z o.o. (the Ostrołęka Power Plant)
- PLN 361 million increase in current income tax liabilities – chiefly liabilities from CIT settlement of the ENEA Tax Group
- PLN 1,740 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 557 million increase in trade and other payables – a decrease in liabilities related to the valuation of futures transactions for CO₂ emission allowances and in investment liabilities with a concurrent increase in trade liabilities

Cash position of the ENEA Group

Statement of cash flows [PLN thousand]	Q1-Q3 2021 ¹⁾	Q1-Q3 2022	Change	% change
Net cash flows from operating activities	6,684,129	4,201,380	-2,482,749	-37.1%
Net cash flows from investing activities	(1,303,915)	(1,782,218)	-478,303	-36.7%
Net cash flows from financing activities	(1,286,078)	(1,520,170)	-234,092	-18.2%
Increase / (decrease) in net cash	4,094,136	898,992	-3,195,144	-78.0%
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	6,035,690	5,052,545	-983,145	-16.3%

¹⁾ Presentation change in accordance with the condensed interim consolidated financial statements for 9 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 September 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 Articles of Association 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 Articles of Association, 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 Shareholder – 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.

Since the date of publication of the previous periodic report, i.e. the report for H1 2022, 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 Q3 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%
Other	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 Q1-Q3 2022, the ENEA S.A. stock price fell from PLN 8.51 to PLN 6.18, that is by PLN 2.33, or 27%. The highest closing price of ENEA S.A. stock this year was recorded on 20 June 2022 (PLN 10.15), while the lowest price was recorded on 29 September 2022 (PLN 6.02).

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



Data	Q1-Q3 2022
Number of shares	529,731,093
Minimum price [PLN]	6.02
Maximum price [PLN]	10.15
Closing price [PLN]	6.18
Stock price at the end of the previous period [PLN]	8.51
Average volume	483,201

7. Company authorities

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

As at 1 January 2022		As at the publication date of the report for Q3 2022	
Name	Position	Name	Position
Paweł Szczeszek	President of the Management Board	Paweł Majewski	President of the Management Board
Tomasz Siwak	Management Board Member for Commercial Matters	Tomasz Siwak	Management Board Member for Commercial Matters
Tomasz Szczegielniak	Management Board Member for Corporate Matters	Dariusz Szymczak	Management Board Member for Corporate Matters
Marcin Pawlicki	Management Board Member for Operational Matters	Marcin Pawlicki	Management Board Member for Operational Matters
Rafał Mucha	Management Board Member for Financial Matters	Rafał Mucha	Management Board Member for Financial Matters
Lech Żak	Management Board Member for Strategy and Development	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 ENEA S.A. Management Board 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 above changes, during the reporting period and until the publication date of the report for Q3 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		As at the publication date of the report for Q3 2022	
Name	Position	Name	Position
Rafał Włodarski	Supervisory Board Chairperson	Rafał Włodarski	Supervisory Board Chairperson
Roman Stryjski	Deputy Chairperson of the Supervisory Board	Roman Stryjski	Deputy Chairperson of the Supervisory Board
Michał Jaciubek	Supervisory Board Secretary	Mariusz Pliszka	Supervisory Board Secretary
Paweł Korobłowski	Supervisory Board Member	Łukasz Ciołko	Supervisory Board Member
Maciej Mazur	Supervisory Board Member	Mariusz Damasiewicz	Supervisory Board Member
Piotr Mirkowski	Supervisory Board Member	Aneta Kordowska	Supervisory Board Member
Mariusz Pliszka	Supervisory Board Member	Mariusz Romańczuk	Supervisory Board Member
Dorota Szymanek	Supervisory Board Member	Tomasz Lis	Supervisory Board Member
Tomasz Lis	Supervisory Board Member	Paweł Łącki	Supervisory Board Member
		Piotr Zborowski	Supervisory Board Member

On 10 March 2022, the Company's Extraordinary General Meeting adopted a resolution by the power of which, with effect on the same date, 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 joint 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 an ENEA S.A. Supervisory Board Member, effective as of 31 August 2022.

On 16 September 2022, the Company received a statement from the Minister of State Assets that the Minister of State Assets had exercised its powers to appoint an ENEA S.A. Supervisory Board Member pursuant to § 24 sec. 1 of the Company's Articles of Association. Based on the said powers, Mr. Łukasz Ciołko was appointed to the Company's Supervisory Board as of 16 September 2022.

On 18 November 2022, the Company's Extraordinary General Meeting adopted a resolution by the power of which, as of that date, Mr. Paweł Korobłowski was dismissed from the ENEA S.A. Supervisory Board of the 11th term of office.

On 18 November 2022, the Company's Extraordinary General Meeting adopted a resolution by the power of which, as of that date, Ms. Aneta Kordowska, Mr. Paweł Łącki and Mr. Piotr Zborowski were appointed to the ENEA S.A. Supervisory Board of the 11th term of office.

Apart from the above changes, during the reporting period and until the publication date of the report for Q3 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	Position
Tomasz Lis ^{1) 2) 3)}	Chairman
Mariusz Damasiewicz ^{1) 3)}	Member
Mariusz Pliszka ^{1) 3)}	Member
Roman Stryjski ¹⁾	Member
Aneta Kordowska ^{1) 2)}	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 Code of 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	Position
Roman Stryjski ¹⁾	Chairman
Rafał Włodarski	Member
Piotr Zborowski 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	Position
Rafał Włodarski	Chairman
Mariusz Romańczuk	Member
Mariusz Damasiewicz	Member
Piotr Zborowski	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	Position	Number of ENEA S.A. shares as at 14 September 2022	Number of ENEA S.A. shares as at 23 November 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. Electricity demand

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 offtake 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 electricity distribution services” of ENEA Operator. The Decision of the ERO President no. DRE.WPR.4211.58.8.2021.KKu of 17 December 2021 was published in the 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 customers for 2022. The proposed change is due to an increase in electricity purchase costs, mainly due to increased energy consumption by customers 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)¹⁾ and laid down sanctions for infringements of its provisions.

¹⁾A Central Counterparty (CCP) means a legal person holding an authorization from the ESMA (European Securities and Markets Authority) that interposes itself between the counterparties to the contracts for Derivatives traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer.

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	915	915	915	915	915	915	915	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	220	220	220	220	220	220	220	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 Pila

[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 Pila

[PLN million]	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	37¹⁾

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 million] ¹⁾	2022	2023	2024	2025
Quarterly contracts (existing)	3	5	-	-
1-year contract (existing)	-	-	8	3 ²⁾
Total	3	5	8	3²⁾

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)	6 ¹⁾	8	10	6	10
Total	6¹⁾	8	10	6	10

1) Reduction of planned revenues from the Capacity Market because of interruptions to the readiness to supply power to the grid on account of performing planned repairs of capacity market units.

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 the period 2021-2025, for three units with the average capacity of approx. 37 MW in a given delivery year,
- for 2026, for two units with the 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. Any market participant is obliged to report data on the transactions concluded on wholesale energy markets, including any orders placed. 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.

8.1.8. European 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. On 14 July 2021, the European Commission published “Fit for 55”, a legislative package which includes a directive regulating the linear reduction factor and the market stability reserve, which are the most important mechanisms within the EU ETS, contributing to a decreased supply in the EU ETS market. After the change, the present value of the linear reduction factor has been 2.2% since 2021.

According to the Commission’s publication of 12 May 2022 on the total number of allowances in circulation in 2021 for the purposes of the Market Stability Reserve and of the number of unallocated allowances during the period 2013-2020:

- as at 31 December 2021, there were 2,632,682,062 allowances in the Market Stability Reserve,
- from September 2022 to September 2023, 347,811,404 allowances will be placed in the Market Stability Reserve,

- as at 31 December 2021, the number of allowances in circulation amounted to 1,449,214,182.

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. In Q4 2022, it is planned to finish the work on the “Fit for 55” Package and thus to introduce further amendments to Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the UE (detailed information on the Package can be found in section 8.1.9).

In this context, a strong upward trend in the quotations of greenhouse gas emission allowances has been observed since November 2020, continuing till the beginning of 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. Following a significant increase in mid-August, a considerable decline was recorded in September.

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 (hereinunder the ETS Revision Draft).

- 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;

On 22 June 2022, after the first reading in the European Parliament, the ETS Revision Draft was forwarded to the relevant Commission.

- 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 45%;
- 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;

On 14 September 2022, after the first reading in the European Parliament, the draft was forwarded to the relevant Commission.

- 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;
- an 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;

On 14 September 2022, after the first reading in the European Parliament, the draft was forwarded to the relevant Commission.

- 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).¹⁾

The draft is awaiting the position of the relevant commission.

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.

¹⁾ Political agreement in the matter of increasing the contribution of the Land Use, Land-Use Change and Forestry sector

On 15 July 2022, the Official Journal of the European Union published the Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

The regulation came into effect on 4 August of this year and is to be applied as of 1 January 2023.

The regulation 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 regulation 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.

To address the difficulties and disruption on the global energy market caused by Russia's attack on Ukraine, on 18 May the European Commission presented the REPowerEU plan.

REPowerEU is the European Commission's plan to rapidly reduce Europe's dependence on Russian fossil fuels early before 2030 in connection with the Russian invasion of Ukraine. REPowerEU is based on the assumption of the Fit For 55 package and it does not affect the key assumptions of achieving reduction of greenhouse gas emissions by at least 55% by 2030 and climate neutrality by 2050. The measures envisaged in the REPowerEU may provide a response to that ambitious goal. These measures include: energy savings, diversification of energy supplies, and accelerated roll-out of renewable energy to replace fossil fuels in homes, industry and power generation. In the area of energy savings, REPowerEU assumes, among others: an increase from 9% to 13% of the binding Energy Efficiency Target set in the fit for 55 package. The accelerated roll-out of renewable energy assumes, among others: an increase of the 2030 target for renewables from 40% to 45% of total energy production across EU; a phased-in legal obligation to install solar panels on rooftops – starting in 2026, photovoltaic systems are to be mandatory on new public and commercial buildings and new residential buildings with surfaces above 250 m²; departure from natural gas in favor of accelerated development of clean hydrogen and biomethane; doubling of the rate of deployment of heat pumps, and measures to integrate geothermal and solar thermal energy in modernized district and communal heating systems.

On 8 October 2022, the Council Regulation (EU) on an emergency intervention to address high energy prices came into effect.

The regulation assumes that common measures be introduced to reduce demand for electricity and to collect surplus revenues of the energy sector and pass them on to final consumers. A voluntary and general goal of reducing gross electricity consumption by 10% and a mandatory goal of reducing electricity consumption by 5% during peak hours. The member states are to identify peak hours corresponding in total to at least 10% of all hours in the period between 1 December 2022 and 31 March 2023, during which they will reduce their demand for energy. The states will have the discretion to choose the appropriate measures to achieve their energy consumption with a view of achieving both goals in this period. The assumption underlying the regulation is to set a cap on market revenues at 180 EUR per MWh for electricity producers, including intermediaries that use "inframarginal technologies" for energy production, such as renewables, nuclear and lignite. Setting a limit at this level is to ensure profitability of the operators and to make sure they do not unduly prevent investments in renewables.

The regulation also sets forth the rules for introducing a temporary solidarity tax on profits of companies with activities in the crude petroleum, natural gas, coal and refinery sectors. The contribution is to be calculated on the basis of taxable profits calculated in accordance with the national tax regulations in the fiscal year starting in 2022 or 2023 that exceed 20% of the average annual taxable profits since 2018. The solidarity contribution is to be applied over and above the regular taxes and charges applicable in the member states. The member states will use the proceeds from the solidarity contribution to provide financial support to households and businesses and to mitigate the effects of high retail prices of electricity.

According to the regulation, member states will be able to temporarily set the price of electricity supplied to small and medium enterprises in order to provide more support to SMEs (small and medium enterprises) struggling with high energy prices. Member states will have the opportunity, exceptionally and temporarily, to set the price for the delivery of electricity below the cost level, if certain conditions are satisfied. The measures are temporary and extraordinary in nature. They will be in effect from 1 December 2022 to the end of 2023, while the reduction targets for energy consumption are to be binding by the end of the first quarter of 2023. The mandatory limit on revenues will end after six months of 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. Regulatory changes in retail trading and distribution

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 reduction of the rate to 4.60 PLN/MWh for the remaining customers.

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. The Act introduced a number of changes, among others the concepts of a virtual renewable energy prosumer (for an installation remote from a given offtake point) and a collective renewable energy prosumer (for installations built within multi-unit buildings), along with mechanisms that allow 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 were 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.

On 18 October 2022, a new law entered into force, the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market. The act introduces, among others, the obligation for trading companies to apply in 2023, for Tariff Group G buyers, the 2022 prices of if electricity consumption is within the specified limits; a compensation system for energy companies, the electricity allowance, which will be available to households, in which electricity is the main source of heating; a 10% discount if the consumption from October 2022 to December 2023 is no more than 90% of the consumption from October 2021 to December 2022, and imposes an obligation on managers of public finance entities to reduce their energy consumption in 2023 by 10%. Additionally, the Act of 7 October 2022 among others introduces a mechanism to mitigate electricity distribution costs by freezing the rates of the electricity distribution fee for 2023 at the 2022 levels for eligible buyers enumerated in the act. In connection with the above, the act provides for a compensation payable to the operators, which is to be equal to the difference between the approved distribution price for 2023 and the 2022 price, up to the specified energy consumption limit.

On 25 October 2022, the Act of 7 October 2022 amending the Income Tax Act and certain other acts. This act extends to 31 December 2022 the applicable VAT rates (0% for natural gas and 5% for electricity) and an exemption from the excise tax for electricity sold to household buyers, and a reduction of the excise tax for electricity sold to other buyers down to 4.60 PLN/MWh.

On 4 November 2022, the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023 came into force. The act introduces, among others, an obligation to apply, in relations with eligible buyers,

prices that are not greater than the maximum price set in the act, a compensation system for entities eligible to the maximum price and an obligation to contribute to the Price Difference Fund.¹⁾

¹⁾ Pursuant to the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023 and the Regulation of the Council of Ministers of 8 November 2022 on the method for calculating a price limit, a producer or a trading company that has a positive daily difference between the sales price calculated in accordance with the above documents and the purchase price, will recognize a write-off to the Fund.

8.1.12. Signing the Charter of Effective Transformation of Distribution Grids of the Polish Energy System

On 7 November 2022, the ERO President and 5 major DSOs (Enea Operator, Energa Operator, PGE Dystrybucja, Stoen Operator, Tauron Dystrybucja) signed the “Charter of Effective Transformation of Distribution Grids of the Polish Energy System” (hereinafter the “Charter”). The signatories of the Charter focused on the role played in the process of transforming the Polish energy system by distribution grids and their adaptation to the new energy market model, which is increasingly based on renewables. Without rebuilding and upgrading the grids, effective transformation of the energy sector will not be possible. According to the assumption of the Charter, by 2030 the capacity of installed distributed sources (including prosumers) will increase by about 230%, or up to 50 GW, which will represent a 50% share of renewable energy sources in the electricity mix.

This requires a complete reconfiguration of the previous passive grid to an active, bi-directional, reliable transmission of electricity. This will translate to high flexibility of the system and comprehensive support for distributed energy production. In order to achieve these effects, the distributors’ investment and development needs must be properly diagnosed and the DSO regulatory model and the legislative process must also be changed to facilitate capital expenditures in grids and financing.

The charter also refers to the necessity to increase capital expenditures for digitization and automation of grids, smart grid services and implementation of strategic connection investments, which will enable connection of 2 million new buyers by 2030. It also assumes that 100% buyers will have remote reading meters by 2030 and 100% MV/LV substations will have balancing meters installed by 2025.

As noted by the ERO President, in order to satisfy the postulates of the Charter, as the following steps, proposals will have to be developed for the necessary changes in the DSO regulatory models and the investment programs will have to be consistently implemented; also the necessary legislative changes will have to be initiated that take new regulatory requirements into account and ensure, among others, aid for DSOs. Also, ongoing monitoring of the transformation process will be necessary, by analyzing the outcomes achieved and rationally changing the desired course of investment processes by making the necessary corrections.

It is the intention of the Charter signatories to incorporate the provisions of this document, to the greatest possible extent, already in the distribution tariffs for 2023.

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 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 microinstallations, emergence of energy communities (energy clusters and cooperatives, local balancing areas, owners of energy storage, electric cars and car charging stations), cyber security and development of research and development and innovation activities.

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. 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 prepared by ENTSO-E (European Network of Transmission System Operators). An increasingly more important role in the operation of ENEA Operator as a DSO is played also by grid codes prepared by ENTSO 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 (SOGL) 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/dla-wytworcow> contains, among others, templates of forms for entering the data arising from SOGL. ENEA Operator's experts also respond to questions and doubts of RES producers under the dedicated email address: wytworcy@operator.enea.pl. The Producers' Portal was launched, a site through which 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 Q1-Q3 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 September 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 proceedings were discontinued in the 1st instance (final and non-appealable) and on 16 September 2022, by decision of the Appellate Court in Poznań, a complaint regarding the decision on costs of proceedings was also dismissed.
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 of ENEA Group Employees 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. On 20 October 2022, the Court of Appeal in Poznań closed the hearing and deferred the judgment until 21 November this year. On 21 November 2022, the Court of Appeal in Poznań announced the judgment, in which it dismissed the appeal of the Synergia Trade Union in the ENEA Group and awarded costs of legal representation to ENEA S.A. The judgment is not final and non-appealable.

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 from 1 January to 30 September 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 this document are denominated in PLN thousand. In some instances, the numbers in tables and graphs may not add up to the stated totals, the differences being due to rounding.

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 September 2022, the headcount in ENEA Group companies included 17,449 employees with employment contracts. As at 30 September 2022, the headcount in ENEA S.A. was 419 employees with employment contracts.

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

Distribution: 5,402; Trading: 520; Mining: 5,767; Generation: 4,018; Other: 1,742.

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 of/withdrawal from 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 the period from 1 January to 30 September 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 Kozenice 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 Kozenice 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).

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.

On 30 September 2022, the meeting opening the Competitive Dialogue under the project entitled "Restoration of generation capacity of 200 MW coal-fired units in the Kozenice Power Plant based on the gaseous fuel combustion technology". Competitive dialogue will be conducted in three stages split into general and industrial parts. According to the assumed schedule of the project, in Q3 2023, an agreement should be concluded with the General Contractor of the combined cycle units. The underlying concept for the construction of the CCGT power units calls for new low emission sources to stabilize RES as they develop in the initial phase of the ENEA Group's efforts to achieve climate neutrality and will provide for the security of the electric power system.

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 17,700,000 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 249,996,000 to PLN 302,297,000, for the total issue price of PLN 250,000,000, 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. In Q1-Q3 2022, the design work was performed and the required permits and decisions were required and then a tender procedure was announced to build a photovoltaic farm.

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 September 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 Q1-Q3 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 was 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 3.8% of LWB Group's consolidated revenue from sales in the period of 9 months of 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 its origin. 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 the period of 9 months 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 – the situation caused an increase in the prices of gaseous fuel and electricity in the current 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 termination of deliveries from Belarus after 4 June 2022 in connection with the 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, some supply shortages have been identified on the domestic wood/forest biomass market, creating a persistent upward trend in biomass prices.

For the needs of electricity generation in units 2-7 of the ENEA Połaniec 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: 0.56 PLN/kg in 2021 => 0.58 PLN/kg in 2022
NO_x: 0.56 PLN/kg in 2021 => 0.58 PLN/kg in 2022
Dust: 0.38 PLN/kg in 2021 => 0.39 PLN/kg in 2022

SO ₂	Emissions [Mg]	Emission factor [kg/MWh]	Emission fee [PLN thousand]
Kozienice Power Plant – units 1-10			
Q1-Q3 2021	5,481.4	0.547	3,069.6
Q1-Q3 2022	4,586.8	0.458	2,660.4
% change	-16.3%	-16.3%	-13.3%
Kozienice Power Plant – unit 11			
Q1-Q3 2021	1,421.6	0.313	796.1
Q1-Q3 2022	1,346.6	0.306	781.0
% change	5.3%	2.2%	-1.9%
ENEA Elektrownia Połaniec			
Q1-Q3 2021	3,455.3	0.564	1,935.0
Q1-Q3 2022	3,258.1	0.463	1,889.7
% change	-5.7%	-17.9%	-2.3%
Białystok Combined Heat and Power Plant			
Q1-Q3 2021	148.9	0.133	83.4
Q1-Q3 2022	112.4	0.107	65.2
% change	-24.5%	-19.5%	-21.8%
Białystok “Zachód” Heat Plant			
Q1-Q3 2021	16.7	-	9.3
Q1-Q3 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			
Q1-Q3 2021	6,572.3	0.656	3,680.5
Q1-Q3 2022	5,104.7	0.509	2,960.8
% change	-22.3%	-22.4%	-19.6%
Kozienice Power Plant – unit 11			
Q1-Q3 2021	1,824.3	0.402	1,021.6
Q1-Q3 2022	1,801.1	0.409	1,044.6
% change	-1.3%	1.7%	2.3%
ENEA Elektrownia Połaniec			
Q1-Q3 2021	3,872.2	0.632	2,168.5
Q1-Q3 2022	3,548.0	0.505	2,057.8
% change	-8.4%	-20.1%	-5.1%
Białystok Combined Heat and Power Plant			
Q1-Q3 2021 ¹⁾	368.2	0.328	206.3
Q1-Q3 2022	276.5	0.264	160.4
% change	-24.9%	-19.5%	-22.2%
Białystok “Zachód” Heat Plant			
Q1-Q3 2021 ¹⁾	14.1	-	7.9
Q1-Q3 2022	2.6	-	1.5
% change	- 81.6%	-	- 81.0%

1) Data updated to reflect modernization of the billing system

Dust	Emissions [Mg]	Emission factor [kg/MWh]	Emission fee [PLN thousand]
Kozienice Power Plant – units 1-10			
Q1-Q3 2021	275.5	0.027	104.7
Q1-Q3 2022	291.1	0.029	113.5
% change	5.7%	7.4%	8.4%
Kozienice Power Plant – unit 11			
Q1-Q3 2021	56.4	0.012	21.4
Q1-Q3 2022	56.7	0.013	22.1
% change	0.5%	8.3%	3.3%
ENEA Elektrownia Połaniec			
Q1-Q3 2021	313.3	0.051	119.1
Q1-Q3 2022	149.4	0.021	58.3
% change	-52.3%	-58.8%	-51.1%
Białystok Combined Heat and Power Plant			
Q1-Q3 2021 ¹⁾	23.3	0.021	8.9
Q1-Q3 2022	22.5	0.021	8.8
% change	-3.4%	0%	-1.1%
Białystok “Zachód” Heat Plant			
Q1-Q3 2021	0.5	-	0.2
Q1-Q3 2022	0.8	-	0.3
% change	60.0%	-	50.0%

1) Data updated to reflect modernization of the billing system

CO ₂	Emissions [Mg]	Emission factor [kg/MWh]	Gross production of electricity [MWh]
Kozienice Power Plant – units 1-10			
Q1-Q3 2021	8,509,472.4	849.0	10,025,182.5
Q1-Q3 2022	8,602,999.1	858.0	10,025,141.8
% change	1.1%	1.1%	-
Kozienice Power Plant – unit 11			
Q1-Q3 2021	3,409,075.6	751.0	4,539,291.9
Q1-Q3 2022	3,352,791.0	762.0	4,401,342.9
% change	-1.7%	1.5%	-3.0%
ENEA Elektrownia Połaniec			
Q1-Q3 2021	4,269,215.0	696.5	6,129,892.6
Q1-Q3 2022	5,408,963.0	769.4	7,030,257.0
% change	26.7%	10.5%	14.7%
MEC Piła			
Q1-Q3 2021	60,551	-	46,558.2
Q1-Q3 2022	27,620	-	36,927.8
% change	- 54.4 %	-	-20.7%
Białystok Combined Heat and Power Plant			
Q1-Q3 2021	220,186.6	196.3	368,257.2
Q1-Q3 2022	167,153.0	159.0	332,689.0
% change	-24.1%	-18.9%	-9.7%
Białystok “Zachód” Heat Plant			
Q1-Q3 2021	14,671.0	-	-
Q1-Q3 2022	8,506.0	-	-
% change	- 42.0%	-	-

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: (i) none of the approved average monthly concentrations of substances exceeds 100% of the emission standard, (ii) none of the approved average daily concentrations of substances exceeds 110% of the emission standard, (iii) 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 (i), (ii), (iii) 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 Q1-Q3 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. Overall 15,536 hours were used during the first three quarters of 2022, 209 hours in total (48 hours in Q1, 41 hours in Q2, 120 hours in Q3).

9. CSR – Corporate social responsibility

Jogging – Collecting – Helping

The “Jogging – Collecting – Helping” project has been implemented by the ENEA Group for several years now. This year’s goal was to collect PLN 50,000. The participants collected points by running a distance of at least 1.5 km and registered them in a special app. Additional points were given for commuting to work by bicycle and for performing several sports activities per day. The points were then converted into Polish zlotys and the amount raised will be used to fund a common goal: to help children from an orphanage. Since mid-August, ENEA Group employees have covered more than 100,000 kilometers, in daily activities as well as in sports competitions in triathlon, cycling or running. This year’s edition of the “Jogging – Collecting – Helping” program also had certain educational qualities. After covering a specific number of kilometers, the participants received a dose of knowledge about Sustainable Development Goals (SDGs). This is one of the ENEA Group’s most important social projects, which, in addition to its sports qualities, extends the scope and reach of ENEA’s corporate social responsibility activities.

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 the cooperation, the ENEA Group became the strategic partner of the 2nd edition of the report entitled “Sustainable development of cities in Poland – from theory to practice”. The document shows how local governments in Poland act towards the achievement of Agenda 2030, or the 17 Sustainable Development Goals adopted by the UN. 30 cities from all voivodships, divided into several categories in terms of the number of residents, contributed to the report. The report also features voices from the business community, from non-governmental organizations, youth communities and public administration. As part of this year’s cooperation, the ENEA Group supported two other projects in addition to the Report: the Sustainable Development Ambassador and the Summer Sustainable Development Academy. Both projects were aimed at supporting the education of the youth through free workshops and by promoting activities already being implemented by active students and high-schoolers, boosting the availability of sustainable development knowledge.

Concerts on Lake Rusalka

Stage on Rusalka is one of many corporate social responsibility activities undertaken by the ENEA Group; for three years now, it has been preventing social exclusion while supporting individuals with hearing disabilities. It is a series of free summer concerts, during which an induction loop is used to help the hearing-impaired. Nearly 8 thousand people attended the concerts organized from June to August. This year, the stage hosted more than 50 young Polish artist, both debutants, for whom it was one of the first concerts, as well as experienced musicians known from major musical festivals in Poland. Thanks to the support of the ENEA Group, the series has also succeeded in establishing cooperation with numerous NGOs and increasing accessibility to culture for people with disabilities.

To the aid of Ukraine!

The ENEA Group continues its aid directed to refugees. It offers help with accommodation, making the centers owned by Group companies available to the citizens of Ukraine. The children and youth staying in the centers may count on support from the ENEA Foundation in relation to school supplies and other necessary articles. For this purpose, the ENEA Foundation together with Caritas Polska carried out the project of equipping all children attending school with school supplies. The Foundation also helps with essential daily necessities, such as clothing and cleaning supplies, or other items requested by the centers' administrators, as the need arises. So far, the Foundation spent nearly PLN 3 million to support refugees in the Group’s centers And more than PLN 1.3 million on projects for Ukrainian refugees carried out by non-government organizations.

10. Non-financial reporting

Non-Financial Statement of the ENEA Group for 2021

In March 2022, in performance of the obligation imposed as of 1 January 2017 by the amended Accounting Act of 15 December 2016 (Journal of Laws 2017 Item 61) implementing Directive 2014/95/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”.

The document does not just satisfy the statutory obligation. Any interested persons, organizations and institutions may also 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.

The 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. Also, the section devoted to managing the risks associated with climate change has 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/>

ENEA ranked 6th in the “Fuels, power and mining industry” category in the 16th edition of the Ranking of Responsible Firms 2022 and was awarded the title of “A company recognized in the Ranking of Responsible Firms 2022.”

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/>

ENEA Group's ESG website

In mid-September 2022, to address the rising importance of ESG issues on financial markets, among rating agencies and in relations with customers and service providers, ENEA Group made changes to its communication, launching the ESG website on its corporate website. The platform presents key information and ratios based on data for the previous financial year, broken down into environmental, social and governance areas. The site enables quick access to condensed ESG information for analysts, but also robots and artificial intelligence, and gives the Group an opportunity to explain its approach to the processes and changes that have occurred recently in the organization. According to the current plans, the Group's ESG ratios are to be updated annually.

The site is available at: <https://www.enea.pl/serwiseshg>

11. Appendices

Appendix 1 - Statement of profit and loss of ENEA Operator in Q1-Q3 2022

[PLN 000s]	Q1-Q3 2021	Q1-Q3 2022	Change	% change
Revenue from sales of distribution services to end users	2,223,599	2,399,763	176,164	7.9%
Revenue from additional fees	3,263	2,690	-573	-17.6%
Revenue from non-invoiced sale of distribution services	19,110	9,782	-9,328	-48.8%
Clearing of the Balancing Market	2,837	34,613	31,776	1,120.1%
Grid connection fees	63,552	61,050	-2,502	-3.9%
Revenue from illegal electricity consumption	6,613	5,429	-1,184	-17.9%
Revenue from services	21,085	21,815	730	3.5%
Revenue from sales of distribution services to other entities	19,057	14,276	-4,781	-25.1%
Revenue from sales of goods and materials and other revenue	1,339	881	-458	-34.2%
Revenue from sales	2,360,455	2,550,299	189,844	8.0%
Depreciation of fixed assets and amortization of intangible assets	495,231	526,129	30,898	6.2%
Employee benefit costs	386,279	446,400	60,121	15.6%
Consumption of materials and supplies and cost of goods sold	24,736	29,090	4,354	17.6%
Purchase of energy for own needs and network losses	219,573	349,689	130,116	59.3%
Costs of transmission services	324,439	340,210	15,771	4.9%
Other third-party services	206,983	214,936	7,953	3.8%
Taxes and charges	179,905	224,301	44,396	24.7%
Tax-deductible expense	1,837,146	2,130,755	293,609	16.0%
Other operating revenue	29,670	64,929	35,259	118.8%
Other operating costs	26,102	50,595	24,493	93.8%
Profit/ (loss) on the sale and liquidation of property, plant and equipment	(1,273)	(2,400)	-1,127	88.5%
Operating profit / (loss)	525,604	431,478	-94,126	-17.9%
Finance income	4,992	26,397	21,405	428.8%
Finance costs	44,333	147,679	103,346	233.1%
Profit / (loss) before tax	486,263	310,196	-176,067	-36.2%
Income tax	96,263	62,456	-33,807	-35.1%
Net profit / (loss) for the reporting period	390,000	247,740	-142,260	-36.5%
EBITDA	1,020,835	957,607	-63,228	-6.2%

ENEA Operator – Key EBITDA drivers in Q1-Q3 2022 (down by PLN 63.2 million):

(+) revenue from sales of distribution services to end users up by PLN 167 million, largely due to a higher average price and a 100 GWh higher volume of electricity supplied

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

(-) an increase in costs of purchasing electricity to cover the balancing difference (balance) by PLN 98 million, chiefly as a result of an increase in wholesale prices with delivery in 2022

(-) revenues from grid connection fees down PLN 3 million as a result of the settlement, in 2021, of connections which entailed a large connection fee in Connection Group II

(-) higher operating costs by PLN 117 million resulting mainly from higher employee benefit costs and higher taxes and charges

(+) higher result on other operating activities by PLN 10 million resulting mainly from remeasurement of provisions for grid assets and higher costs of removal of the effects of unexpected events – mass failures that occurred in Q1 2022.

Appendix 2 - Statement of profit and loss of ENEA Operator in Q3 2022

[PLN 000s]	Q3 2021	Q3 2022	Change	% change
Revenue from sales of distribution services to end users	734,984	813,370	78,386	10.7%
Revenue from additional fees	992	501	-491	-49.5%
Revenue from non-invoiced sale of distribution services	-563	-32,813	-32,250	5,728.2%
Clearing of the Balancing Market	330	34,331	34,001	10,303.3%
Grid connection fees	27,155	24,900	-2,255	-8.3%
Revenue from illegal electricity consumption	1,529	882	-647	-42.3%
Revenue from services	6,979	7,096	117	1.7%
Revenue from sales of distribution services to other entities	6,341	3,619	-2,722	-42.9%
Revenue from sales of goods and materials and other revenue	433	307	-126	-29.1%
Revenue from sales	778,180	852,193	74,013	9.5%
Depreciation of fixed assets and amortization of intangible assets	167,198	182,893	15,695	9.4%
Employee benefit costs	120,899	158,923	38,024	31.5%
Consumption of materials and supplies and cost of goods sold	8,426	8,379	-47	-0.6%
Purchase of energy for own needs and network losses	71,989	93,920	21,931	30.5%
Costs of transmission services	111,604	108,624	-2,980	-2.7%
Other third-party services	68,848	73,798	4,950	7.2%
Taxes and charges	59,030	85,380	26,350	44.6%
Tax-deductible expense	607,994	711,917	103,923	17.1%
Other operating revenue	9,555	27,358	17,803	186.3%
Other operating costs	8,695	5,299	-3,396	-39.1%
Profit/ (loss) on the sale and liquidation of property, plant and equipment	(134)	(982)	-848	632.8%
Operating profit / (loss)	170,912	161,353	-9,559	-5.6%
Finance income	483	632	149	30.8%
Finance costs	14,887	77,302	62,415	419.3%
Profit / (loss) before tax	156,508	84,683	-71,825	-45.9%
Income tax	30,714	17,370	-13,344	-43.4%
Net profit / (loss) for the reporting period	125,794	67,313	-58,481	-46.5%
EBITDA	338,110	344,246	6,136	1.8%

ENEA Operator – key EBITDA drivers in Q3 2022 (up by PLN 6.1 million):

- (+) revenue from sales of distribution services to end users up by PLN 46 million, largely due to a higher average price and a higher volume of electricity supplied
- (+) lower costs of purchasing electricity to cover the balance-sheet difference (balance) by PLN 12 million resulted mainly from the lower volume of electricity purchased under wholesale contracts and on the balancing market
- (-) revenue from grid connection fees down by PLN 2 million
- (-) higher operating costs by PLN 69 million resulting mainly from higher employee benefit costs and higher taxes and charges
- (+) higher result on other operating activities by PLN 20 million resulting mainly from remeasurement of provisions for grid assets

Appendix 3 - Statement of profit and loss of ENEA Wytwarzanie in Q1-Q3 2022

[PLN 000s]	Q1-Q3 2021	Q1-Q3 2022	Change	% change
Revenue from sales of electricity	3,898,157	6,322,228	2,424,071	62.2%
generation license	3,757,809	6,145,266	2,387,457	63.5%
trading license	116,546	142,514	25,968	22.3%
Regulatory System Services	23,802	34,448	10,646	44.7%
Revenue from the Capacity Market	458,803	478,606	19,803	4.3%
Revenue from certificates of origin	91	0	-91	-100.0%
Revenue from sales of heat	1,169	7,783	6,614	565.8%
Revenue from sales of other products and services	4,046	4,254	208	5.1%
Revenue from sales of goods and materials	20,309	27,138	6,829	33.6%
Net revenue from sales	4,382,575	6,840,009	2,457,434	56.1%
Revenue from leases and operating subleases	425	426	1	0.2%
Net revenue from sales and other income	4,383,000	6,840,435	2,457,435	56.1%
Depreciation of fixed assets and amortization of intangible assets	170,457	182,923	12,466	7.3%
Employee benefit costs	202,956	238,555	35,599	17.5%
Consumption of materials and supplies and cost of goods sold	3,060,253	4,798,446	1,738,193	56.8%
Purchase of energy for subsequent sale	313,658	607,414	293,756	93.7%
Transmission services	3	1	-2	-66.7%
Other third-party services	98,996	101,084	2,088	2.1%
Taxes and charges	59,510	60,610	1,100	1.8%
Tax-deductible expense	3,905,833	5,989,033	2,083,200	53.3%
Other operating revenue	16,529	22,117	5,588	33.8%
Other operating costs	9,473	13,382	3,909	41.3%
Change in provision related to onerous contracts	0	-1,093,731	-1,093,731	-100.0%
Profit / (loss) on the sale and liquidation of property, plant and equipment	64	118	54	84.4%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	0	(1,737)	-1,737	-100.0%
Operating profit / (loss)	484,287	-231,739	-716,026	-147.9%
Finance income	7,665	47,671	40,006	521.9%
Finance costs	65,954	123,476	57,522	87.2%
Dividend income	121	0	-121	-100.0%
Profit / (loss) before tax	426,119	-307,544	-733,663	-172.2%
Income tax	82,377	-49,550	-131,927	-160.2%
Net profit / (loss) for the reporting period	343,742	-257,994	-601,736	-175.1%
EBITDA	654,744	-50,553	-705,297	-107.7%

ENEA Wytwarzanie – key EBITDA drivers in Q1-Q3 2022 (down by PLN 705.3 million):

- (-) provisions related to onerous contracts of PLN 1,093.7 million
- (-) Balancing Market margin down by PLN 86.8 million
- (-) fixed costs up by PLN 38.4 million
- (-) trading margin down by PLN 28.3 million.
- (+) generation margin up by PLN 508.8 million
- (+) revenue from the Capacity Market up by PLN 19.8 million
- (+) revenue from Regulatory System Services up by PLN 10.6 million
- (+) other drivers up by PLN 2.7 million

Appendix 4 - Statement of profit and loss of ENEA Wytwarzanie in Q3 2022

[PLN 000s]	Q3 2021	Q3 2022	Change	% change
Revenue from sales of electricity	1,562,526	2,363,150	800,624	51.2%
generation license	1,550,217	2,335,179	784,962	50.6%
trading license	5,940	18,735	12,795	215.4%
Regulatory System Services	6,369	9,236	2,867	45.0%
Revenue from the Capacity Market	160,328	162,077	1,749	1.1%
Revenue from sales of heat	595	697	102	17.1%
Revenue from sales of other products and services	1,432	1,321	-111	-7.8%
Revenue from sales of goods and materials	8,284	10,505	2,221	26.8%
Net revenue from sales	1,733,165	2,537,750	804,585	46.4%
Revenue from leases and operating subleases	123	168	45	36.6%
Net revenue from sales and other income	1,733,288	2,537,918	804,630	46.4%
Depreciation of fixed assets and amortization of intangible assets	55,822	60,430	4,608	8.3%
Employee benefit costs	67,647	89,705	22,058	32.6%
Consumption of materials and supplies and cost of goods sold	1,270,293	1,773,087	502,794	39.6%
Purchase of energy for subsequent sale	80,591	152,528	71,937	89.3%
Other third-party services	40,745	37,945	-2,800	-6.9%
Taxes and charges	19,843	20,502	659	3.3%
Tax-deductible expense	1,534,941	2,134,197	599,256	39.0%
Other operating revenue	2,379	10,079	7,700	323.7%
Other operating costs	1,557	4,414	2,857	183.5%
Change in provision related to onerous contracts	0	-900,048	-900,048	-100.0%
Profit / (loss) on the sale and liquidation of property, plant and equipment	53	44	-9	-17.0%
Operating profit / (loss)	199,222	-490,618	-689,840	-346.3%
Finance income	-868	6,537	7,405	-853.1%
Finance costs	16,794	49,729	32,935	196.1%
Dividend income	1	0	-1	-100.0%
Profit / (loss) before tax	181,561	-533,810	-715,371	-394.0%
Income tax	-54,899	-121,749	-66,850	-121.8%
Net profit / (loss) for the reporting period	236,460	-412,061	-648,521	-274.3%
EBITDA	255,044	-430,188	-685,232	-268.7%

ENEA Wytwarzanie – key EBITDA drivers in Q3 2022 (down by PLN 685.2 million):

- (-) provisions related to onerous contracts of PLN 900.0 million
- (-) Balancing Market margin down by PLN 29.0 million
- (-) fixed costs up by PLN 17.5 million
- (-) trading margin down by PLN 4.4 million.
- (+) generation margin up by PLN 255.2 million
- (+) revenue from the Capacity Market up by PLN 1.7 million
- (+) revenue from Regulatory System Services up by PLN 2.9 million
- (+) other drivers up by PLN 6.0 million

Appendix 5 – Statement of profit and loss of ENEA Elektrownia Połaniec in Q1-Q3 2022

[PLN 000s]	Q1-Q3 2021	Q1-Q3 2022	Change	% change
Revenue from sales of electricity	1,885,321	3,360,503	1,475,182	78.2%
generation license	1,377,753	2,866,145	1,488,392	108.0%
trading license	498,404	480,016	-18,388	-3.7%
Regulatory System Services	9,164	14,342	5,178	56.5%
Revenue from the Capacity Market	185,360	189,735	4,375	2.4%
Revenue from certificates of origin	215,176	221,865	6,689	3.1%
Revenue from sales of heat	50,464	56,045	5,581	11.1%
Revenue from sales of other products and services	3,960	4,113	153	3.9%
Revenue from sales of goods and materials	1,545	3,222	1,677	108.5%
Excise duty	42	33	-9	-21.4%
Revenue from sales and other income	2,341,784	3,835,450	1,493,666	63.8%
Depreciation of fixed assets and amortization of intangible assets	60,289	76,003	15,714	26.1%
Employee benefit costs	56,773	65,760	8,987	15.8%
Consumption of materials and supplies and cost of goods sold	1,259,638	2,714,018	1,454,380	115.5%
Purchase of energy for subsequent sale	610,073	506,577	-103,496	-17.0%
Transmission services	305	268	-37	-12.1%
Other third-party services	175,551	205,636	30,085	17.1%
Taxes and charges	25,613	27,381	1,768	6.9%
Tax-deductible expense	2,188,242	3,595,643	1,407,401	64.3%
Other operating revenue	20,990	11,060	-9,930	-47.3%
Other operating costs	1,011	1,897	886	87.6%
Change in provision related to onerous contracts	0	-217,761	-217,761	-100.0%
Operating profit / (loss)	173,521	31,209	-142,312	-82.0%
Finance income	827	17,474	16,647	2012.9%
Finance costs	7,098	25,974	18,876	265.9%
Dividend income	3,614	1,778	-1,836	-50.8%
Profit / (loss) before tax	170,864	24,487	-146,377	-85.7%
Income tax	31,744	4,396	-27,348	-86.2%
Net profit / (loss) for the reporting period	139,120	20,091	-119,029	-85.6%
EBITDA	233,810	107,212	-126,598	-54.1%

ENEA Elektrownia Połaniec – key EBITDA drivers in Q1-Q3 2022 (down by PLN 126.6 million):

System Power Plants Segment (EBITDA up by PLN 60.6 million):

- (+) generation margin up by PLN 193.4 million
- (+) Balancing Market margin up by PLN 46.9 million
- (+) trading margin up by PLN 38.2 million
- (+) revenue from sales of Regulatory System Services up by PLN 5.2 million
- (+) revenue from the Capacity Market up by PLN 4.4 million
- (-) provisions related to onerous contracts of PLN 169.3 million
- (-) fixed costs up by PLN 58.0 million

RES Segment (EBITDA down by PLN 165.8 million):

- (-) RES energy production margin down by PLN 137.9 million
- (-) provisions related to onerous contracts of PLN 48.4 million
- (-) fixed costs up by PLN 2.6 million
- (-) other variable costs up by PLN 0.9 million
- (+) Green Block's margin on sales of green certificate inventories up by PLN 24.1 million

Heat Segment (EBITDA down by PLN 21.4 million)

(-) margin on heat down by PLN 21.0 million due to: higher cost of CO₂ by PLN 15.7 million, higher cost of coal by PLN 9.5 million, higher sales of heat by PLN 3.6 million, higher production volume by PLN 0.5 million

(-) fixed costs up by PLN 0.4 million

Appendix 6 – Statement of profit and loss of ENEA Elektrownia Połaniec in Q3 2022

[PLN 000s]	Q3 2021	Q3 2022	Change	% change
Revenue from sales of electricity	707,833	1,124,545	416,712	58.9%
generation license	546,246	975,927	429,681	78.7%
trading license	159,131	143,437	-15,694	-9.9%
Regulatory System Services	2,456	5,181	2,725	111.0%
Revenue from the Capacity Market	64,194	64,676	482	0.8%
Revenue from certificates of origin	90,765	21,605	-69,160	-76.2%
Revenue from sales of heat	16,945	18,190	1,245	7.3%
Revenue from sales of other products and services	1,309	1,328	19	1.5%
Revenue from sales of goods and materials	422	1,237	815	193.1%
Excise duty	9	9	-	-
Revenue from sales and other income	881,459	1,231,572	350,113	39.7%
Depreciation of fixed assets and amortization of intangible assets	21,679	26,217	4,538	20.9%
Employee benefit costs	17,900	24,166	6,266	35.0%
Consumption of materials and supplies and cost of goods sold	487,147	988,307	501,160	102.9%
Purchase of energy for subsequent sale	215,471	160,730	-54,741	-25.4%
Transmission services	85	86	1	1.2%
Other third-party services	62,264	86,683	24,419	39.2%
Taxes and charges	7,873	8,655	782	9.9%
Tax-deductible expense	812,419	1,294,844	482,425	59.4%
Other operating revenue	2,988	5,067	2,079	69.6%
Other operating costs	482	976	494	102.5%
Change in provision related to onerous contracts	0	35,488	35,488	100.0%
Operating profit / (loss)	71,546	(23,693)	-95,239	-133.1%
Finance income	817	11,887	11,070	1355.0%
Finance costs	2,294	14,027	11,733	511.5%
Dividend income	97	0	-97	-100.0%
Profit / (loss) before tax	70,166	(25,833)	-95,999	-136.8%
Income tax	10,009	-4,724	-14,733	-147.2%
Net profit / (loss) for the reporting period	60,157	(21,109)	-81,266	-135.1%
EBITDA	93,225	2,524	-90,701	-97.3%

ENEA Elektrownia Połaniec – key EBITDA drivers in Q3 2022 (down by PLN 90.7 million):

System Power Plants Segment (EBITDA up by PLN 15.7 million):

- (+) Balancing Market margin up by PLN 28.6 million
- (+) provisions related to onerous contracts of PLN 25.7 million
- (+) trading margin up by PLN 10.4 million
- (+) revenue from sales of Regulatory System Services up by PLN 2.7 million
- (+) revenue from the Capacity Market up by PLN 0.5 million
- (-) fixed costs up by PLN 30.8 million
- (-) generation margin down by PLN 21.3 million

RES Segment (EBITDA down by PLN 93.5 million):

- (-) RES energy production margin down by PLN 102.0 million
- (-) fixed costs up by PLN 2.7 million
- (+) provisions related to onerous contracts of PLN 9.8 million
- (+) other variable costs down by PLN 1.3 million
- (+) Green Block's margin on sales of green certificate inventories up by PLN 0.1 million

Heat Segment (EBITDA down by PLN 12.9 million)

- (-) margin on heat down by PLN 12.5 million due to: higher cost of CO₂ by PLN 7.0 million, higher cost of coal by PLN 6.7 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	Depreciation and amortization; Employee benefit costs Consumption of materials and supplies and cost of goods sold; Purchase of energy and gas for subsequent sale; Transmission services; Other third-party services; Taxes and charges
Cost of goods and materials sold	Consumption of materials and supplies and cost of goods sold; Purchase of energy for resale; 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
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
CSIRE	Central Energy Market Information System
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
ENVI	Committee on the Environment, Public Health and Food Safety
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.
LULUCF	Political agreement in the matter of increasing the contribution of the Land Use, Land-Use Change and Forestry sector
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
OIRE	Energy Market Information Operator
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.
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
PMOZE	Property rights under certificates of origin for energy from renewable sources
PSCMI1	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).
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
REPowerEU	The European Commission's plan to reduce Europe's dependence on Russian fossil fuels before 2030
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)	Catalytic flue gas denitrification installation – it operates based on the principle of reduction of nitrogen oxides to atmospheric nitrogen on the surface of a catalyst, using substances containing ammonia.
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 "Additional information to the extended consolidated report of ENEA S.A. for Q3 2022" – 23 November 2022.

Signed by:

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