ENEA Group CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from 1 January to 31 March 2022

in compliance with EU IFRS

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Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

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

Members of the Management Board

President of the Management Board	**Paweł Majewski**
Member of the Management Board	**Rafał Mucha**
Member of the Management Board	**Marcin Pawlicki**
Member of the Management Board	**Tomasz Siwak**
Member of the Management Board	**Tomasz Szczegielniak**
Member of the Management Board	**Lech Żak**

ENEA Centrum Sp. z o.o.

Entity responsible for maintaining accounting

books and preparing financial statements — Robert Kiereta

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

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

Poznań, 24 May 2022

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the 3-month period ended 31 March 2022 (unaudited)	For the 3-month period ended 31 March 2021 restated* (unaudited)
Revenue from sales	7	7 255 272	5 079 444
Excise duty		(13 809)	(19 421)
Net revenue from sales		**7 241 463**	**5 060 023**
Revenue from operating leases and subleases		4 903	4 505
Revenue from sales and other income		**7 246 366**	**5 064 528**
Other operating revenue		49 581	41 491
Change in provision for onerous contracts		(50 994)	(1 080)
Depreciation/amortisation		(379 325)	(371 171)
Employee benefit costs		(586 440)	(534 224)
Use of materials and raw materials and value of goods sold		(1 894 911)	(1 011 815)
Purchase of electricity and gas for sales purposes		(3 121 420)	(2 097 133)
Transmission services		(113 505)	(107 164)
Other third-party services		(236 851)	(227 529)
Taxes and fees		(130 287)	(119 835)
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		(17 131)	(12 203)
Impairment losses on non-financial non-current assets		(50)	(3 358)
Other operating costs		(85 079)	(67 438)
Operating profit		**679 954**	**553 069**
Finance costs		(69 115)	(58 796)
Finance income		15 760	22 482
Impairment of financial assets at amortised cost		(3 665)	(6 200)
Share of results of associates and jointly controlled entities	11	35 902	(281)
Profit before tax		**658 836**	**510 274**
Income tax	8	(110 941)	(99 736)
Net profit for the reporting period		**547 895**	**410 538**
Other comprehensive income			
Subject to reclassification to profit or loss:			
- measurement of hedging instruments		98 042	52 727
- income tax	8	(18 627)	(10 000)
Not subject to reclassification to profit or loss:			
- other		–	(730)
Net other comprehensive income		**79 415**	**41 997**
Comprehensive income for the reporting period		**627 310**	**452 535**
Including net profit:			
attributable to shareholders of the Parent		494 982	388 287
attributable to non-controlling interests		52 913	22 251
Including comprehensive income:			
attributable to shareholders of the Parent		574 397	430 284
attributable to non-controlling interests		52 913	22 251
Net profit attributable to shareholders of the Parent		494 982	388 287
Weighted average number of ordinary shares		441 442 578	441 442 578
Net profit attributable to the Parent's shareholders, per share (in PLN per share)		**1.12**	**0.88**
Diluted profit per share (in PLN per share)		**1.12**	**0.88**

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

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2022 (unaudited)	As at 31 December 2021 restated*
ASSETS			
Non-current assets			
Property, plant and equipment	9	19 354 555	19 254 971
Right-of-use assets		809 433	774 099
Intangible assets	10	342 675	350 188
Investment properties		19 887	20 282
Investments in associates and jointly controlled entities	11	143 028	137 881
Deferred income tax assets	8	1 635 217	1 400 872
Financial assets measured at fair value	20	314 787	195 031
Trade and other receivables		307 383	74 434
Costs related to the conclusion of agreements		10 772	11 180
Finance lease and sublease receivables		512	580
Funds in the Mine Decommissioning Fund		145 751	147 671
Total non-current assets		**23 084 000**	**22 367 189**
Current assets			
CO2 emission allowances		3 098 466	2 859 978
Inventories	12	1 343 087	1 115 920
Trade and other receivables		3 943 772	3 312 572
Costs related to the conclusion of agreements		11 198	11 652
Assets arising from contracts with customers	14	523 157	412 908
Finance lease and sublease receivables		836	903
Current income tax receivables		3 406	3 147
Financial assets measured at fair value	20	448 564	419 321
Other short-term investments		250 290	–
Cash and cash equivalents	15	3 674 324	4 153 553
Total current assets		**13 297 100**	**12 289 954**
Total assets		**36 381 100**	**34 657 143**

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

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2022 (unaudited)	As at 31 December 2021 restated*
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent			
Share capital		588 018	588 018
Share premium		2 692 784	2 692 784
Revaluation reserve - measurement of hedging instruments		188 304	108 917
Retained earnings		11 131 587	10 636 605
Total equity attributable to shareholders of the parent		**14 600 693**	**14 026 324**
Non-controlling interests		1 228 489	1 175 576
Total equity		**15 829 182**	**15 201 900**
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	17	4 343 236	4 457 014
Trade and other payables		26 506	123 947
Liabilities arising from contracts with customers	14	18 739	18 389
Lease liabilities		581 098	565 993
Accounting for subsidies and road lighting modernisation services	19	389 156	377 016
Deferred income tax provision	8	486 507	479 389
Employee benefit liabilities		973 222	962 473
Financial liabilities measured at fair value		33 475	17 588
Provisions for other liabilities and other charges	18	978 458	874 929
Total non-current liabilities		**7 830 397**	**7 876 738**
Current liabilities			
Credit facilities, loans and debt securities	17	2 220 194	2 177 791
Trade and other payables		4 086 317	4 439 560
Liabilities arising from contracts with customers	14	441 563	441 947
Lease liabilities		29 625	30 678
Accounting for subsidies and road lighting modernisation services	19	18 781	18 073
Current income tax liabilities		282 726	63 774
Employee benefit liabilities		484 015	525 031
Liabilities concerning the equivalent for rights to free purchase of shares		281	281
Financial liabilities measured at fair value		198 054	247 929
Provisions for other liabilities and other charges	18	4 959 965	3 633 441
Total current liabilities		**12 721 521**	**11 578 505**
Total liabilities		**20 551 918**	**19 455 243**
TOTAL EQUITY AND LIABILITIES		**36 381 100**	**34 657 143**

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

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(a) Q1 2022 (unaudited)

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

(b) Q1 2021 (unaudited)

	Equity attributable to shareholders of the parent								
	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of financial instruments	Revaluation reserve - measurement of hedging instruments	Retained earnings	Non-controlling interests	Total equity
As at January 2021	441 443	146 575	**588 018**	**3 632 464**	**(16 295)**	**(105 534)**	**7 938 162**	**1 057 538**	**13 094 353**
Net profit for the reporting period*	-	-	-	-	-	-	388 287	22 251	410 538
Net other comprehensive income	-	-	-	-	17 036	42 727	(17 766)	-	41 997
Net comprehensive income recognised in the period	**-**	**-**	**-**	**-**	**17 036**	**42 727**	**370 521**	**22 251**	**452 535**
As at 31 March 2021	441 443	146 575	**588 018**	**3 632 464**	**741**	**(62 807)**	**8 308 683**	**1 079 789**	**13 546 888**

*the table shows a restated amount of net profit as explained in note 5 to these condensed consolidated interim financial statements.

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the three-month period ended 31 March 2022 (unaudited)	For the three-month period ended 31 March 2021 restated* (unaudited)
Cash flows from operating activities			
Net profit for the reporting period		547 895	410 538
Adjustments:			
Income tax in profit or loss	8	110 941	99 736
Depreciation/amortisation		379 325	371 171
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		17 131	12 203
Impairment losses on non-financial non-current assets		50	3 358
Gain on sale of financial assets		(8 040)	(1 742)
Interest income		(7 501)	(6 229)
Interest costs		54 080	35 345
Gain on measurement of financial instruments		(71 558)	(12 125)
Impairment of financial assets at amortised cost		3 665	6 200
Share of profit of associates and jointly controlled entities		(35 902)	281
Other adjustments		5 472	(6 277)
Total adjustments		**447 663**	**501 921**
Paid income tax		(135 982)	(211 471)
Changes in working capital:			
CO2 emission allowances		(232 938)	361 102
Inventories		(230 264)	(77 243)
Trade and other receivables		(786 277)	(346 445)
Trade and other payables		(449 615)	753 039
Employee benefit liabilities		(30 267)	(47 038)
Accounting for subsidies and road lighting modernisation services		11 906	19 110
Provisions for other liabilities and charges		1 460 250	263 927
Total changes in working capital		**(257 205)**	**926 452**
Net cash flows from operating activities		**602 371**	**1 627 440**
Cash flows from investing activities			
Purchase of non-current tangible and intangible assets and right-of-use assets		(676 623)	(535 624)
Proceeds from sale of non-current tangible and intangible assets and right-of-use assets		175	436
Purchase of financial assets		(250 265)	–
Proceeds from sale of financial assets		–	53 136
Purchase of associates and jointly controlled entities		(380)	–
Inflows concerning funds held at Mine Decommissioning Fund bank account		1 920	365
Received interest		1 521	14
Other inflows from investing activities		361	10
Net cash flows from investing activities		**(923 291)**	**(481 663)**
Cash flows from financing activities			
Repayment of credit and loans		(36 180)	(35 939)
Bond buy-back		(78 055)	(78 055)
Repayment of lease liabilities		(30 172)	(28 657)
Interest paid		(15 711)	(26 810)
Other inflows/(outflows) from financing activities		1 809	(1 302)
Net cash flows from financing activities		**(158 309)**	**(170 763)**
Total net cash flows		**(479 229)**	**975 014**
Cash at the beginning of reporting period		4 153 553	1 941 554
Cash at the end of reporting period		**3 674 324**	**2 916 568**
including restricted cash		395 312	300 410

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

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

ADDITIONAL INFORMATION AND EXPLANATIONS

General information

1. General information on the Parent

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

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

As at 31 March 2022, the Parent's shareholding structure was as follows:

	Poland's State Treasury	Other shareholders	Total
As at 31 March 2022	51.50%	48.50%	**100.00%**

As at 31 March 2022, the Parent's highest-level controlling entity was the State Treasury.

As at 31 March 2022, ENEA S.A.'s statutory share capital amounted to PLN 441 443 thousand (PLN 588 018 thousand after restatement to EU IFRS, taking into account hyperinflation and other adjustments) and was divided into 441 442 578 shares.

The Parent's duration is indefinite.

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

The Group's condensed consolidated interim financial statements cover the three-month period ended 31 March 2022 and contain comparative data for the three-month period ended 31 March 2021 and the year ended 31 December 2021.

2. Group composition

At 31 March 2022, ENEA Group consisted of the parent - ENEA S.A., 18 subsidiaries, 9 indirect subsidiaries, 2 jointly controlled entities and 1 associate.

ENEA Group's principal business activities are as follows:

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

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

	Company name	Activity	Registered office	ENEA S.A.'s stake in total number of voting rights as at 31 March 2022	ENEA S.A.'s stake in total number of voting rights as at 31 December 2021
SUBSIDIARIES					
1.	ENEA Operator Sp. z o.o.	distribution	Poznań	100%	100%
2.	ENEA Wytwarzanie Sp. z o.o.	generation	Świerże Górne	100%	100%
3.	ENEA Elektrownia Połaniec S.A.	generation	Połaniec	100%	100%
4.	ENEA Oświetlenie Sp. z o.o.	other activity	Szczecin	100%	100%
5.	ENEA Trading Sp. z o.o.	trade	Świerże Górne	100%	100%
6.	ENEA Serwis Sp. z o.o.	distribution	Lipno	100%	100%
7.	ENEA Centrum Sp. z o.o.	other activity	Poznań	100%	100%
8.	ENEA Pomiary Sp. z o.o.	distribution	Poznań	100%	100%
9.	ENERGO-TOUR Sp. z o.o. w likwidacji	other activity	Poznań	100%[5]	100%[5]
10.	ENEA Innowacje Sp. z o.o.	other activity	Warsaw	100%[6]	100%
11.	Lubelski Węgiel BOGDANKA S.A.	mining	Bogdanka	65.99%	65.99%
12.	ENEA Ciepło Sp. z o.o.	generation	Białystok	99.94%	99.94%
13.	ENEA Ciepło Serwis Sp. z o.o.	generation	Białystok	100%	100%
14.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.	generation	Oborniki	99.93%	99.93%
15.	Miejska Energetyka Cieplna Piła Sp. z o.o.	generation	Piła	71.11%	71.11%
16.	ENEA Nowa Energia Sp. z o.o.	generation	Radom	100%	100%
17.	ENEA ELKOGAZ Sp. z o.o.	generation	Warsaw	100%[8]	-
18.	ENEA Power&Gas Trading Sp. z o.o. w organizacji	trade	Warsaw	100%[9]	-
INDIRECT SUBSIDIARIES					
19.	ENEA Logistyka Sp. z o.o.	distribution	Poznań	100%[3]	100%[3]
20.	ENEA Bioenergia Sp. z o.o.	generation	Połaniec	100%[1]	100%[1]
21.	ENEA Połaniec Serwis Sp. z o.o.	generation	Połaniec	100%[1]	100%[1]
22.	EkoTRANS Bogdanka Sp. z o.o.	mining	Bogdanka	65.99%[2]	65.99%[2]
23.	RG Bogdanka Sp. z o.o.	mining	Bogdanka	65.99%[2]	65.99%[2]
24.	MR Bogdanka Sp. z o.o.	mining	Bogdanka	65.99%[2]	65.99%[2]
25.	Łęczyńska Energetyka Sp. z o.o.	mining	Bogdanka	58.53%[2]	58.53%[2]
26.	SUN ENERGY 7 Sp. z o.o.	generation	Główczyce	100%[4]	100%[4]
27.	GPK energia Sp. z o.o.	generation	Krzęcin	100%[4]	100%[4]
JOINTLY CONTROLLED ENTITIES					
28.	Polska Grupa Górnicza S.A.	-	Katowice	7.66%	7.66%
29.	Elektrownia Ostrołęka Sp. z o.o.	-	Ostrołęka	50%	50%
ASSOCIATES					
30.	Polimex – Mostostal S.A.	-	Warsaw	16.45%[7]	16,4%

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

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

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

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

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

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

[6] – on 28 February 2022 an Extraordinary General Meeting of ENEA Innowacje Sp. z o.o. adopted a resolution regarding an increase of the company's share capital by PLN 5 000 thousand, i.e. from PLN 30 860 thousand to PLN 35 860 thousand, by issuing 50 000 new shares with a nominal value of PLN 100.00 each. All of the new-issue shares were acquired by ENEA S.A. and were paid for with a cash contribution. The share capital increase is awaiting entry in the National Court Register.

[7] – on 30 March 2022 ENEA S.A. submitted a demand to exercise a call option and made a transfer for 187 500 shares of Polimex Mostostal S.A. The increase of Polimex Mostostal S.A.'s share capital by PLN 1 500 thousand, i.e. from PLN 475 738 thousand to PLN 477 238 thousand, by admitting 750 000 ordinary bearer shares series S with a nominal value of PLN 2 each, was registered on 1 April 2022. As of the date on which these condensed consolidated interim financial statements were prepared, ENEA S.A. holds a 16.48% stake in that company's share capital.

[8] – on 16 March 2022 ENEA S.A. formed ENEA ELKOGAZ Sp. z o.o., based in Warsaw. The company's share capital amounts to PLN 19 000 thousand and is divided into 190 000 shares with a nominal value of PLN 100.00 each. ENEA S.A. took up 100% of the company's shares.

[9] – on 30 March 2022 ENEA S.A. formed ENEA Power&Gas Trading Sp. z o.o. w organizacji, based in Warsaw. The company's share capital amounts to PLN 3 200 thousand and is divided into 32 000 shares with a nominal value of PLN 100.00 each. ENEA S.A. took up 100% of the company's shares.

3. Management Board and Supervisory Board composition

Management Board

	As at 31 March 2022	As at 31 December 2021
President of the Management Board	Paweł Szczeszek	Paweł Szczeszek
Member of the Management Board, responsible for finance	Rafał Mucha	Rafał Mucha
Member of the Management Board, responsible for sales	Tomasz Siwak	Tomasz Siwak
Member of the Management Board, responsible for corporate affairs	Tomasz Szczegielniak	Tomasz Szczegielniak
Member of the Management Board, responsible for operations	Marcin Pawlicki	Marcin Pawlicki
Member of the Management Board, responsible for strategy and development	Lech Żak	Lech Żak

Mr. Paweł Szczeszek's resignation as President of the Management Board, ENEA S.A., effective from 10 April 2022, was received on 8 April 2022.

On 8 April 2022, the Company's Supervisory Board decided to entrust the performance of the duties of the President of the Company's Management Board to Mr. Rafał Mucha - Member of the Management Board in charge of finance, starting from 11 April 2022, until the appointment of President of the Management Board, however not longer than for the term that commenced on the date of the Company's Ordinary General Meeting approving the 2018 financial statements, while performing the current duties of the Member of the Management Board in charge of finance.

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

The following table contains the composition of ENEA S.A.'s Management Board as of the date on which these condensed consolidated interim financial statements were prepared:

	As at 24 May 2022
President of the Management Board	Paweł Majewski
Member of the Management Board, responsible for finance	Rafał Mucha
Member of the Management Board, responsible for sales	Tomasz Siwak
Member of the Management Board, responsible for corporate affairs	Tomasz Szczegielniak
Member of the Management Board, responsible for operations	Marcin Pawlicki
Member of the Management Board, responsible for strategy and development	Lech Żak

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

Supervisory Board

	As at 31 March 2022	Appointment	As at 31 December 2021
Chairperson of the Supervisory Board	Rafał Włodarski		Rafał Włodarski
Deputy Chairperson of the Supervisory Board	Roman Stryjski		Roman Stryjski
Secretary of the Supervisory Board	Michał Jaciubek		Michał Jaciubek
Member of the Supervisory Board	Dorota Szymanek		Dorota Szymanek
Member of the Supervisory Board	Maciej Mazur		Maciej Mazur
Member of the Supervisory Board	Piotr Mirkowski		Piotr Mirkowski
Member of the Supervisory Board	Paweł Koroblowski		Paweł Koroblowski
Member of the Supervisory Board	Tomasz Lis		Tomasz Lis
Member of the Supervisory Board	Mariusz Pliszka		Mariusz Pliszka
Member of the Supervisory Board	Radosław Kwaśnicki	10 March 2022	

On 10 March 2022 the Company's Extraordinary General Meeting adopted a resolution appointing Mr. Radosław Kwaśnicki as member of ENEA S.A.'s Supervisory Board, 10th term, effective from the same date.

4. Basis for preparing financial statements

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

The Parent's Management Board used its best knowledge as to the application of standards and interpretations as well as methods and rules for the measurement of items in ENEA Group's condensed consolidated interim financial statements in accordance with EU IFRS as at 31 March 2022. The presented tables and explanations are prepared with due diligence. These condensed consolidated interim financial statements have not been reviewed by a statutory auditor. The accounting rules below are applied consistently across all of the presented periods unless stated otherwise.

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

These condensed consolidated interim financial statements should be read in conjunction with ENEA Group's consolidated financial statements for the financial year ended 31 December 2021.

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

These condensed consolidated interim financial statements are prepared in accordance with accounting rules that are consistent with those applied in preparing the most recent annual consolidated financial statements, for the financial year ended 31 December 2021, except for the amendments to IAS 16 Property, Plant and Equipment, applied for the first time starting from 1 January 2022. The impact of these amendments is presented below.

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

Amendments to IAS 16 Property, Plant and Equipment

From 1 January 2022, the Group applied for the first time the amendments to IAS 16, Property, Plant and Equipment, to prohibit the adjustment of the cost of property, plant and equipment by amounts received from the sale of items produced while the property, plant and equipment is being prepared to commence operation in accordance with management's intentions. Instead, the entity is required to recognise the aforementioned revenue sales and related costs directly in the statement of profit and loss. This change is crucial in relation to the inclusion in the cost of workings of the value of the coal obtained during their excavation.

Given the above, from 1 January 2022, revenue from the sale of coal obtained during the excavation of workings does not reduce the initial value of the workings; however, it is necessary to adjust the costs incurred for the excavation of workings by that part of the costs that relates to the production of coal obtained during the excavation. The amendment has been applied retrospectively, to property, plant and equipment (workings) that were adjusted to the location and conditions necessary to enable them to operate in the manner intended by management on or after the start date of the earliest period presented in these condensed consolidated interim financial statements (i.e. as at 1 January 2021). The total net effect of the first-time application of this amendment amounted to PLN 23 892 thousand and was recognised as an adjustment to the opening balance of retained earnings and non-controlling interests at 1 January 2022 (as seen in the consolidated statement of changes in equity). This figure consists of an increase in the net value of property, plant and equipment by PLN 29 496 thousand, adjusted for the tax effect in the form of an increase in the value of deferred tax liabilities by PLN 5 604 thousand.

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

The impact of applying the amendment to IAS 16 Property, Plant and Equipment on the consolidated statement of financial position as at 1 January 2022 is shown in the table below.

		As at	
	31 December 2021	Impact of amendment to IAS 16	1 January 2022
ASSETS			
Property, plant and equipment	19 225 475	29 496	19 254 971
Other items	3 112 218	-	3 112 218
Non-current assets	**22 337 693**	**29 496**	**22 367 189**
Current assets	**12 289 954**	**-**	**12 289 954**
Total assets	**34 627 647**	**29 496**	**34 657 143**
EQUITY AND LIABILITIES			
Retained earnings	10 620 839	15 766	10 636 605
Non-controlling interests	1 167 450	8 126	1 175 576
Other items	3 389 719	-	3 389 719
Equity	**15 178 008**	**23 892**	**15 201 900**
Deferred income tax provision	473 785	5 604	479 389
Other items	7 397 349	-	7 397 349
Non-current liabilities	**7 871 134**	**5 604**	**7 876 738**
Current liabilities	**11 578 505**	**-**	**11 578 505**
Kapitał własny i zobowiązania razem	**34 627 647**	**29 496**	**34 657 143**

At the same time, in order to maintain comparability of comparative data, data for Q1 2021 has been restated. The total impact of the adjustment on the period's result as of 31 March 2021 was PLN 4 126 thousand.

The impact of applying the amendment to IAS 16 Property, Plant and Equipment on the consolidated statement of comprehensive income and consolidated statement of cash flows for Q1 2021 is shown in the tables below.

	For the three-month period ended		
	31 March 2021 (approved data)	Impact of amendment to IAS 16	31 March 2021 (restated data)
Revenue from sales	5 060 690	18 754	5 079 444
Excise duty	(19 421)	-	(19 421)
Net revenue from sales	**5 041 269**	**18 754**	**5 060 023**
Revenue from operating leases and subleases	4 505	-	4 505
Revenue from sales and other income	**5 045 774**	**18 754**	**5 064 528**
Employee benefit costs	(531 055)	(3 169)	(534 224)
Use of materials and raw materials and value of goods sold	(1 004 451)	(7 364)	(1 011 815)
Other third-party services	(224 402)	(3 127)	(227 529)
Other items	(2 737 891)	-	(2 737 891)
Operating profit	**547 975**	**5 094**	**553 069**
Other items	(42 795)	-	(42 795)
Profit before tax	**505 180**	**5 094**	**510 274**
Income tax	(98 768)	(968)	(99 736)
Net profit for the reporting period	**406 412**	**4 126**	**410 538**

Net other comprehensive income	**41 997**	**-**	**41 997**
Comprehensive income for the reporting period	**448 409**	**4 126**	**452 535**
Including net profit:			
attributable to shareholders of the Parent	385 564	2 723	388 287
attributable to non-controlling interests	20 848	1 403	22 251
Including comprehensive income:			
attributable to shareholders of the Parent	427 561	2 723	430 284
attributable to non-controlling interests	20 848	1 403	22 251

	For the three-month period ended		
	31 March 2021 (approved data)	Impact of amendment to IAS 16	31 March 2021 (restated data)
Net profit for the reporting period	**406 412**	**4 126**	**410 538**
Adjustments:			
Income tax in profit or loss	98 768	968	99 736
Other items	402 185	-	402 185
Total adjustments	**500 953**	**968**	**501 921**
Paid income tax	**(211 471)**	**-**	**(211 471)**
Changes in working capital	**926 452**	**-**	**926 452**
Net cash flows from operating activities	**1 622 346**	**5 094**	**1 627 440**
Purchase of non-current tangible and intangible assets and right-of-use assets	(530 530)	(5 094)	(535 624)
Other items	53 961	-	53 961
Net cash flows from investing activities	**(476 569)**	**(5 094)**	**(481 663)**
Net cash flows from financing activities	**(170 763)**	**-**	**(170 763)**
Total net cash flows	**975 014**	**-**	**975 014**
Cash at the beginning of reporting period	1 941 554	-	1 941 554
Cash at the end of reporting period	**2 916 568**	**-**	**2 916 568**

6. Functional currency and presentation currency

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

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

Operating segments

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

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

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

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

Rules for determining segment results and segment assets and liabilities are in compliance with the accounting rules used in preparing consolidated financial statements. In connection with the amendment to IAS 16 Property, Plant and Equipment, as presented in note 5 to these condensed consolidated interim financial statements, the Group made a presentation restatement of its segments for the comparative period.

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

Segment results:

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

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	2 871 529	900 632	3 238 607	196 416	34 279	–	7 241 463
Inter-segment sales	512 284	8 245	352 239	533 351	102 207	(1 508 326)	–
Total net revenue from sales	**3 383 813**	**908 877**	**3 590 846**	**729 767**	**136 486**	**(1 508 326)**	**7 241 463**
Revenue from operating leases and subleases	–	–	200	1 972	2 736	(5)	4 903
Revenue from sales and other income	**3 383 813**	**908 877**	**3 591 046**	**731 739**	**139 222**	**(1 508 331)**	**7 246 366**
Total costs	(3 470 676)	(768 923)	(3 081 949)	(544 086)	(133 924)	1 454 415	(6 545 143)
Segment result	**(86 863)**	**139 954**	**509 097**	**187 653**	**5 298**	**(53 916)**	**701 223**
Depreciation/amortisation	(685)	(170 566)	(110 965)	(86 721)	(18 847)		
Impairment losses on non-financial non-current assets	–	–	–	(50)	–		
Segment result - EBITDA	**(86 178)**	**310 520**	**620 062**	**274 424**	**24 145**		
% of revenue from sales and other income	**(2.6%)**	**34.2%**	**17.3%**	**37.5%**	**17.3%**		
Unallocated costs at Group level (administrative expenses)							(21 269)
Operating profit							**679 954**
Finance costs							(69 115)
Finance income							15 760
Impairment of financial assets at amortised cost							(3 665)
Share of results of associates and jointly controlled entities							35 902
Income tax							(110 941)
Net profit							**547 895**
Share of profit attributable to non-controlling interests							**52 913**

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

Segment results:

Segment results for the period from 1 January to 31 March 2021 are as follows:

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	2 001 050	830 069	2 074 733	125 250	28 921	–	5 060 023
Inter-segment sales	358 537	9 438	168 358	435 039	96 401	(1 067 773)	–
Total net revenue from sales	**2 359 587**	**839 507**	**2 243 091**	**560 289**	**125 322**	**(1 067 773)**	**5 060 023**
Revenue from operating leases and subleases	–	–	183	2 142	2 205	(25)	4 505
Revenue from sales and other income	**2 359 587**	**839 507**	**2 243 274**	**562 431**	**127 527**	**(1 067 798)**	**5 064 528**
Total costs	(2 313 466)	(635 242)	(1 975 826)	(485 280)	(122 933)	1 040 485	(4 492 262)
Segment result	**46 121**	**204 265**	**267 448**	**77 151**	**4 594**	**(27 313)**	**572 266**
Depreciation/amortisation	(864)	(164 494)	(99 751)	(91 510)	(19 171)		
Impairment losses on non-financial non-current assets	–	–	–	–	(3 358)		
Segment result - EBITDA	**46 985**	**368 759**	**367 199**	**168 661**	**27 123**		
% of revenue from sales and other income	**2.0%**	**43.9%**	**16.4%**	**30.0%**	**21.3%**		
Unallocated costs at Group level (administrative expenses)							(19 197)
Operating profit							**553 069**
Finance costs							(58 796)
Finance income							22 482
Impairment of financial assets at amortised cost							(6 200)
Share of results of associates and jointly controlled entities							(281)
Income tax							(99 736)
Net profit							**410 538**
Share of profit attributable to non-controlling interests							**22 251**

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

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

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 774	10 380 558	5 985 409	3 143 880	356 662	(537 342)	19 343 941
Trade and other receivables	3 019 283	555 125	1 629 037	309 373	111 486	(1 401 481)	4 222 823
Costs related to the conclusion of agreements	21 970	-	-	-	-	-	21 970
Assets arising from contracts with customers	260 234	272 556	25	-	1 096	(10 754)	523 157
Total	**3 316 261**	**11 208 239**	**7 614 471**	**3 453 253**	**469 244**	**(1 949 577)**	**24 111 891**
ASSETS excluded from segments							12 269 209
- including property, plant and equipment							10 614
- including trade and other receivables							28 332
TOTAL ASSETS							**36 381 100**
Trade and other payables	234 042	686 695	859 611	287 853	261 878	(484 217)	1 845 862
Liabilities arising from contracts with customers	981 609	376 377	4	30 317	13	(928 018)	460 302
Total	**1 215 651**	**1 063 072**	**859 615**	**318 170**	**261 891**	**(1 412 235)**	**2 306 164**
Equity and liabilities excluded from segments							34 074 936
- including trade and other payables							2 266 961
TOTAL EQUITY AND LIABILITIES							**36 381 100**
for the three-month period ended 31 March 2022							
Investment expenditures on property, plant and equipment and intangible assets	1	220 120	92 451	123 470	10 751	(4 448)	442 345
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							-
Depreciation/amortisation	685	170 566	110 965	86 721	18 847	(9 254)	378 530
Amortisation excluded from segments							795
Recognition/(reversal/use) of impairment losses on receivables	304	(1 137)	139	31	(59)	-	(722)
Recognition of impairment losses on non-financial non-current assets	-	-	-	50	-	-	50

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

Other information concerning segments as at 31 December 2021 and for the three-month period ended on 31 March 2021 is as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 649	10 281 878	6 006 882	3 126 739	356 482	(541 829)	19 244 801
Trade and other receivables	2 408 036	388 734	1 146 605	326 336	109 769	(994 551)	3 384 929
Costs related to the conclusion of agreements	22 832	-	-	-	-	-	22 832
Assets arising from contracts with customers	200 773	243 664	225	-	–	(31 754)	412 908
Total	**2 646 290**	**10 914 276**	**7 153 712**	**3 453 075**	**466 251**	**(1 568 134)**	**23 065 470**
ASSETS excluded from segments							11 591 673
- including property, plant and equipment							10 170
- including trade and other receivables							2 077
TOTAL ASSETS							**34 657 143**
Trade and other payables	466 450	614 545	946 396	329 537	114 222	(596 427)	1 874 723
Liabilities arising from contracts with customers	475 985	402 652	10	9 704	1 863	(429 878)	460 336
Total	**942 435**	**1 017 197**	**946 406**	**339 241**	**116 085**	**(1 026 305)**	**2 335 059**
Equity and liabilities excluded from segments							32 322 084
- including trade and other payables							2 688 784
TOTAL EQUITY AND LIABILITIES							**34 657 143**
for the three-month period ended 31 March 2021							
Investment expenditures on property, plant and equipment and intangible assets	736	154 300	78 865	76 914	2 842	(1 091)	312 566
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							-
Depreciation/amortisation	864	164 494	99 751	91 510	19 171	(5 376)	370 414
Amortisation excluded from segments							757
Recognition/(reversal/use) of impairment losses on receivables	1 646	959	79	299	(49)	-	2 934
Recognition of impairment losses on non-financial non-current assets	-	-	-	-	3 358	-	3 358

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

Explanatory notes to the consolidated statement of comprehensive income

7. Revenue from sales

Net revenue from sales

	For the three-month period ended	
	31 March 2022	31 March 2021 restated*
Revenue from the sale of electricity	5 600 996	3 545 216
Revenue from the sale of distribution services	856 705	810 191
Revenue from the sale of goods and materials	49 967	25 367
Revenue from the sale of other products and services	55 986	42 777
Revenue from origin certificates	342	-
Revenue from the sale of industrial heat	161 391	152 290
Revenue from the sale of coal	181 669	114 873
Revenue from the sale of gas	108 015	156 357
Revenue from Capacity Market	226 392	212 952
Total net revenue from sales	**7 241 463**	**5 060 023**

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

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

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

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

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

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

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

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

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

	For the nine-month period ended	
	31 March 2022	31 March 2021
Revenue from continuous services	6 792 108	4 724 716
Revenue from services provided at specified time	449 355	335 307
Total	**7 241 463**	**5 060 023**

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

8. Tax

Deferred income tax

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

	As at	
	31 March 2022	31 December 2021
Net deferred income tax assets at the beginning of period, after adjustment resulting from amendments to IAS 16 (as of 1 January 2022), including:	**921 483**	**850 967**
- deferred income tax assets at the beginning of period	**1 400 872**	**1 296 061**
- provision for deferred tax at the beginning of period, after adjustment resulting from amendments to IAS 16	**479 389**	**445 094**
(Charge)/addition to profit or loss	245 854	146 147
(Charge)/addition to other comprehensive income	(18 627)	(70 027)
Net deferred income tax assets at the end of period, including:	**1 148 710**	**927 087**
- deferred income tax assets at the end of period	**1 635 217**	**1 400 872**
- deferred income tax provision at the end of period	**486 507**	**473 785**

In the 3-month period ended 31 March 2022, the Group's profit before tax was credited as a result of an increase in net deferred income tax assets by PLN 245 854 thousand (in the 3-month period ended 31 March 2021 the Group's profit before tax was credited as a result of an increase in net deferred income tax assets by PLN 40 566 thousand).

Explanatory notes to the consolidated statement of financial position

9. Property, plant and equipment

In the 3-month period ending 31 March 2022 the Group purchased property, plant and equipment items for a total of PLN 437 723 thousand (in the 3-month period ended 31 March 2021: PLN 302 962 thousand). These amounts mainly concern the generation segment (PLN 92 345 thousand), mining (PLN 121 763 thousand) and distribution (PLN 203 530 thousand).

In the 3-month period ending 31 March 2022 the Group sold and liquidated property, plant and equipment items with a total net book value of PLN 18 021 thousand (in the 3 months ended 31 March 2021: PLN 12 755 thousand).

In the 3-month period ended 31 March 2022, impairment losses on property, plant and equipment decreased by PLN 398 thousand on a net basis (in the 3-month period ended 31 March 2021 impairment of property, plant and equipment decreased by PLN 4 250 thousand on a net basis).

As at 31 March 2022, total impairment of property, plant and equipment amounted to PLN 4 866 371 thousand (as at 31 December 2021: PLN 4 866 769 thousand).

Future contract liabilities related to the purchase of property, plant and equipment incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 1 710 032 thousand as at 31 March 2022 (as at 31 December 2021: PLN 1 444 989 thousand).

10. Intangible assets

In the 3-month period ending 31 March 2022 the Group purchased intangible assets worth PLN 4 622 thousand (in the 3-month period ended 31 March 2021 the Group purchased intangible assets worth PLN 4 510 thousand).

In the 3-month period ending 31 March 2022 the Group did not sell or liquidate significant intangible assets (in the 3-month period ended 31 March 2021 the Group also did not sell or liquidate significant intangible assets).

Future contract liabilities related to the purchase of intangible assets incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 55 241 thousand as at 31 March 2022 (as at 31 December 2021: PLN 56 002 thousand).

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

11. Investments in associates and jointly controlled entities

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

As at 31 March 2022	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Polska Grupa Górnicza S.A.	Total
Stake	**50.00%**	**16,45%**	**7.66%**	
Current assets	52 749	2 094 036	1 629 014	3 775 799
Non-current assets	65 528	672 832	8 718 622	9 456 982
Total assets	**118 277**	**2 766 868**	**10 347 636**	**13 232 781**
Current liabilities	582 498	1 677 260	7 448 743	9 708 501
Non-current liabilities	-	276 626	3 058 360	3 334 986
Total liabilities	**582 498**	**1 953 886**	**10 507 103**	**13 043 487**
Net assets	**(464 221)**	**812 982**	**(159 467)**	**189 294**
Share in net assets	**-**	**133 736**	**-**	**133 736**
Goodwill	7 080	15 954	52 697	75 731
Impairment of goodwill	(7 080)	-	(52 697)	(59 777)
Elimination of unrealised gains/losses	-	(6 662)	-	(6 662)
Book value of equity-accounted investments at 31 March 2022	**-**	**143 028**	**-**	**143 028**

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

In the item: Share of the results of associates and jointly-controlled entities in the consolidated statement of comprehensive income provisions for future investment commitments toward Elektrownia Ostrołęka Sp. z o.o. of PLN 31 131 thousand were released.

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

As at 31 December 2021	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Polska Grupa Górnicza S.A.	ElectroMobility Poland S.A.	Total
Stake	**50.00%**	**16.40%**	**7.66%**		
Current assets	26 136	1 544 255	2 029 214		3 599 605
Non-current assets	65 553	672 343	8 232 241		8 970 137
Total assets	**91 689**	**2 216 598**	**10 261 455**	**–**	**12 569 742**
Current liabilities	573 465	1 155 998	7 752 847		9 482 310
Non-current liabilities	–	275 695	2 802 195		3 077 890
Total liabilities	**573 465**	**1 431 693**	**10 555 042**	**–**	**12 560 200**
Net assets	**(481 776)**	**784 905**	**(293 587)**	**–**	**9 542**
Share in net assets	**–**	**128 724**	**–**	**–**	**128 724**
Goodwill	7 080	15 954	52 697	–	75 731
Impairment of goodwill	(7 080)	–	(52 697)	–	(59 777)
Elimination of unrealised gains/losses	–	(6 797)	–	–	(6 797)
Book value of equity-accounted investments at 31 December 2021	**–**	**137 881**	**–**	**–**	**137 881**

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Change in investments in subsidiaries, associates and jointly controlled entities

	As at	
	31 March 2022	31 December 2021
As at the beginning of period	**137 881**	**133 647**
Change in the change in net assets	4 771	16 854
Purchase of investments	376	848
Sale of investments	-	(393)
Reclassification to financial assets at fair value	-	(13 075)
As at the reporting date	**143 028**	**137 881**

Implementation of project to build Elektrownia Ostrołęka C

At 31 March 2022, ENEA S.A. held 9 124 821 shares of Elektrownia Ostrołęka Sp. z o.o., with a nominal value of PLN 50 each and total nominal value of PLN 456 241 thousand.

Moreover, ENEA S.A. and ENERGA S.A. are in equal parts parties to two loan agreements concluded with Elektrownia Ostrołęka Sp. z o.o. in the amount of up to PLN 340 000 thousand of 23 December 2019 and up to PLN 58 000 thousand of 17 July 2019.

Impairment of loans issued to Elektrownia Ostrołęka Sp. z o.o. as at 31 March 2022 amounted to PLN 229 275 thousand, together with interest (the value of these loans was written off to zero).

On 29 April 2022, ENEA S.A. and ENERGA S.A. executed annexes to the aforementioned loan agreements with Elektrownia Ostrołęka Sp. z o.o. Pursuant to these annexes, i.e. Annex 5 to the Loan Agreement up to PLN 340 000 thousand of 23 December 2019 and Annex 10 to the Loan Agreement up to PLN 58 000 thousand of 17 July 2019, Elektrownia Ostrołęka Sp. z o.o. undertook to make a one-off loan repayment to ENEA S.A. of PLN 170 million and PLN 29 million, respectively, together with interest, by 30 December 2022.

On 13 February 2020, ENEA S.A. executed an agreement with ENERGA S.A. suspending financing by ENERGA S.A. and ENEA S.A. for the project to build Elektrownia Ostrołęka C. In the agreement, ENEA S.A. and ENERGA S.A. undertook to carry out analyses, especially concerning the project's technical, technological, economic and organisational parameters and further financing. Conclusions from these analyses did not justify continuing the project in its existing form, i.e. the construction of a power plant generating electricity in a process of hard coal combustion. At the same time, technical analysis confirmed the viability of a variant in which the power plant would use gas (Gas Project) at the current location of the coal-unit being built.

The following documents were signed on 22 December 2020:

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

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

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

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

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

ENEA S.A.'s commitment to provide funding for Elektrownia Ostrołęka Sp. z o.o. resulting from the existing agreements (especially the agreements dated 28 December 2018 and 30 April 2019 and the Settlement Agreement) that is still outstanding amounts to PLN 620 million.

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

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

In connection with this, in these condensed consolidated interim financial statements a partial release of the provision for future investment liabilities towards Elektrownia Ostrołęka Sp. z o.o., originally created in the amount of PLN 222 200 thousand, was made, amounting to PLN 31 131 thousand. This amount was recognised in the consolidated statement of comprehensive income in the item "Share of the results of associates and jointly-controlled entities." The provision amounted to PLN 15 362 thousand as of 31 March 2022, which is the best possible estimate in connection with uncertainty related to final settlement amounts.

12. Inventories

Inventories

	As at	
	31 March 2022	31 December 2021
Materials	857 941	708 228
Semi-finished products and production in progress	1 618	648
Finished products	21 075	9 256
Energy origin certificates	483 431	421 765
Goods	21 184	18 176
Gross value of inventory	**1 385 249**	**1 158 073**
Impairment of inventory	(42 162)	(42 153)
Net value of inventory	**1 343 087**	**1 115 920**

In the 3-month period ended 31 March 2022, impairment losses on inventory increased by PLN 9 thousand (in the 3-month period ended 31 March 2021 impairment of inventory decreased by PLN 69 thousand).

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13. Energy origin certificates

Energy origin certificates

	As at 31 March 2022	As at 31 December 2021
Net value at the beginning of period	**416 137**	**345 776**
Internal manufacture	133 175	421 439
Purchase	38 169	73 498
Depreciation	(92 073)	(391 371)
Sale	(17 605)	(32 466)
Change in impairment	-	(739)
Net value at the reporting date	**477 803**	**416 137**

14. Assets and liabilities arising from contracts with customers

Assets and liabilities arising from contracts with customers

	Assets arising from contracts with customers	Liabilities arising from contracts with customers
As at January 2021	**322 446**	**257 462**
Change in non-invoices receivables	90 408	-
Change in prepayments	-	204 081
Liabilities resulting from sales adjustments	-	(1 207)
Impairment	54	-
As at 31 December 2021	**412 908**	**460 336**
Change in non-invoices receivables	110 266	-
Revenue recognised in a period that was taken into account in the opening balance for liabilities arising from contracts with customers	-	(218)
Liabilities resulting from sales adjustments	-	184
Impairment	(17)	-
As at 31 March 2022	**523 157**	**460 302**

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

15. Restricted cash

As at 31 March 2022, the Group's restricted cash amounted to PLN 395 312 thousand (as at 31 December 2021: PLN 646 928 thousand). This mainly included cash for deposits for electricity and CO_2 emission allowance transactions (mainly cash for collateral in settlements with clearinghouse IRGiT), funds in a VAT account (split payment), collateral paid to suppliers and cash withholding as collateral for proper performance of work.

16. Profit allocation

A decision on how to allocate the 2021 profit will be made by shareholders at the 2022 Ordinary General Meeting. The Management Board of ENEA S.A. has proposed to allocate the profit for the financial year covering the period from 1 January 2021 to 31 December 2021 to increase reserve capital and reduce the negative value of other capitals.

On 17 June 2021, the Ordinary General Meeting of ENEA S.A. adopted resolution no. 6, resolving to cover the net loss for the financial year covering the period from 1 January 2020 to 31 December 2020, amounting to PLN 3 356 750 thousand, using retained earnings (PLN 2 417 070 thousand) and supplementary capital (PLN 939 680 thousand).

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17. Debt-related liabilities

Credit facilities, loans and debt securities

	As at 31 March 2022	As at 31 December 2021
Bank credit	1 450 341	1 482 827
Loans	32 644	35 970
Bonds	2 860 251	2 938 217
Long-term	**4 343 236**	**4 457 014**
Bank credit	214 566	208 438
Loans	12 027	11 916
Bonds	1 993 601	1 957 437
Short-term	**2 220 194**	**2 177 791**
Total	**6 563 430**	**6 634 805**

In the 3-month period ended 31 March 2022, the book value of credit facilities, loans and debt securities decreased by PLN 71 375 thousand on a net basis (3-month period ended 31 March 2021: down by PLN 100 532 thousand).

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

Credit facilities and loans

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

No.	Company	Lender	Contract date	Total contract amount	Debt at 31 March 2022	Debt at 31 December 2021	Interest	Contract period
1.	ENEA S.A.	EIB	18 October 2012 (A) and 19 June 2013 (B)	1 425 000	880 403	888 130	Fixed interest rate or WIBOR 6M + margin	17 June 2030
2.	ENEA S.A.	EIB	29 May 2015 (C)	946 000	775 667	800 500	Fixed interest rate or WIBOR 6M + margin	15 September 2032
3.	ENEA S.A.	PKO BP	28 January 2014, Annex 2 of 4 December 2019	300 000	-	-	WIBOR 1M + margin	31 December 2022
4.	ENEA S.A.	Pekao S.A.	28 January 2014, Annex 2 of 4 December 2019	150 000	-	-	WIBOR 1M + margin	31 December 2022
5.	ENEA S.A.	BGK	7 September 2020 Annex 1 of 8 March 2022	750 000	-	-	WIBOR 1M +margin	28 October 2022
6.	ENEA Ciepło Sp. z o.o.	National Fund for Environmental Protection and Water Management (NFOŚiGW)	22 December 2015	60 075	32 788	34 436	Interest based on WIBOR 3M, no less than 2%	20 December 2026
7.	Other	-	-	-	12 882	14 903	-	-
	TOTAL			**3 631 075**	**1 701 740**	**1 737 969**		
Transaction costs and effect of measurement using effective interest rate					7 838	1 182		
	TOTAL			**3 631 075**	**1 709 578**	**1 739 151**		

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

ENEA S.A.

ENEA S.A. currently has credit agreements with the European Investment Bank (EIB) for a total amount of PLN 2 371 000 thousand (Agreement A PLN 950 000 thousand, Agreement B PLN 475 000 thousand and Agreement C PLN 946 000 thousand). Funds from the EIB were used to finance a multi-year investment plan aimed at modernising and expanding ENEA Operator Sp. z o.o.'s power network. Funds from Agreements A, B and C were fully used. Interest on credit facilities may be fixed or variable. In the first quarter of 2022, ENEA S.A. did not execute new long-term credit agreements.

On 8 March 2022 ENEA S.A. signed annex 1 to an overdraft facility agreement with Bank Gospodarstwa Krajowego, increasing the maximum available credit limit from PLN 250 000 thousand to 750 000 thousand and extending the final repayment deadline from 7 September 2022 to 28 October 2022.

ENEA Ciepło Sp. z o.o.

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

The total loan-related debt of ENEA Ciepło Sp. z o.o. as at 31 March 2022 amounted to PLN 32 788 thousand (at 31 December 2021: PLN 34 436 thousand).

Bond issue programs

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

No.	Bond issue program name	Program start date	Program amount	Value of outstanding bonds as at 31 March 2022	Value of outstanding bonds as at 31 December 2021	Interest	Buy-back deadline
1.	Bond issue program agreement with PKO BP S.A., Bank Pekao S.A., Santander BP S.A., Citi BH S.A.	21 June 2012	3 000 000	1 799 000	1 799 000	WIBOR 6M + margin	One-off buy-back for each series from June 2020 to June 2022
2.	Bond issue program agreement with BGK	15 May 2014	1 000 000	600 000	640 000	WIBOR 6M + margin	Buy-back in tranches, last tranche due in December 2026
3.	Bond issue program agreement with PKO BP S.A., Bank Pekao S.A. and mBank S.A.	30 June 2014	5 000 000	2 000 000	2 000 000	WIBOR 6M + margin	One-time buy-back of each series; PLN 500 million bought back in September 2021. The remaining PLN 2 000 million - buy-back in June 2024.
4.	Bond issue program agreement with BGK	3 December 2015	700 000	418 613	456 669	WIBOR 6M + margin	Buy-back in tranches, last tranche due in September 2027
	Total		**9 700 000**	**4 817 613**	**4 895 669**		
Transaction costs and effect of measurement using effective interest rate				36 239	(15)		
	Total		**9 700 000**	**4 853 852**	**4 895 654**		

In the 3-month period ended on 31 March 2022, ENEA S.A. did not execute new bond issue program agreements.

Interest rate hedges and currency hedges

In the 3-month period ending 31 March 2022 ENEA S.A. did not execute interest rate swaps. The total bond and credit exposure hedged with IRSs as at 31 March 2022 amounted to PLN 3 964 113 thousand. Moreover, ENEA S.A. has fixed-rate credit agreements totalling PLN 480 745 thousand. These transactions have material impact on the predictability of expense flows and finance costs. The Company presents the measurement of these instruments in the item: Financial assets measured at fair value. Derivative instruments are treated as cash flow hedges, which is why they are recognised and accounted for using hedge accounting rules. As at 31 March 2022, financial assets at fair value concerning IRSs amounted to PLN 240 591 thousand (31 December 2021: PLN 135 150 thousand). The six decisions by the Monetary Policy Council raising interest rates in the period from October 2021 to March 2022 had a material impact on this amount.

In the 3-month period ending 31 March 2022, the Company did not execute new FX FORWARD transactions.

Financing terms - covenants

Financing agreements require ENEA S.A. and ENEA Group to maintain certain financial ratios. As at 31 March 2022 and the date on which these condensed consolidated interim financial statements were prepared and in the course of 2022 the Group did not breach any credit agreement provisions such as would require early re-payment of long-term debt.

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18. Provisions

In the 3-month period ended 31 March 2022, provisions for other liabilities and charges increased by a net amount of PLN 1 430 053 thousand (in the 3-month period ended 31 March 2021, provisions for other liabilities and charges increased by PLN 278 939 thousand).

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

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO_2 emission allowance purchases	Mine liquidation	Other	Total
As at 1 January 2022	**213 578**	**299 654**	**62 860**	**377 643**	**2 859 300**	**120 810**	**574 525**	**4 508 370**
Reversal of discount and change of discount rate	-	-	-	-	-	1 117	-	1 117
Increase in existing provisions	19 550	14 316	248	252 332	1 243 995	-	67 489	1 597 930
Use of provisions	-	(6 035)	-	(91 993)	(5 078)	-	(31 882)	(134 988)
Reversal of unused provision	-	(851)	-	-	-	(1 358)	(31 797)	(34 006)
As at 31 March 2022	**233 128**	**307 084**	**63 108**	**537 982**	**4 098 217**	**120 569**	**578 335**	**5 938 423**
Long-term								*978 458*
Short-term								*4 959 965*

Change in provisions for other liabilities and charges in the period ended 31 December 2021

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO_2 emission allowance purchases	Mine liquidation	Other	Total
As at January 2021	**239 833**	**262 221**	**116 898**	**175 429**	**1 895 156**	**201 463**	**555 611**	**3 446 611**
Reversal of discount and change of discount rate	(23 261)	-	(51 178)	-	-	3 022	-	(71 417)
Increase in existing provisions	231	40 695	2 173	362 028	2 877 235	-	257 024	3 539 386
Use of provisions	(2 626)	(520)	-	(159 756)	(1 913 091)	-	(40 705)	(2 116 698)
Reversal of unused provision	(599)	(2 742)	(5 033)	(58)	-	(83 675)	(197 405)	(289 512)
As at 31 December 2021	**213 578**	**299 654**	**62 860**	**377 643**	**2 859 300**	**120 810**	**574 525**	**4 508 370**
Long-term								*874 929*
Short-term								*3 633 441*

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

Provision for other claims

In the 3-month period ending 31 March 2022 ENEA S.A. created a PLN 7 632 thousand provision for potential claims related to the termination by ENEA S.A. of agreements to purchase energy origin certificates for renewables, and the value of this provision as at 31 March 2022 was PLN 163 594 thousand (this provision is included in the table above in the column "Provision for other claims" and detailed information on this provision are presented in note 25.6).

Other provisions mainly concern:

- potential liabilities related to grid assets resulting from differences in the interpretation of regulations PLN 188 860 thousand (as at 31 December 2021: PLN 186 434 thousand); it is difficult to determine when this provision will be performed, however in these financial statements it is assumed that it will not happen within 12 months,
- costs to use forest land managed by State Forests PLN 35 403 thousand (as at 31 December 2021: PLN 50 058 thousand); in these financial statements it is assumed that this provision will be realised within 12 months,
- future investment liabilities towards Elektrownia Ostrołęka Sp. z o.o. PLN 15 362 thousand (as at 31 December 2021: PLN 46 493 thousand),
- onerous contracts PLN 301 097 thousand (as at 31 December 2021: PLN 250 103 thousand).

19. Accounting for subsidies and road lighting modernisation services

Accounting for income from subsidies and road lighting modernisation services

	As at 31 March 2022	As at 31 December 2021
Long-term		
Accounting for deferred revenue - subsidies	282 248	271 458
Accounting for deferred revenue - road lighting modernisation services	106 908	105 558
Total non-current deferred revenue	**389 156**	**377 016**
Short-term		
Accounting for deferred revenue - subsidies	13 361	13 368
Accounting for deferred revenue - road lighting modernisation services	5 420	4 705
Total current deferred revenue	**18 781**	**18 073**

Schedule for accounting for deferred revenue

	As at 31 March 2022	As at 31 December 2021
Up to one year	18 781	18 073
From one to five years	75 433	68 971
Over five years	313 723	308 045
Total deferred revenue	**407 937**	**395 089**

In the 3-month period ended 31 March 2022, the book value of accounting for grants and road lighting modernisation services increased by PLN 12 848 thousand on a net basis (in the 3-month period ended 31 March 2021, the book value of accounting for grants and road lighting modernisation services increased by a net amount of PLN 19 153 thousand).

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

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

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Financial instruments

20. Financial instruments and fair value

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

	As at 31 March 2022		As at 31 December 2021	
	Book value	Fair value	Book value	Fair value
FINANCIAL ASSETS				
Long-term	**765 701**	**314 787**	**414 678**	**195 031**
Financial assets measured at fair value	314 787	314 787	195 031	195 031
Trade and other receivables	304 651	(*)	71 396	(*)
Finance lease and sublease receivables	512	(*)	580	(*)
Funds in the Mine Decommissioning Fund	145 751	(*)	147 671	(*)
Short-term	**8 042 681**	**448 564**	**7 541 900**	**419 321**
Financial assets measured at fair value	448 564	448 564	419 321	419 321
Debt financial assets at amortised cost	-	(*)	-	(*)
Assets arising from contracts with customers	523 157	(*)	412 908	(*)
Other short-term investments	250 290	(*)	-	(*)
Trade and other receivables	3 145 510	(*)	2 555 215	(*)
Finance lease and sublease receivables	836	(*)	903	(*)
Cash and cash equivalents	3 674 324	(*)	4 153 553	(*)
TOTAL FINANCIAL ASSETS	**8 808 382**	**763 351**	**7 956 578**	**614 352**
FINANCIAL LIABILITIES				
Long-term	**4 984 315**	**4 319 674**	**5 164 542**	**4 511 184**
Credit facilities, loans and debt securities	4 343 236	4 286 199	4 457 014	4 493 596
Lease liabilities	581 098	(*)	565 993	(*)
Trade and other payables	26 506	(*)	123 947	(*)
Financial liabilities measured at fair value	33 475	33 475	17 588	17 588
Short-term	**6 219 042**	**2 418 248**	**6 570 244**	**2 425 720**
Credit facilities, loans and debt securities	2 220 194	2 220 194	2 177 791	2 177 791
Lease liabilities	29 625	(*)	30 678	(*)
Trade and other payables	3 717 578	(*)	4 067 738	(*)
Liabilities arising from contracts with customers	53 591	(*)	46 108	(*)
Financial liabilities measured at fair value	198 054	198 054	247 929	247 929
TOTAL FINANCIAL LIABILITIES	**11 203 357**	**6 737 922**	**11 734 786**	**6 936 904**

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

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

	As at 31 March 2022			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**23 275**	**721 206**	**18 870**	**763 351**
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	240 591	-	240 591
Equity instruments at fair value through other comprehensive income	-	-	12 587	12 587
Call options (at fair value through profit or loss)	-	17 543	-	17 543
Other derivative instruments at fair value through profit or loss	-	463 072	-	463 072
Interests at fair value through profit or loss	23 275	-	6 283	29 558
Total	**23 275**	**721 206**	**18 870**	**763 351**
Financial liabilities measured at fair value	**-**	**(231 529)**	**-**	**(231 529)**
Derivative instruments at fair value through profit or loss	-	(231 529)	-	(231 529)
Credit facilities, loans and debt securities	**-**	**(6 506 393)**	**-**	**(6 506 393)**
Total	**-**	**(6 737 922)**	**-**	**(6 737 922)**

	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**23 013**	**572 469**	**18 870**	**614 352**
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	135 150	-	135 150
Equity instruments at fair value through other comprehensive income	-	-	12 587	12 587
Call options (at fair value through profit or loss)	-	16 231	-	16 231
Other derivative instruments at fair value through profit or loss	-	421 088	-	421 088
Interests at fair value through profit or loss	23 013	-	6 283	29 296
Total	**23 013**	**572 469**	**18 870**	**614 352**
Financial liabilities measured at fair value	**-**	**(265 517)**	**-**	**(265 517)**
Derivative instruments at fair value through profit or loss	-	(265 517)	-	(265 517)
Credit facilities, loans and debt securities	**-**	**(6 671 387)**	**-**	**(6 671 387)**
Total	**-**	**(6 936 904)**	**-**	**(6 936 904)**

Financial assets and financial liabilities at fair value include:

- shares in unrelated entities, the stake in which is below 20%; this line as of 31 March 2022 includes a stake in ElectroMobility Poland S.A., for which there is no market price quoted on an active market; having analysed the standard IFRS 9, the Group decided to qualify these interests as financial instruments through other comprehensive income; in the event that interests in unrelated entities are quoted on the Warsaw Stock Exchange, their fair value is determined on the basis of stock market quotes;
- Polimex-Mostostal S.A. call options;
- derivative instruments, which include the measurement of interest rate swaps; the fair value of derivative instruments is established by calculating the net present value based on two yield curves, i.e. a curve to determine discount factors and a curve used to estimate future variable reference rates;
- forward contracts for the purchase of electricity and gas and property rights

Non-current debt financial assets at amortised cost cover loans maturing in over one year.

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

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

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

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

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

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

No transfers between the levels were made in the three-month period ended 31 March 2022.

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

As at 31 March 2022, financial assets at fair value included call options for Polimex-Mostostal S.A. shares, among other things. Pursuant to a call option agreement for Polimex-Mostostal S.A. shares of 18 January 2017, as amended, ENEA S.A. holds 23 call options from Towarzystwo Finansowe Silesia Sp. z o.o. (TFS) to purchase 6 937 500 shares, with a nominal value of PLN 2 each. The contractual share allocation date is at the end of each calendar quarter from September 2021 to December 2026. On 30 March 2022 ENEA S.A. submitted a demand to exercise call option no. 4 and made a transfer for 187 500 shares of Polimex Mostostal S.A. The increase of Polimex Mostostal S.A.'s share capital by PLN 1 500 thousand, i.e. from PLN 475 738 thousand to PLN 477 238 thousand, by admitting 750 000 ordinary bearer shares series S with a nominal value of PLN 2 each, was registered on 1 April 2022. As of the date on which these condensed consolidated interim financial statements were prepared ENEA S.A. held a 16.48% stake in Polimex Mostostal S.A. A fair-value measurement of the call options was prepared using the Black-Scholes model. The book value of these options as at 31 March 2022 was PLN 17 543 thousand (at 31 December 2021: PLN 16 231 thousand).

Moreover, the Group's financial assets at fair value, worth PLN 463 072 thousand (PLN 421 088 thousand as of 31 December 2021) and financial liabilities worth PLN 231 529 thousand (PLN 265 517 thousand as of 31 December 2021) include the measurement of derivative contracts for the purchase of electricity and gas and concerning property rights not used for the Group's own purposes. The nominal value of contracts for the purchase and sale of electricity, gas and property rights maturing in 2022-2023, presented as financial assets and liabilities at fair value, amounts to PLN 610 482 thousand (PLN 161 922 thousand concerns purchase contracts and PLN 448 560 thousand concerns sales contracts).

21. Debt financial assets at amortised cost

Debt financial assets at amortised cost

	As at	
	31 March 2022	31 December 2021
Current debt financial assets at amortised cost		
Loans granted	-	-
Total current debt financial assets at amortised cost	**-**	**-**
Non-current debt financial assets at amortised cost		
Loans granted	-	-
Total non-current debt financial assets at amortised cost	**-**	**-**
TOTAL	**-**	**-**

Impairment of financial assets at amortised cost (concerns loans granted) as at 31 March 2022 amounted to PLN 229 275 thousand. The total impairment loss on loans issued and recognised in the 3-month period ended 31 March 2022 was PLN 3 665 thousand, and this amount was recognised in the consolidated statement of comprehensive income under "Impairment of financial assets at amortised cost."

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

22. Impairment of trade and other receivables

Impairment of trade and other receivables

	As at 31 March 2022	As at 31 December 2021
Impairment at the beginning of period	**128 534**	**139 595**
Created	3 215	19 287
Reversed	(978)	(10 664)
Used	(2 959)	(19 684)
Impairment at the reporting date	**127 812**	**128 534**

In the 3-month period ended 31 March 2022, impairment of trade and other receivables decreased by PLN 722 thousand (in the 3-month period ended 31 March 2021 impairment grew by PLN 2 934 thousand).

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

For current trade receivables, expected credit losses are calculated based on historic data in a way that is described in *Rules for creating and recording impairment losses on trade receivables and other financial items at ENEA Group companies*. The impairment of receivables for 2022 is calculated on the basis of data from 2021. Therefore, the level of receivables impairment estimated as at 31 March 2022 reflects objective indications of impairment.

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

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

	As at 31 March 2022		
	Nominal value	Impairment	Book value
Trade and other receivables			
Current	3 281 799	(4 555)	3 277 244
Overdue	296 174	(123 257)	172 917
0-30 days	101 165	(168)	100 997
31-90 days	21 099	(1 653)	19 446
91-180 days	11 083	(3 300)	7 783
over 180 days	162 827	(118 136)	44 691
Total	**3 577 973**	**(127 812)**	**3 450 161**
Assets arising from contracts with customers	**523 331**	**(174)**	**523 157**

	As at 31 December 2021		
	Nominal value	Impairment	Book value
Trade and other receivables			
Current	2 450 157	(5 846)	2 444 311
Overdue	304 988	(122 688)	182 300
0-30 days	115 279	(165)	115 114
31-90 days	16 610	(1 321)	15 289
91-180 days	8 899	(2 412)	6 487
over 180 days	164 200	(118 790)	45 410
Total	**2 755 145**	**(128 534)**	**2 626 611**
Assets arising from contracts with customers	**413 065**	**(157)**	**412 908**

Condensed consolidated interim financial statements for the period from 1 January to 31 March 2022 (in PLN 000s)

Other explanatory notes

24. Related-party transactions

Group companies execute transactions with the following related parties:

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

Transactions with members of the Group's corporate authorities:

Item	For the three-month period ended			
	Company's Management Board		Company's Supervisory Board	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Remuneration under management contracts	1 020	937*	-	-
Remuneration under appointment to management or supervisory bodies	-	-	186	201
TOTAL	**1 020**	**937**	**186**	**201**

** This remuneration includes a non-compete clause for former Management Board members, amounting to PLN 82 thousand*

In the 3-month period ended 31 March 2022, no loans were made to Supervisory Board members from the Company Social Benefit Fund (PLN 0 thousand for the 3-month period ended 31 March 2021).

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

Transactions with State Treasury related parties

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

The subject of these transactions mainly is as follows:

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

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

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

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

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

25.1. Sureties and guarantees

The following table presents significant bank guarantees valid as of 31 March 2022 under an agreement between ENEA S.A. and PKO BP S.A. up to a limit specified in the agreement.

List of guarantees issued as at 31 March 2022

Guarantee issue date	Guarantee validity	Entity for which the guarantee was issued	Bank - issuer	Guarantee amount in PLN 000s
4 August 2021	15 July 2023	Vastint Poland sp. z o.o.	PKO BP S.A.	1 045
1 July 2020	30 June 2022	H. Święcicki Clinical Hospital in Poznań	PKO BP S.A.	1 281
Total bank guarantees				**2 326**

The value of other guarantees issued by the Group as at 31 March 2022 was PLN 10 809 thousand.

25.2. On-going proceedings in courts of general competence

Proceedings initiated by the Group

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

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

At 31 March 2022, a total of 19 665 cases initiated by the Group were in progress before courts of general competence, worth in aggregate PLN 159 337 thousand (31 December 2021: 18 569 cases worth PLN 161 383 thousand).

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

Proceedings against the Group

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

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

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

At 31 March 2022, a total of 3 600 cases against the Group were in progress before courts of general competence, worth in aggregate PLN 1 213 712 thousand (31 December 2021: 3 563 cases worth PLN 1 226 938 thousand). The outcome of individual cases is not significant from the viewpoint of the Group's financial result.

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

25.3. Other court proceedings

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

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

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

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

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

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

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

At 31 March 2022, the Group recognised a provision for claims concerning non-contractual use of land amounting to PLN 233 128 thousand.

25.5. Cases concerning 2012 non-balancing

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

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

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

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

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

In the case ENEA S.A. vs. Tauron Polska Energia and others (file no. XIII GC 600/15/AM), on 23 March 2021 the District Court in Katowice ruled to reject the claim in its entirety and awarded the costs of proceedings in favour of the defendant and the co-defendants. The ruling along with justification in writing was delivered on 20 May 2021. On 10 June 2021, ENEA S.A. lodged an appeal to the Appeals Court in Katowice. In the case ENEA S.A. vs. TAURON Sprzedaż GZE Sp. z o.o. (file no. X GC 546/15), on 21 December 2021 the District Court in Gliwice dismissed the claim in its entirety and awarded the costs of proceedings in favour of the defendant. The ruling along with a justification in writing was delivered on 3 March 2022. On 17 March 2022 ENEA S.A. lodged an appeal to the Appeals Court in Katowice. In a case against PGE Polska Grupa Energetyczna S.A. (file no. XVI GC 525/20, previous file no. XX GC 1163/15) - through a ruling of 7 January 2021 the court suspended the proceeding at the mutual request of the parties. Through a ruling of 19 November 2021, the court resumed the previously suspended proceeding. Through a ruling of 1 March 2022, the court suspended the proceeding at the mutual request of the parties.

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

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

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

- 6 proceedings for payment in which claims for remuneration, contractual penalties or damages are pursued against ENEA S.A., whereas in one proceeding there was a preliminary ruling regarding claims and recognition of ineffectiveness of contract termination;
- 1 proceeding to determine the ineffectiveness of ENEA S.A.'s termination of property rights sale agreements made on 28 October 2016;
- 1 proceeding for payment, in which ENEA S.A. seeks a claim concerning a contractual penalty.

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

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

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

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

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

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

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

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

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

The Agreements were terminated with the intention for the Company to avoid losses constituting the difference between contractual and market prices of green certificates. Due to the changing legal conditions after termination of the Agreements in 2017, especially arising from the Act of 20 July 2017 on amendment of the act on renewable energy sources, the estimated value of future contract liabilities would have changed. In the current legal framework, this would be significantly lower in comparison to the amount estimated when the Agreements were being terminated, i.e. approx. PLN 1 187 million. This decline reflects a change in the way in which the substitute fee is calculated, which in accordance with the content of some of the Agreements constitutes the basis for calculating the contract price and indexing it to the market price. The Company created a PLN 163 594 thousand provision for potential claims resulting from the terminated Agreements in relation to submissions made by 31 March 2022 concerning transactions to sell property rights by the counterparties; the provision is presented in note 18.

In a case brought by Golice Wind Farm Sp. z o.o. against ENEA S.A., the court issued on 14 August 2020 a partial and preliminary ruling, in which it:

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

This ruling is not final. ENEA S.A. has appealed part of the ruling, i.e. as regards points 2 and 3. Moreover, on 13 January 2021 Golice Wind Farm Sp. z o.o. appealed a part of the ruling, i.e. as regards the ruling in point 1, dismissing the action for a declaration. The appeal hearing was held on 21 January 2022, and the ruling announcement was postponed to 21 February 2022. On 21 February 2022 The Appeals Court in Poznań issued a judgement whereby it amended the appealed judgement and determined that the statement made by ENEA S.A. in Poznań in its letter of 28 October 2016 on termination of the sale agreement in its entirety did not have legal effect and the agreement remains in force in its entirety, dismissing the appeal of Golice Wind Farm Sp. z o.o. to the remaining extent and dismissing the appeal of ENEA S.A., as well as awarding the costs of the appeal proceedings to Golice Wind Farm Sp. z o.o. from ENEA S.A.

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

- PGE Energia Odnawialna S.A., based in Warsaw (file no. IX GC 1064/17) – on 15 June 2021, the court resumed the previously suspended proceeding, and then through a ruling of 6 September 2021 the District Court in Poznań suspended the proceeding at the mutual request of the parties. Through a ruling of 17 February 2022, the court resumed the previously suspended proceeding, which was subsequently suspended again by a decision of 25 March 2022 on the mutual application of the parties;
- PGE Energia Ciepła S.A., based in Warsaw (file no. IX GC 555/16) – through a ruling of 8 December 2021 the court decided to resume the suspended proceeding, while on 15 December 2021 the Company was served an extension of the action, in respect of which the Company took a position requesting that it be dismissed in its entirety. Through a ruling of 5 January 2022, the District Court in Poznań once again suspended the proceeding at the mutual request of the parties.
- PGE Energia Odnawialna S.A., based in Warsaw (file no. IX GC 1011/17) – through a ruling of 16 April 2021, the court resumed the previously suspended proceeding, and through a ruling of 3 August 2021 the District Court in Poznań suspended the proceeding at the mutual request of the parties. Subsequently, the proceeding was resumed. On 7 March 2022, the Claimant filed a pleading, maintaining its previous position and requested a stay of proceedings granting the Company's potential request in this regard.

In a case brought by ENEA S.A. against PGE Górnictwo i Energetyka Konwencjonalna S.A. (file no. X GC 608/20) – on 26 October 2020, the court ruled to suspend the proceeding at the parties' mutual request. Subsequently, the proceeding was resumed. In a letter of 1 March 2022, the claimant informed of a change in the claimant's entity, indicating that as a result of a resolution adopted on 15 April 2021 by the Extraordinary Meeting of PGE Górnictwo i Energetyka Konwencjonalna S.A. and PGE Energia Ciepła S.A., part of the assets of PGE Górnictwo i Energetyka Konwencjonalna constituting an organised part of enterprise, in the form of Zespół Elektrowni Dolna Odra, was transferred to PGE Energia Ciepła S.A. Moreover, in the letter, the claimant requested that the proceedings be suspended at the mutual request of the parties, or alternatively that the letter be considered as granting a motion to suspend the proceedings that the Company may file in this respect.

In a case brought by Hamburg Commercial Bank AG against ENEA S.A., in which Hamburg Commercial Bank AG is seeking claims arising under property rights sales contract no. ENEA/WINDPARK ŚNIATOWO/PMOZE/2013 of 26 February 2014, executed between ENEA S.A. and Windpark Śniatowo Management GmbH EW Śniatowo Sp. k. (currently TEC1 Sp. z o.o. EW Śniatowo Sp. k., based in Katowice), claiming their purchase under a debt assignment contract, the District Court in Poznań issued on 25 February 2021 a partial ruling, ordering ENEA S.A. to pay PLN 494 thousand, with statutory late interest for the period from 16 December 2016 to the payment date. This ruling is not final. On 2 June 2021, ENEA S.A. lodged an appeal against the entire partial ruling by the District Court in Poznań of 25 February 2021. Within the remaining scope, i.e. concerning the claim extension of 17 January 2019 and claim extension of 20 August 2019, the proceeding is legally suspended under the order of the District Court in Poznań of 24 October 2019 until a final ruling is issued by this court in case no. IX GC 552/17. On 30 December 2021 Hamburg Commercial Bank AG filed an application with the District Court in Poznań for securing the claim. Through a ruling of 18 March 2022 the District Court in Poznań dismissed the claimant's application for securing the claim.

26. National Energy Security Agency

In April 2021, the Ministry of State Assets published a document entitled "Energy sector transition in Poland." For the spin-off of coal assets from companies with a State Treasury shareholding ("Transition Program"), published by the Ministry of State Assets, a concept was developed to spin off assets related to the generation of electricity in conventional coal units ("Coal Assets") from the energy companies. The Transition includes, inter alia, the integration of these Coal Assets within one entity, i.e. PGE Górnictwo i Energetyka Konwencjonalna S.A. - a subsidiary of PGE Polska Grupa Energetyczna S.A., which will eventually operate under the name 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 signed an agreement concerning cooperation on the spin-off of coal assets and their integration within the National Energy Security Agency (annexed on 14 October 2021). The Parties to the Agreement acknowledge the need to coordinate cooperation in the process of spinning-off the Coal Assets and integrating them within NABE. Under the Agreement, the Parties have declared to mutually exchange essential information, including organisational structures, processes being implemented and the direction of the transition, provided that this exchange does not violate the law. The Agreement will facilitate a smooth and effective process intended to establish NABE.

An agreement on the provision of strategic advisory services was signed between ENEA S.A., PGE Polska Grupa Energetyczna S.A., TAURON Polska Energia S.A. and KPMG Advisory sp. z o.o. sp. k. on 15 November 2021. The agreement was signed following a procurement procedure entitled Strategic advisory (including legal and tax services) in the spin-off of coal assets from 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 Transition Program. NABE's role will be to ensure energy security through a stable supply of energy generated from coal. The spin-off of coal assets will allow energy groups to focus on accelerating investment in low- and zero-carbon energy sources and transmission infrastructure, and will thus fit significantly into the country's energy transition.

27. Political and economic situation in Ukraine

Russian troops attacked Ukraine on 24 February 2022, thus beginning a large-scale conflict. This event continues to have a major impact on the social, political and economic situation, not only in the region, but also globally. The Group is continually analysing the impact of the political and economic situation in Ukraine on the financial statements and the current and future financial and operating results of the Group, but it is not currently possible to accurately determine the impact.

In commodity and financial markets, there is increased risk aversion and high volatility in the prices of commodities and financial instruments. Considerable volatility in the prices of electricity and emission allowances (EUAs) may affect the need for margining on IRGIT and on foreign markets (The ICE, EEX) that organise trading in greenhouse gas emission allowance contracts, thereby increasing the need for working capital. Rising commodity prices reinforce expectations of rising interest rates (increasing inflationary pressures), which may increase the cost of debt financing. A pronounced weakening of PLN may lead to an increase in operating costs.

In connection with the introduction of the alert degree CHARLIE-CRP throughout the country, undertakings described in the regulation of the Prime Minister of 25 July 2016 on the scope of undertakings carried out in individual alert degrees and CRP alert degrees have been implemented in Group companies. Restrictions on access to IT systems as a result of the maintenance of the CHARLIE-CRP alert level may cause delays to IT projects and deployments.

Mining segment - LW Bogdanka S.A.'s recently developed hard coal export sales, the vast majority of which were made to Ukraine, accounted for 8.9% of LWB Group's consolidated revenue from sales in Q1 2022. As a result of the armed conflict, the associated damage to infrastructure and the increased risk accompanying supplies, coal sales to Ukraine may be significantly impeded. However, it is currently not possible to accurately predict the scale of the disruption and how long it will last. Nonetheless, the current demand for thermal coal in Poland is very high due to, inter alia, lower domestic production and difficulties in importing, which is why LW Bogdanka S.A. may place coal intended originally for the Ukrainian market on the domestic market or on other foreign markets. Taking the above into account and observing the developments to date, this event did not have a significant impact on the operations and financial results of the Mining segment in the first quarter of 2022 and is not expected to have such an impact in the short term. Nonetheless, in the long run such an impact may take place.

Trade segment - higher prices of gaseous fuel electricity may affect the results of energy vendors in the current year (the need to purchase for balancing purposes) and prices for customers (in terms of customers who have not purchased energy with a guaranteed "fixed" price).

Generation segment – possible need for intervention support in the electricity balance, and consequently higher electricity production by conventional generation sources. The Group does not currently identify any direct impact of the war in Ukraine on hard coal deliveries to ENEA Group's generating units. However, due to the high demand for thermal coal (lower production in Poland and difficulties in imports), the Group takes into account the possibility of difficulties in this regard. The Group identifies constraints in the supply of biomass in the form of sunflower husk pellets from Ukraine. Suppliers report shortages in biomass loading on the Ukrainian side and decreasing biomass stock on the Polish side (deliveries to ENEA Group's generating units are currently made from these warehouses). Due to the entry into force of Council Regulation (EU) 2022/355 of 2 March 2022 amending Regulation (EC) No 765/2006 concerning restrictive measures in view of the situation in Belarus, limitations are identified in the supply of wood biomass (wood chips, wood pellets - classified as CN 44 according to the Combined Nomenclature) from the Belarusian direction - only supplies under contracts concluded before 2 March 2022 are possible to be delivered by 4 June 2022. For the purpose of electricity production in units 2-7 of ENEA Elektrownia Połaniec S.A. and heat production in ENEA Ciepło Sp. z o.o. there is a possibility to replace biomass with coal. In the Generation segment, difficulties in sourcing high-alloy steels and non-ferrous metals produced in Ukraine are identified and further price increases in the above-mentioned assortment are expected in the near future. However, this does not affect the continuity of operation of ENEA Group's generating units.

In the Distribution segment, the Group does not currently identify any negative impact of the political and economic situation in Ukraine on the segment's operations and financial results.

At the date on which these condensed consolidated interim financial statements were prepared, it is not possible to predict how the situation concerning the armed conflict in Ukraine will develop and what the potential negative effects for the Parent's and the Group's operating and financing activities will be in the future.

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

28. Capital increase

On 19 January 2022, the Management Board of ENEA S.A. adopted a resolution to initiate a process to raise the Company's share capital through the issue of at least 1 and no more than 88 288 515 ordinary bearer shares series D, with a nominal value of PLN 1.00 each ("Series D Shares"), with the aim of raising funds to finance investment projects in ENEA Group's Distribution Area (including expansion and modernisation of high and medium voltage lines, installation of remote reading meters and connection of new customers to the grid), being implemented by ENEA Operator Sp. z o.o., with the exclusion of the possibility to finance coal assets. All of these projects are in alignment with ENEA Group's strategy and are intended to ensure energy security and continuous and reliable supplies of electricity in the operating area of ENEA Operator Sp. z o.o. The issue will be a private subscription pursuant to art. 431 § 2 point 1 of the Polish Commercial Companies Code, conducted as a public offering exempted from the obligation to publish a prospectus in the meaning of the relevant laws or another information document and will be addressed to investors meeting specific criteria, as set in the resolution regarding the share capital increase via the issue of Series D Shares, with the right of pre-emption to all Series D Shares being waived for all of the Company's existing shareholders.

Given the above, on 19 January 2022 the Management Board called an Extraordinary General Meeting for 10 March 2022 that was intended to adopt a resolution on a share capital increase via the Series D Share issue, with pre-emption rights waived entirely.

On 21 January 2022 ENEA S.A. submitted an application to the President of the Council of Ministers for the State Treasury to acquire Series D Shares for a total amount of not less than PLN 899 659 967.85, in exchange for a cash contribution from the re-privatisation fund referred to in art. 56 sec. 1 of the Act of 30 August 1996 on commercialisation and certain employee authorisations ("Application"). The Company requested that the State Treasury acquire not less than 45 470 725 (i.e. a proportional number of Series D Shares to the State Treasury's existing stake in the total number of the Company's shares) and not more than 88 288 515 Series D Shares (i.e. the maximum number of Series D Shares to be issued). The Application was submitted based on the Regulation of the Minister of Finance of 23 December 2021 on the detailed procedure for the acquisition or subscription of shares by the State Treasury using the Reprivatisation Fund in 2021-2022.

On 10 March 2022, ENEA S.A.'s Extraordinary General Meeting adopted a resolution pursuant to which a break in the Extraordinary General Meeting was announced until 8 April 2022.

On 8 April 2022, the Company signed an investment agreement with the State Treasury represented by the Prime Minister ("Investment Agreement") in relation to the planned issue of the Series D ordinary bearer shares with the exclusion of pre-emptive rights of the existing shareholders. Pursuant to the Investment Agreement, the State Treasury expressed its intention to acquire up to 88 288 515 Series D Shares for funds in the amount of up to PLN 899 659 967.85 ("New Funds") from the Reprivatisation Fund referred to in art. 56 and art. 69h of the Act of 30 August 1996 on commercialisation and certain employee authorisations.

The Company has made a commitment to the State Treasury that it would allocate the New Funds in their entirety for the implementation by the Company and its subsidiary (ENEA Operator Sp. z o.o.) of the following projects: (a) Expansion and modernisation of the grid as regards high and medium voltage substations; (b) Expansion and modernisation of the grid as regards high voltage lines; (c) Expansion and modernisation of the grid as regards medium voltage grids; (d) Remote reading meters; and (e) Connections to the grid.

The Investment Agreement sets out the rules governing the use of the New Funds and the consequences of a breach of those rules, the obligations and assurances of the Company in connection with the transfer of the New Funds, the obligations relating to reporting and accounting for the New Funds and the control powers of the Treasury. In the event that the New Funds are used contrary to the Investment Agreement or if the Investment Agreement is improperly performed, the Company will be required, depending on the nature of the provision violated, to pay to the State Treasury the guarantee amounts or return all or part of the New Funds.

The Extraordinary General Meeting resumed on 8 April 2022. The Extraordinary General Meeting adopted resolution no. 5 on an increase of the Company's share capital through the issue of series D ordinary bearer shares in a private subscription, a complete exemption of the existing shareholdings of their pre-emption rights to all series D shares, amendment of the Company's articles of association, application for the admission and introduction of the series D Shares and/or rights to series D shares to trade on the regulated market operated by the Warsaw Stock Exchange and dematerialisation of the series D shares and/or rights to series D shares ("Issue Resolution"). Pursuant to the resolution:

- The Company's share capital has been increased by no less than PLN 1.00 and no more than PLN 88 288 515, i.e. to no less than PLN 441 442 579 and no more than PLN 529 731 093, by way of issuing no less than 1 and no more than 88 288 515 Series D Shares, with a nominal value of PLN 1.00 per share.
- The Series D share issue will be a private subscription (in the meaning of art. 431 § 2 point 1 of the Polish Commercial Companies Code) by way of a public offering ("Offering") addressed exclusively to selected investors on the terms specified in § 3 sec. 2 of this resolution, which will be exempted from the obligation to publish a prospectus in the meaning of the relevant laws or another information or offering document for the purposes of the Offering in accordance with art. 3 sec. 1 in connection with art. 1 sec. 4 letter a) and letter d) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC.
- The aim of the Series D Share issue is to finance investment projects aimed at the development and modernisation of medium- and high-voltage transmission grids and the installation of remote reading meters. Proceeds from the Series D Share issue may not be used to finance coal assets within the Company's group.

Moreover, on 8 April 2022, the Company signed agreements with Pekao Investment Banking Spółka Akcyjna ("Global Coordinator" or "Pekao IB") and Bank Polska Kasa Opieki Spółka Akcyjna (jointly as "Joint Bookrunners") on the placement of shares ("Placement Agreement") and on the commencement of the book-building process by way of a private subscription of no more than 88 288 515 ordinary bearer series D shares. On 8 April 2022, the Company's Management

Board also adopted a resolution to set the rules for the offering, rules for conducting the bookbuilding process and the acquisition and allocation of the Series D Shares. In the Placement Agreement, the Issues has undertaken that, inter alia, without the consent of the Global Coordinator, it will not issue, sell or offer shares in the Company within 360 days of the date of the first listing of the Series D Shares, except in accordance with standard exemptions.

A bookbuilding process for the Series D Shares was conducted on 8-13 April 2022. On 14 April 2022, once it was completed, the Company's Management Board set the issue price of Series D Shares at PLN 8.50 per one Series D Share. The Company's Management Board also decided to offer a total of 88 288 515 Series D Shares to selected investors under the terms of the Issue Resolution and the subscription rules determined thereunder.

Agreements for the acquisition of the Series D Shares were signed on 19-27 April 2022. The Series D Shares were acquired by 67 entities. On 28 April 2022, in connection with the end of the Series D Shares subscription process, the Company's Management Board adopted a resolution to allocate 88 288 515 Series D Shares. Cash contributions in exchange for the Series D Shares were fully paid. The issue price for the Series D Shares was PLN 8.50 per share. The total value of the subscription, understood as the product of the number of Series D Shares covered by the Offering and the issue price, was PLN 750 452 377.50.

On 6 May 2022, the Company received statement no. 400/2022 from Krajowy Depozyt Papierów Wartościowych S.A. (National Depository for Securities - "NDS") dated 6 May 2022 ("Statement") regarding execution with the Company of an agreement concerning registration in a securities deposit of 88 288 515 rights to the Company's series D ordinary bearer shares with a nominal value of PLN 1.00 each ("Rights to Shares"). The Rights to Shares were given the ISIN code PLENEA000104. In accordance with the Statement, registration of the Rights to Shares should take place within 3 days from the receipt by the NDS of a decision to admit the Rights to Shares to regulated-market trade.

On 6 May 2022, the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange - "WSE") adopted Resolution No. 427/2022 on the admission and introduction to exchange trading on the WSE's main market of 88 288 515 rights to series D ordinary bearer shares of the Company with a nominal value of PLN 1.00 each, as of the date of registration of these rights to shares by the NDS. At the same time, the WSE's Management Board decided to introduce the above-mentioned rights to shares of the Company to stock exchange trading on the main market as of 10 May 2022, provided that the NDS registers these rights to shares and designates them with the code "PLENEA000104" no later than on 10 May 2022. Moreover, the WSE's Management Board decided to list the rights to shares of the Company in the continuous trading system under the abbreviated name "ENEA-PDA" and the designation "ENAA." On 9 May 2022, 88 288 515 series D ordinary bearer shares of the Company, with a nominal value of PLN 1.00 each, were registered with the NDS. The first listing of the Rights to Shares took place on 10 May 2022, in accordance with the resolution of the WSE's management board.