

Other information to the extended consolidated report of ENEA S.A. for Q3 2019

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ENEA Group in numbers

ENEA has 16.9 k Employees

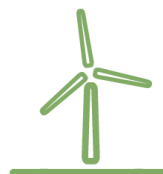


MINING

21.6% share in fuel coal market in Poland

380 m tonnes of extraction potential from 3 licenced areas

7.1 m tonnes of net coal production in Q1-Q3 2019



GENERATION

6.3 GW of total installed electrical capacity

443 MW of installed RES capacity

19.9 TWh of total net generation of electricity in Q1-Q3 2019



DISTRIBUTION

2.6 m Users of distribution services

122.8 k km of distribution lines including connections

20% of Poland's area covered by distribution network of ENEA Operator



TRADING

2.5 m Customers

15.1 TWh annual sale of electricity and gaseous fuel to retail Customers in Q1-Q3 2019

1. Key events in Q1-Q3 2019

Q1

- Execution of an agreement between ENEA and Electric Power Research Institute (EPRI) on cooperation in research projects on energy storage and dispersed generation.
- LW Bogdanka honoured with the Mining Success of the Year award in the Innovation category for its roadway drivage technology.
- Initiation of a research and development project “System of power and energy balancing and of monitoring the quality of electricity supply from dispersed sources and energy storage tanks” (MoBiSys) – implemented by ENEA Operator together with AGH University of Science and Technology in Cracow.
- Construction of a photovoltaic (PV) power plant with power connections (with a total nominal capacity of 420 kW) in the area of the West Pomeranian Oncology Centre in Szczecin.
- In January 2019, LW Bogdanka broke its record in monthly extraction – 903,500 tonnes of commercial coal (the previous record was set in 2014).
- Construction and launch by ENEA Serwis of six charging stations for electric cars located next to the offices of the Distribution Branches of ENEA Operator.
- Announcement by ENEA Operator, Tauron Dystrybucja and PGE Dystrybucja of a joint tender for the purchase of more than 235,000 electricity meters, of which ENEA Operator accounts for 45,000 metres.
- Execution of an agreement between PSE, ENEA Operator and Tauron Dystrybucja on the coordination of the development of the transmission and distribution networks, under which a new substation will be built in the vicinity of Żagań, and the network of power lines will be expanded in the region. The total value of the project will exceed PLN 100 million.
- Adaptation of the Trading Area to new legal regulations in connection with the entry into force of the Act of 28 December 2018 amending the Excise Duty Act and certain other acts and the Act of 21 February 2019 amending the Act on amending the Excise Duty Act and certain other acts, the Act - Environmental Protection Law, the Act on Greenhouse Gas and Other Substances Emission Management System, the Act on amending the Act on Biocomponents and Liquid Biofuels and certain other acts and the Act on Promotion of Electricity from High Efficiency Cogeneration.

Q2

- On 30 April 2019, ENEA S.A. concluded a memorandum of understanding with Energa S.A. on financing the construction project of a new coal unit – the planned Ostrołęka C power plant in Ostrołęka with a gross capacity of 1,000 MW. By means of the Memorandum, ENEA S.A. and Energa S.A. decided to specify in more detail the financing terms of the Project – ENEA S.A. made a commitment to provide the funds for the implementation of the Project in the amount of PLN 819 million from January 2021.
- Elections of employee representatives to the Supervisory Board of ENEA S.A were held. All ENEA Group employees were eligible to cast their votes. Mariusz Pliszka, Maciej Mazur and Michał Jaciubek were elected as employee representatives to the Supervisory Board of ENEA S.A.
- On 16 May 2019, the Supervisory Board of the Company adopted resolutions on appointing for a new joint term of office:
 - Mr. Mirosław Kowalik to the position of President of the Management Board of ENEA S.A.,
 - Mr. Piotr Adamczak to the position of Member of the Management Board of ENEA S.A. for Commercial Affairs,
 - Mr. Jarosław Ołowski to the position of Member of the Management Board of ENEA S.A. for Financial Affairs,
 - Mr. Zbigniew Piętka to the position of Member of the Management Board of ENEA S.A. for Corporate Affairs.
- On 26 June 2019, ENEA S.A. issued bonds with a value of PLN 1 billion under the domestic bond programme up to the maximum amount of PLN 5 billion.
- On 29 June 2019, ENEA Wytwarzanie signed a letter of intent with the Jedlińsk commune regarding the investment in RES within the territory of the commune. It is the seventh municipality with which ENEA formalised cooperation in the field of renewable energy sources.



1. Key events in Q1-Q3 2019 – cont.

Q3

- MEC Piła applied to the National Fund for Environmental Protection and Water Management for co-financing of the project of a new cogeneration plant combing a heat source with a RES installation. The new plant, consisting of three gas-powered units, will help reduce emissions and smog formation. The project value is PLN 48 million.
- On 9 August 2019, a framework agreement was signed between the West Pomeranian University of Technology in Szczecin and ENEA Operator. The cooperation concerns analytical and conceptual works and consulting services.
- On 20 August 2019, ENEA Elektrownia Połaniec signed a contract with GE Power and Stal-Systems for upgrading the electrostatic precipitators (ESPs) in six of its power units. The project is part of Połaniec Power Plant's adaptation program to the BAT conclusions. The upgraded ESPs will improve the environmental parameters of the entire installation. Worth in excess of PLN 210 million gross, the construction works are scheduled for completion in December 2020.
- During a conference on 11 September 2019 in Warsaw, ENEA Operator, PGE Dystrybucja and PGE Systemy signed an agreement on cooperation in the construction of the LTE 450 grid for the needs of the power system.
- LW Bogdanka together with ABB launched an R&D project using advanced data analysis. The aim of the planned solution is to improve the efficiency of extraction by ensuring greater reliability of mining machines. The project is planned to be completed in February next year.
- ENEA Operator has completed a thorough redevelopment of the Morzyczyn – Drawski Młyn 110 kV high-voltage transmission line which was started six years ago. The value of the CAPEX investment project, which significantly improves energy security and connection possibilities in the Provinces of Szczecin (West Pomerania), Gorzów Wielkopolski and Zielona Góra (Lubuskie) and Poznań (Greater Poland) in the north-west and west of Poland, exceeded PLN 127 million.
- ENEA Operator commenced the upgrade of the Warszów power substation (110/15 kV) in Świnoujście, north-west Poland. The value of the project is PLN 15.7 million. The CAPEX investment project will also receive EU co-financing in the amount of over PLN 8 million. The completion of the station upgrade is planned by the end of 2021.
- On 30 September 2019, the Management Board of ENEA S.A. decided to carry out an early redemption of series ENEA0220 bonds by 14 October 2019 in order to cancel them.

Events after the reporting period

- ENEA Group, Poczta Polska and Kolejowe Zakłady Łączności signed a letter of intent for the development of electromobility during Congress 590. The main objectives of the letter are to take advantage of business opportunities and joint implementation of projects, as well as the commitment to exchange experiences related to the use of chargers and electric vehicles. The letter is a part of the Programme for the Development of Electromobility in ENEA Group.
- On 8 October 2019, Presidents of ENEA S.A. and LW Bogdanka S.A., the Bogdanka mine operator, signed a letter of intent concerning the construction of state-of-the-art photovoltaic farms with a capacity of up to 30 MW on the land of the Bogdanka mine. It is yet another project leveraging the synergies of the energy conglomerate ENEA, the majority shareholder of LW Bogdanka, and the mine operator. Under the planned cooperation, PV installations with the total annual electricity generation capacity of approx. 30,000 MWh will be built on the total area of about 55 ha in the coming years. All the zero-emission energy generated in the new installations will be used by LW Bogdanka for the purposes of the mine and its production processes.
- ENEA Group and the National Centre for Agricultural Support have started cooperation on solar power development in Poland. On 11 October 2019, ENEA and its subsidiary ENEA Wytwarzanie signed a tripartite letter of intent with the National Support Centre for Agriculture to start a cooperation on the development of large-size solar photovoltaic farms on agricultural land. This initiative will contribute to achieving an overall rise in the share of renewable energy sources (RES) in Poland's energy mix and promoting renewable energy generation in rural areas.
- On 14 October 2019, as a result of the completion of the process of early redemption, ENEA purchased 1,218 series ENEA0220 bonds. Therefore, on 15 October 2019, the Management Board of ENEA S.A. adopted a resolution on cancellation of these bonds. The remaining 8,782 unredeemed series ENEA0220 bonds remain in the possession of bondholders and will continue to be listed in the Alternative Trading System organized by the BondSpot S.A. Their maturity date is 10 February 2020.

1.1. Operating summary

In Q1-Q3 2019, ENEA Group generated EBITDA of PLN 2,556 million (up by PLN 582 million y/y). At PLN 1,151 million, the highest EBITDA was posted in the Generation Area (up by PLN 488 million y/y). The area's result was positively influenced by higher revenues from the sale of electricity and property rights, despite the negative development in the costs of fuel and CO₂ emission allowance. The Mining Area recorded EBITDA of PLN 612 million, i.e. up by PLN 212 million y/y. The area's higher result was due to higher volumes of production and sales against the corresponding period of the previous year and a higher price of coal sales. In the Distribution Area, EBITDA was lower by PLN 67 million y/y (at PLN 804 million in Q1-Q3 2019). High average electricity prices contributed to growing costs of energy purchases for own needs and for covering the energy balance difference. Moreover, in this area the result on other operating activities decreased, mainly due to the change in the balance of provisions for grid assets and the effect of higher revenues from the insurer in the corresponding period of the previous year (compensation payments due to the effects of storms that occurred in 2017). The Trading Area posted EBITDA of PLN 17 million (down by PLN 21 million y/y). The retail trade recorded higher revenues from the sale of electricity to end users, including the estimated income from the price difference amount. However, the rate of growth did not offset the growing costs of energy purchase and environmental obligations.

- ENEA Group spent PLN 1,491 million on CAPEX investments.
- Production and sales of commercial coal exceeded 7 million tonnes.
- ENEA Group generated 19.9 TWh of electricity.
- Sale of heat in the Generation Area totalled 4,575 TJ.
- Sale of distribution services to end users reached 14.8 TWh.
- Volume of electricity and gas fuel sold to retail customers amounted to 15.1 TWh.



- Growth in revenues from the sale of electricity
- Growth in revenues from the sale of coal
- Growth in revenues from the sale of gas



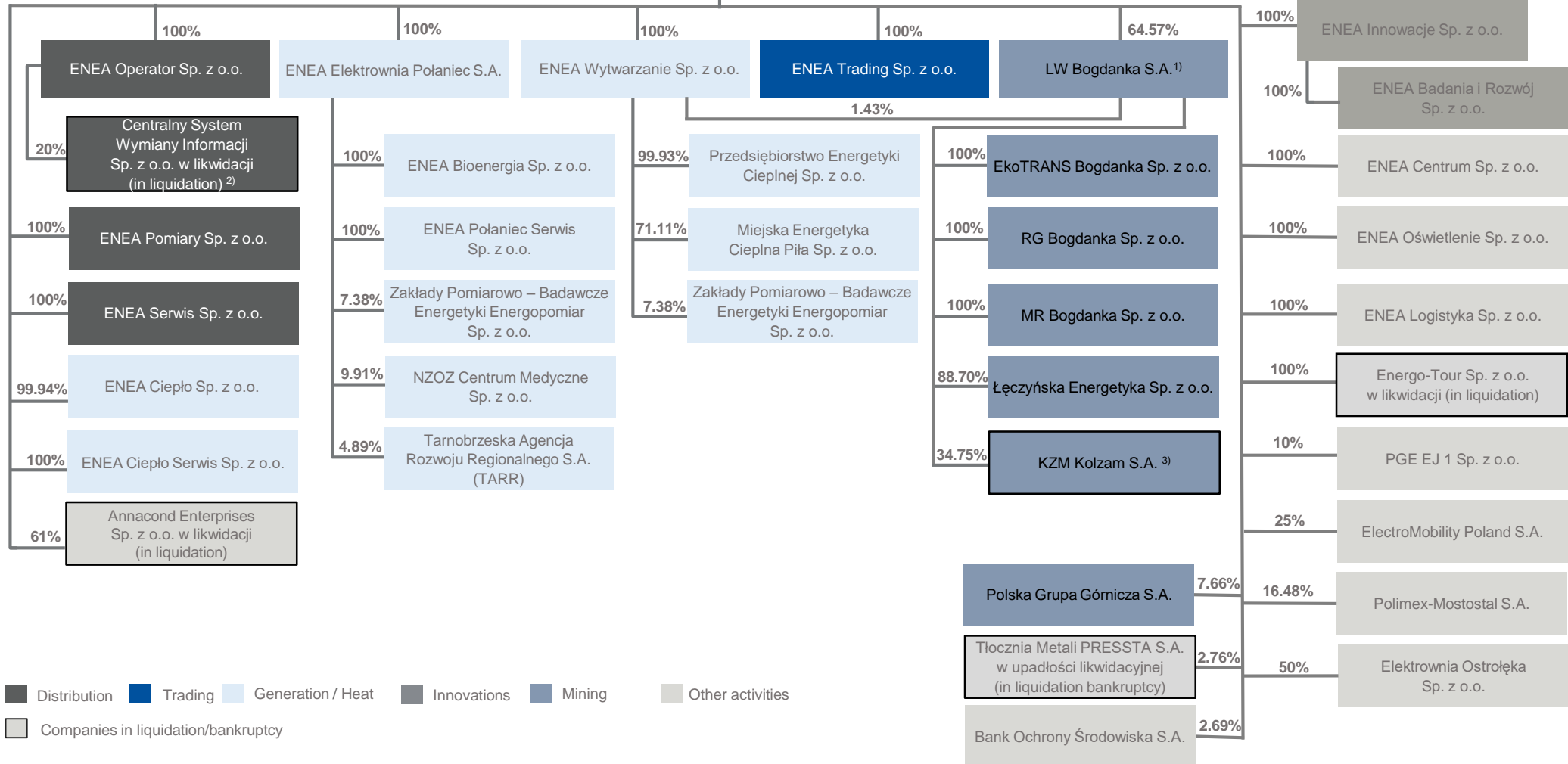
- Decrease in revenues from the sale of heat
- Growth in electricity and gas purchase costs
- Growth in costs of materials and raw materials consumption

2. Organisation and operations of ENEA Group

2.1. Structure of ENEA Group

ENEA S.A.

% of votes at GM/SM in subsidiaries



¹⁾ Together with ENEA Wytwarzanie Sp. z o.o., ENEA S.A. holds 65.999% of the votes at the company's General Meeting

²⁾ On 1 October 2019, Centralny System Wymiany Informacji Sp. z o.o. was deleted from the National Court Register.

³⁾ Decision on discontinuance of bankruptcy proceedings / the company does not conduct business activity.

2.2. Changes in the Group's structure

Asset restructuring

After performing key organisational changes in previous years, apart from the initiatives related to the planned changes, ENEA Group did not conduct any significant activities within asset restructuring in Q1-Q3 2019.

Capital divestments

In Q1-Q3 2019, no significant capital divestments were effected.

Changes in the organisation of the Group

In Q1-Q3 2019, ENEA Group continued activities aimed at the implementation of the Group's Corporate Strategy.

Equity investments

The detailed description of methods of financing equity investments is included in the interim condensed consolidated financial statements for Q1-Q3 2019.

Events in the reporting period

On 20 December 2018, the Extraordinary Shareholders Meeting of ENEA Badania i Rozwój Sp. z o.o. adopted a resolution to increase the Company's share capital by PLN 5,850,000 to PLN 7,855,000 through the creation of 117,000 new shares with a nominal value of PLN 50. ENEA Wytwarzanie Sp. z o.o. took up 115,830 shares in the increased capital with the total value of PLN 5,791,500, while ENEA S.A. took up 1,170 shares in the increased capital of the total value of PLN 58,500. The capital increase was covered in cash. The share capital increase was registered in the National Court Register on 12 March 2019.

On 4 January 2019, the Extraordinary Shareholders Meeting of Elektrownia Ostrołęka Sp. z o.o. adopted a resolution on increasing the Company's share capital to PLN 912,482,100, i.e. by PLN 361,382,100 through the creation of 7,227,642 new equal, indivisible shares, privileged as to the right to vote in such a way that one share will carry two votes, and this privilege will expire in the event of disposal of shares to a person other than the Main Shareholder, i.e. ENEA S.A. or Energa S.A., with a nominal value of PLN 50.00 each and with a total nominal value of PLN 361,382,100. As a result of the increase in the share capital of Elektrownia Ostrołęka Sp. z o.o., on 4 January 2019 ENEA S.A. acquired 3,613,821 shares in the share capital with the value of PLN 180,691,050. On 4 January 2019, ENEA S.A. made a cash contribution to the Company's account. The share capital increase of Elektrownia Ostrołęka Sp. z o.o. was registered in the National Court Register on 1 March 2019.

On 6 March 2019, ENEA Połaniec Serwis Sp. z o.o. was established pursuant to a Notarial Deed. The share capital of the company amounts to PLN 500,000.00 and is divided into 1,000 shares with a nominal value of PLN 500 each. All shares were taken up by ENEA Elektrownia Połaniec S.A. The objects of the company's activity are the repair and maintenance of machines. The company was registered in the National Court Register on 31 July 2019.

On 12 June 2019, the Extraordinary Shareholders' Meeting of ENEA Innowacje Sp. z o.o. with its registered office in Warsaw adopted a resolution regarding the cash increase of the Company's share capital by PLN 5,400,000, i.e. from PLN 3,805,000 to PLN 9,205,000 through the creation of 54,000 new shares with a nominal value of PLN 100 each. The capital increase was registered in the National Court Register on 19 July 2019.

On 29 August 2019, the Supervisory Board of ENEA S.A. gave its consent to the Management Board of ENEA S.A. to purchase 126,083 shares of ENEA Ciepło Sp. z o.o. with a nominal value of PLN 50 each and a total nominal value of PLN 6,304,150 for a total price of PLN 34,539,078.78. On 4 September 2019, ENEA S.A. and ENEA Wytwarzanie Sp. z o.o. concluded a Share Purchase and Sales Agreement for 126,083 shares in ENEA Ciepło Sp. z o.o. with a nominal value of PLN 50 each and a total nominal value of PLN 6,304,150 for a total price of PLN 34,539,078.78, according to which the transfer of ownership of shares from ENEA Wytwarzanie Sp. z o.o. to ENEA S.A. was to take place on the day ENEA S.A. paid to ENEA Wytwarzanie Sp. z o.o. the price for the shares. The payment of ENEA S.A. to ENEA Wytwarzanie Sp. z o.o. on this account was made on 11 September 2019. In connection with the above, as of 11 September 2019 ENEA S.A. holds a total of 3,019,288 shares in the share capital of ENEA Ciepło Sp. z o.o., which constitutes nearly 99.94% of the company's share capital, with the remaining shares belonging to the Company's employees.

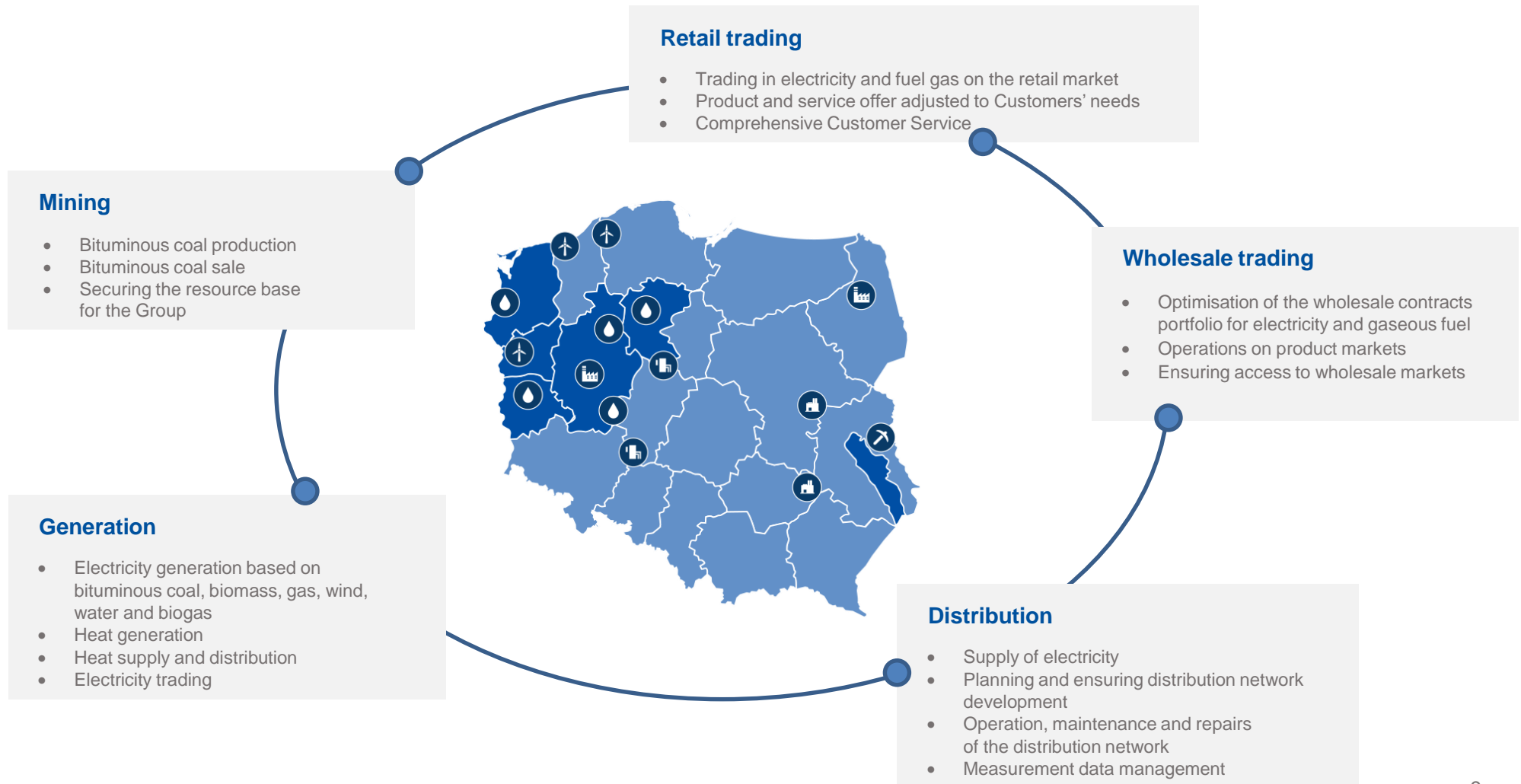
On 10 September 2019, the Extraordinary Shareholders' Meeting of ENEA Centrum Sp. z o.o. adopted a resolution on increasing the company's share capital and amending the company's articles of association. The share capital of ENEA Centrum Sp. z o.o. was increased from PLN 3,929,000 to PLN 103,929,000 through the creation of new 1,000,000 shares with a nominal value of PLN 100 each and a total nominal value of PLN 100,000,000. The newly created shares were taken up on 10 September 2019 by the sole shareholder - ENEA S.A. and covered with in-kind contribution in the form of receivables of the total value of PLN 162,000,000 due to ENEA S.A. from ENEA Centrum Sp. z o.o. under loans granted under two loan agreements concluded in 2014 and 2015. The amount of PLN 62,000,000 constitutes the surplus of the value of the non-cash contribution over the nominal value of the subscribed shares and was transferred to the supplementary capital of ENEA Centrum Sp. z o.o. The capital increase referred to above was registered in the National Court Register on 8 November 2019.

Events in the reporting period – continued

On 24 September 2019, the Extraordinary General Meeting of Shareholders of ENEA Innowacje Sp. z o.o. adopted a resolution on the cash increase in the share capital of the company and amending its articles of association. The company's share capital was increased from PLN 9,205,000 to PLN 17,060,000 through the creation of new 78,550 shares with a nominal value of PLN 100 each and a total value of PLN 7,855,000. On 27 September 2019, ENEA S.A. acquired all newly created shares in the increased share capital of ENEA Innowacje Sp. z o.o. The increase in the share capital is awaiting entry in the National Court Register.

On 27 September 2019, an agreement on the sale of 100% of shares in ENEA Badania i Rozwój Sp. z o.o. was concluded by and between ENEA S.A. with ENEA Wytwarzanie Sp. z o.o. and ENEA Innowacje Sp. z o.o. As of 27 September 2019, ENEA S.A. sold to ENEA Innowacje Sp. z o.o. for the price of PLN 78,550, and ENEA Wytwarzanie Sp. z o.o. sold to ENEA Innowacje Sp. z o.o. 155,529 shares of ENEA Badania i Rozwój Sp. z o.o. for the price of PLN 7,776,450.

2.3. Business areas of ENEA Group



2.3.1. Mining

Within ENEA Group, mining activities are conducted by a subsidiary, Lubelski Węgiel Bogdanka S.A. (hereinafter: LW Bogdanka). LW Bogdanka is one of the leaders on the market of producers of bituminous coal in Poland, distinguishable within the industry in terms of the generated financial results, coal extraction efficiency and investment plans providing for the access to new deposits. The energy coal sold by the Company is used primarily for the generation of electricity and heat and for the production of cement. The Company's customers are mainly industrial companies, mostly entities operating in the power industry located in eastern and north-eastern Poland.

	Q1-Q3 2018	Q1-Q3 2019	Change	Q3 2018	Q3 2019	Change
Net production ['000 tonnes]	6,820	7,127	4.5%	2,302	2,301	-
Coal sale ['000 tonnes]	6,788	7,061	4.0%	2,447	2,292	-6.3%
Closing stock ['000 tonnes]	57	153	168.4%	57	153	168.4%
Excavation works [km]	28.6	21.7	-24.1%	8.9	7.5	-15.7%

2.3.2 Generation

2.3.2.1 ENEA Group's generation assets

	Installed electrical capacity [MW _e]	Attainable electrical capacity [MW _e]	Installed heating capacity [MW _t]	Installed RES capacity [MW _e]
Kozienice Power Plant	4,071.8	4,016.0	125.4	-
Połaniec Power Plant	1,837.0	1,882.0	130.0	230.0
Bardy, Darżyno and Baczyna (Lubno I and Lubno II) wind farms	71.6	70.1	0.0	71.6
Liszkowo and Gorzesław biogas plants	3.8	3.8	3.1	3.8
Hydroelectric plants	58.8	55.8	0.0	58.8
MEC Piła	10.0	10.0	135.4	-
PEC Oborniki	0.0	0.0	30.4	-
ENEA Ciepło	203.5	156.6	684.1	78.5
Total [gross]	6,256.5	6,194.3	1,108.4	442.7

Data concerning ENEA Wytwarzanie ¹⁾

	Q1-Q3 2018	Q1-Q3 2019	Change	Q3 2018	Q3 2019	Change
Total (net) generation of electricity [GWh], including:	12,141	13,019	7.2%	4,334	4,850	11.9%
Net production from conventional sources [GWh], including:	11,931	12,788	7.2%	4,272	4,792	12.2%
<i>ENEA Wytwarzanie</i>	11,884	12,742	7.2%	4,260	4,779	12.2%
<i>MEC Piła</i>	47	47	-	12	13	8.3%
Net production from renewable energy sources [GWh], including:	210	231	10.0%	62	58	-6.5%
<i>ENEA Wytwarzanie – RES Segment (hydroelectric plants)</i>	126	95	-24.6%	29	22	-24.1%
<i>ENEA Wytwarzanie – RES Segment (wind farms)</i>	80	133	66.3%	32	35	9.4%
<i>ENEA Wytwarzanie – RES Segment (biogas plants)</i>	4	3	-25.0%	1	1	-
Gross generation of heat [TJ]	800	712	-11.0%	69	76	10.1%

Unit No. 11 (Kozienice Power Plant)	Q1-Q3 2018	Q1-Q3 2019	Change	Q3 2018	Q3 2019	Change
Net electricity generation [GWh]	3,752	4,232	12.8%	1,359	1,250	-8.0%
Net average monthly load [MW]	717	787	9.8%	777	772	-0.6%

¹⁾ Presentation change for Q1-Q3 2018 data concerning ENEA Ciepło (Białystok Heat and Power Plant)

Data concerning ENEA Elektrownia Połaniec

	Q1-Q3 2018	Q1-Q3 2019	Change	Q3 2018	Q3 2019	Change
Total (net) generation of electricity [GWh], including:	7,560	6,602	-12.7%	2,769	2,275	-17.8%
<i>ENEA Elektrownia Połaniec – net production from conventional sources</i>	6,432	5,344	-16.9%	2,328	1,793	-23%
<i>ENEA Elektrownia Połaniec – production from renewable energy sources (combustion of biomass – Green Unit)</i>	1,017	1,074	5.6%	423	436	3.1%
<i>ENEA Elektrownia Połaniec – production from renewable energy sources (biomass co-combustion)</i>	111	183	64.9%	18	45	150%
Gross production of heat [TJ]	1,792	1,810	1%	564	565	0.2%

Data concerning ENEA Ciepło

	Q1-Q3 2018	Q1-Q3 2019	Change	Q3 2018	Q3 2019	Change
Total (net) generation of electricity [GWh], including:	239	257	7.5%	45	69	53.3%
<i>Net generation from conventional sources [GWh] – excluding biomass combustion</i>	127	130	2.4%	0	0	-
<i>Net production from renewable energy sources [GWh] – biomass combustion]</i>	112	127	13.4%	45	69	53.3%
Gross production of heat [TJ] (jointly with West Heat Plant)	2,634	2,562	-2.7%	382	422	10.5%

2.3.2.2. CO₂ emissions

	Koziencice – Power Plant [t]	Free CO ₂ emission allowances [t]	Costs of allowances [PLN]
Q1-Q3 2018	10,698,228	1,625,888	263,564,327.68
Q1-Q3 2019	11,357,162	1,288,459 ¹⁾	639,454,233.49 ¹⁾
	MEC Piła	Free CO ₂ emission allowances	Costs of allowances [PLN]
Q1-Q3 2018	55,419	11,682	3,574,732.71
Q1-Q3 2019	52,842	9,850	4,257,468.63
	Białystok Heat and Power Plant	Free CO ₂ emission allowances	Costs of allowances [PLN]
Q1-Q3 2018	195,373	104,834 ²⁾	12,967,215.43
Q1-Q3 2019	205,119	87,180 ³⁾	12,548,148.11
	West Białystok Heat Plant	Free CO ₂ emission allowances	Costs of allowances [PLN]
Q1-Q3 2018	17,084	696 ²⁾	334,504.72
Q1-Q3 2019	8,967	682 ³⁾	1,019,916.14
	Połaniec – Power Plant	Free CO ₂ emission allowances	Costs of allowances [PLN]
Q1-Q3 2018	6,203,702	129,321 ²⁾	160,179,614
Q1-Q3 2019	5,287,124	126,099 ³⁾	321,968,824
Q1-Q3 2018 TOTAL	17,169,806	1,872,421	440,620,394.54
Q1-Q3 2019 TOTAL	16,911,214	1,512,270	979,248,590.37




¹⁾ Accounting treatment

²⁾ One-off allocation of free CO₂ emission allowances for 2018

³⁾ One-off allocation of free CO₂ emission allowances for 2019

2.3.2.3. Fuel supply

The basic fuel used to generate electricity for ENEA Wytwarzanie – Kozenice Power Plant and Połaniec Power Plant is hard coal in the coal fines sort. The basic fuels used by ENEA Ciepło Sp. z o.o. (Białystok Heat and Power Plant) in Q1-Q3 2019 were coal and biomass – mainly in the form of woodchips from energy wood, energy willow and poplar woodchips and residues from agricultural production.

	 Kozenice Power Plant	 ENEA Elektrownia Połaniec	 ENEA Ciepło
Main coal suppliers in Q1-Q3 2019	LW Bogdanka (83.6%) PGG (6.9%)	LW Bogdanka (51%) PGG (37%)	LW Bogdanka (95.2%)

Fuel type	ENEA Wytwarzanie – Kozenice Power Plant				ENEA Elektrownia Połaniec				ENEA Ciepło – Białystok Heat and Power Plant			
	Q1-Q3 2018		Q1-Q3 2019		Q1-Q3 2018		Q1-Q3 2019		Q1-Q3 2018		Q1-Q3 2019	
	Volume ['000 tonnes]	Cost ¹⁾ [PLN m]	Volume ['000 tonnes]	Cost ¹⁾ [PLN m]	Volume ['000 tonnes]	Cost ¹⁾ [PLN m]	Volume ['000 tonnes]	Cost ¹⁾ [PLN m]	Volume ['000 tonnes]	Cost ¹⁾ [PLN m]	Volume ['000 tonnes]	Cost ¹⁾ [PLN m]
Bituminous coal	5,185	1,160	5,473	1,414	3,136	705	2,965	736	83	26	97	31
Biomass	-	-	-	-	931	197	1,144	333	223	42	236	56
Fuel oil (heavy) ²⁾	5	7	7	11	6	10	5	10				
Fuel oil (light) ³⁾	6	18	4	11					0.19	0.5	0.27	0.8
Gas ['000 m ³] ⁴⁾	11,897	14	11,876	18								
TOTAL		1,199		1,454	4,073	912	4,114	1,079	306	69	333	88




¹⁾ Coal and biomass including transport

²⁾ Light-up fuel for Units Nos. 1-10 at Kozenice Power Plant

³⁾ Light-up fuel for Unit No. 11

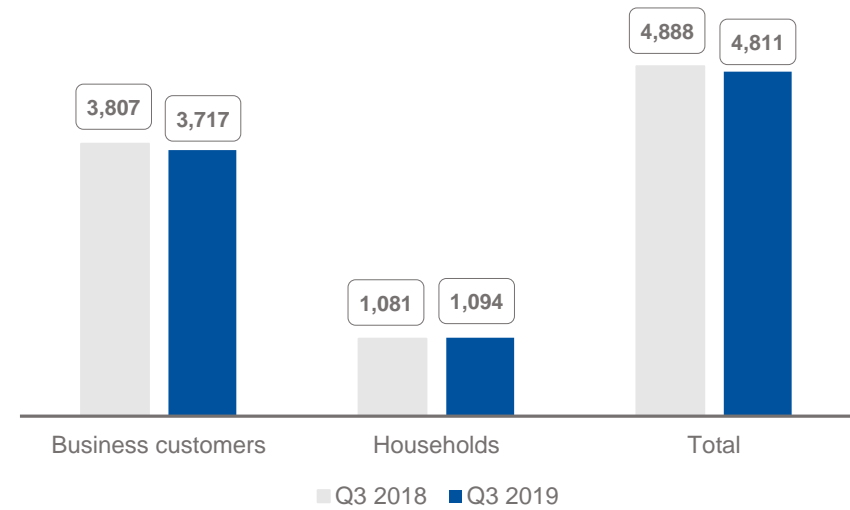
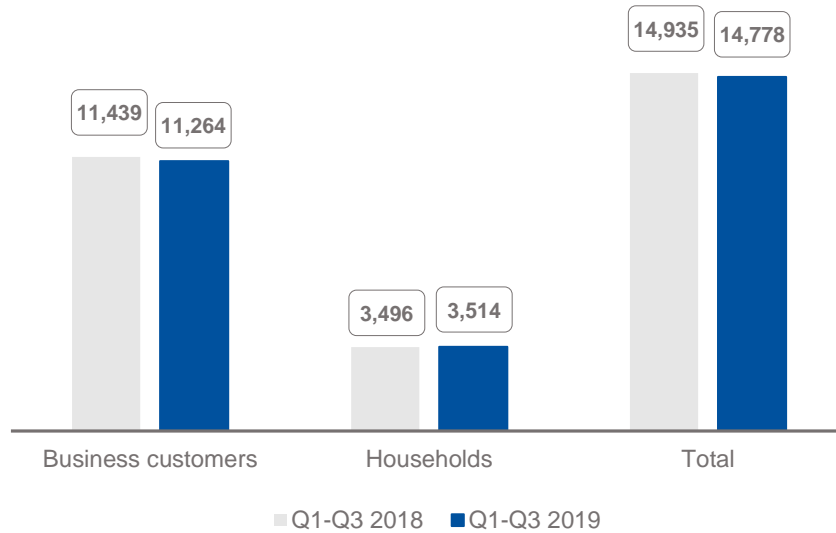
⁴⁾ Used to produce electricity and heat in MEC Piła and heat energy in PEC Oborniki

2.3.2.4. Coal transport

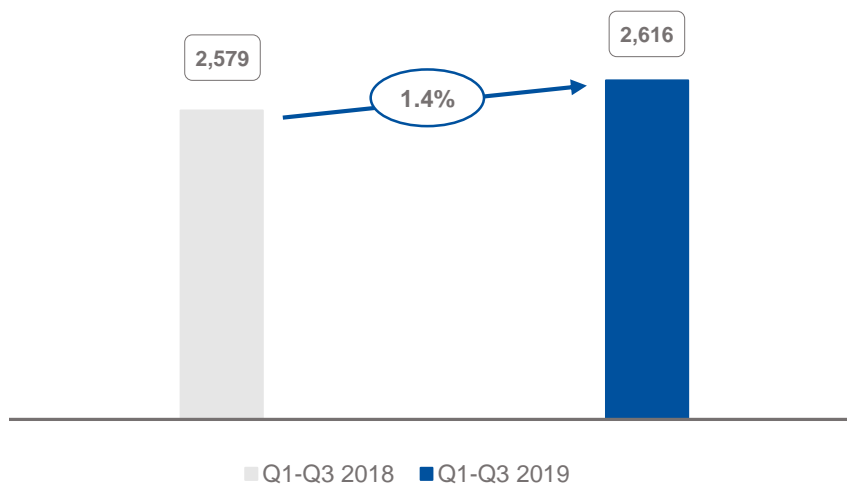
	 Kozenice Power Plant	 ENEA Elektrownia Połaniec	 ENEA Ciepło
Main provider in Q1-Q3 2019	PKP Cargo S.A. (83.6%)	PKP Cargo S.A. (88%)	PKP Cargo S.A. (100%)

2.3.3. Distribution

Sale of distribution services [GWh]



Number of Users ['000]



104.94 Length of power lines ['000 km]

17.88 Length of connections ['000 km]

38.01 Number of transformer stations ['000]

847.90 Number of connections ['000]

2.3.4. Trading

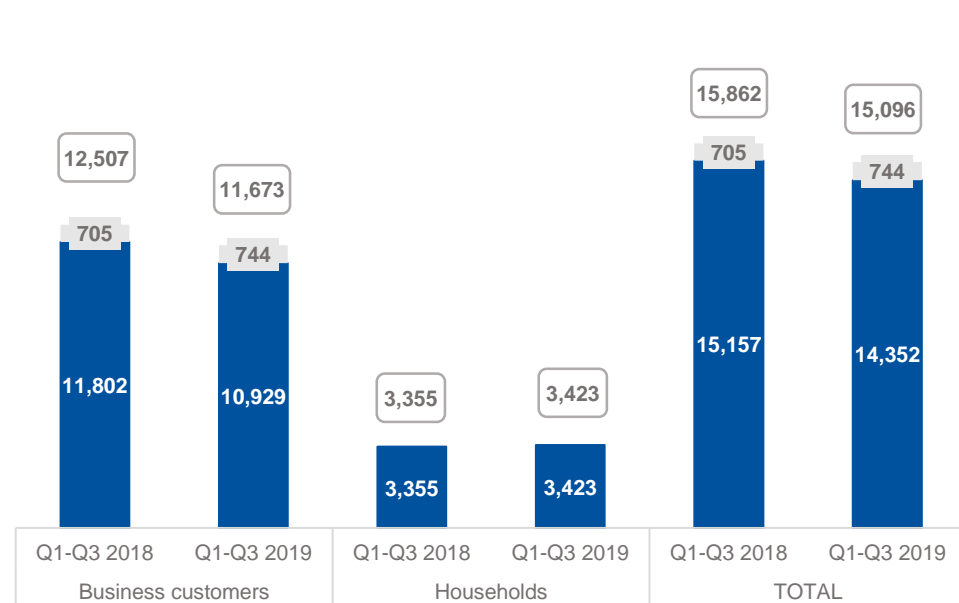
Sales of electricity and gaseous fuel to retail customers carried out by ENEA S.A.

In Q1-Q3 2019, the total volume of sales decreased by 766 GWh, or by approx. 5%, as compared to Q1-Q3 2018. A decrease in electricity sales (of 873 GWh, i.e. by approx. 7%) was recorded in the business customers segment, which was caused by a change in the portfolio of strategic customers. Meanwhile, in the households segment the volume of electricity sales increased (by 68 GWh, i.e. by approx. 2%). The volume of gas fuel sales also increased compared to the corresponding period of the previous year (by 39 GWh, i.e. by approx. 6%).

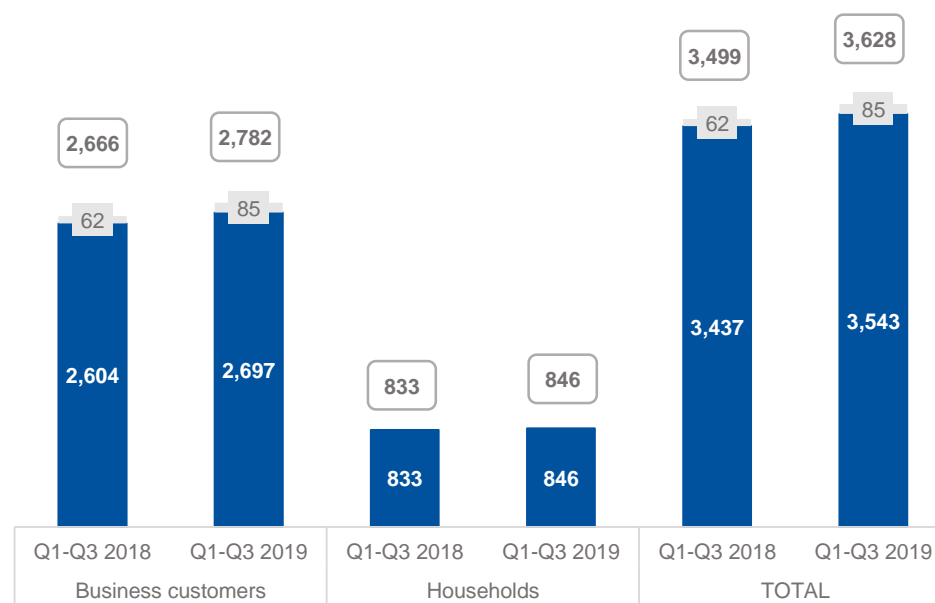
Revenues from the sale of electricity in Q1-Q3 2019 take into account the Company's adjustment to the provisions of the Act of 28 December 2018 on amending the Excise Duty Act and certain other acts, with respect to the application of appropriate prices and rates for the Electricity Tariff for G Tariff customers (households) approved by the President of the Energy Regulatory Office (i.e. at the level of prices as of 31 December 2018), as well as other price lists (i.e. Electricity Tariffs for A, B, C and R Tariff customers and product price lists for G Tariff customers at the level as of 30 June 2018).

In Q1-Q3 2019, total sales revenues increased by PLN 129 million, i.e. by approx. 4% when compared to the corresponding period of 2018. The growth was posted in the revenues from both electricity and gas fuel sales.

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



Revenues from sales of electricity and gas fuel to retail customers of ENEA S.A. [PLN m]



■ Electricity ■ Gas ... Together electricity and gas

■ Electricity ■ Gas ... Together electricity and gas

2.4. Development strategy

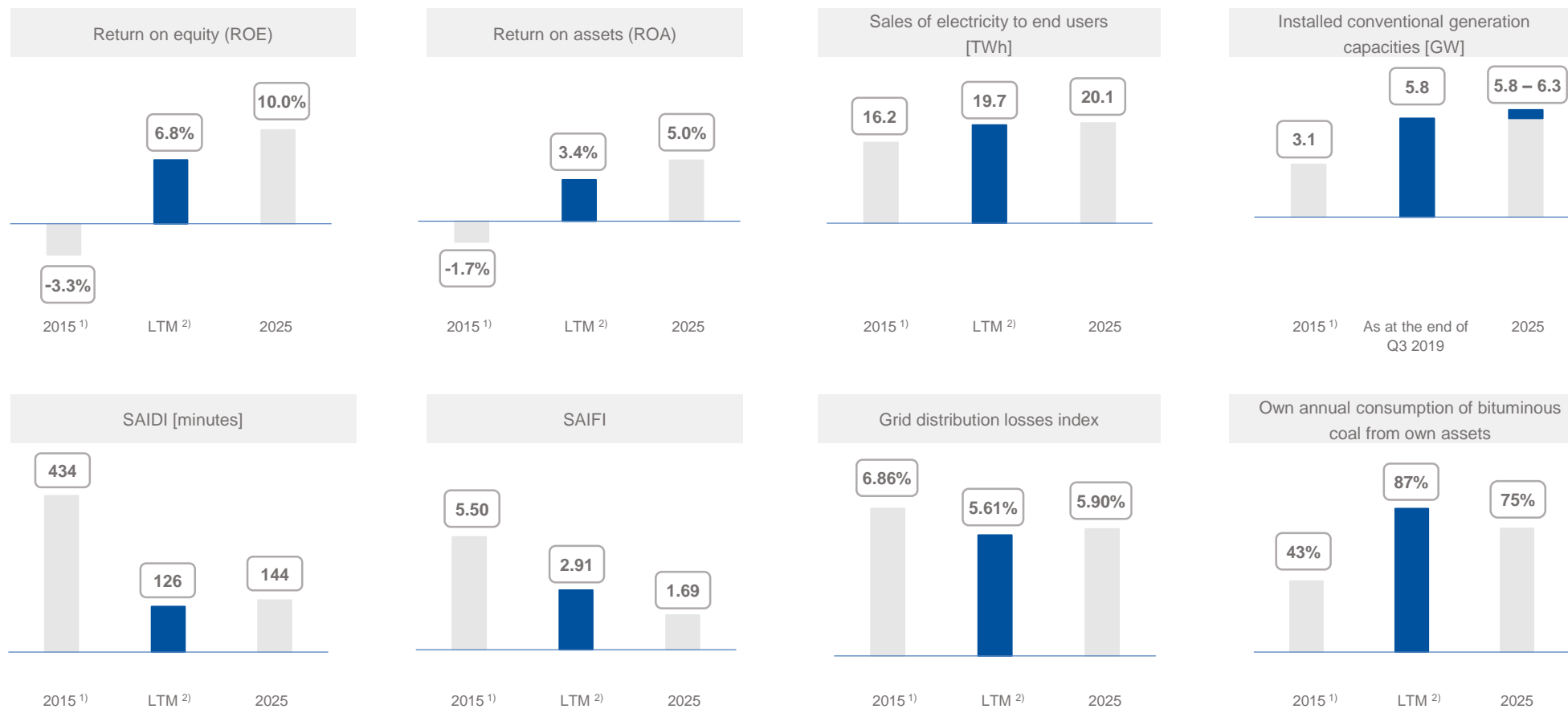
MISSION:

ENEA delivers constantly improved products and services, exceeding Customers' expectations due to motivated teams working in a friendly, safe and innovative organisation.

VISION:

ENEA is a leading supplier of integrated raw materials and energy related products and services and other innovative services for the wide range of Customers, recognised for the quality, comprehensiveness and reliability.

ENEA Group's Development Strategy until 2030 – status of implementation



¹⁾ Reference year

²⁾ LTM (Last Twelve Months) covering Q4 2018 – Q3 2019

2.5. Implemented measures and investments

2.5.1. CAPEX

Capital expenditure [PLN m]	Q3 2018	Q3 2019	Actual Q3 2019 / Q3 2019 Plan	Q1-Q3 2018	Q1-Q3 2019	Actual Q1-Q3 2019 / Q1-Q3 2019 Plan	Plan for 2019
Generation	95.6	77.6	66.7%	221.3	288.4	77.1%	610.8
Distribution	269.4	221.8	79.7%	570.3	678.3	101.5%	1,011.5
Mining	96.6	127.7	86.2%	296.0	294.7	89.3%	511.5
Support and other	18.7	15.2	28.5%	46.1	48.8	47.0%	144.0
Equity investments	150.1	0.1	-	321.1	181.2	100.0%	218.3
TOTAL Plan implementation	630.5	442.4	74.9%	1,454.8	1,491.4	89.9%	2,496.1

2.5.2. Status of works on key investment projects

Area	Project type/Company	Activity
Mining	Development investments	<ul style="list-style-type: none"> • Pole Ostrów – design works • Purchase of finished goods, machinery and equipment
	Operational investments	<ul style="list-style-type: none"> • New excavations and modernisation of existing ones – in Q3 2019, 7.5 km of galleries were completed • Development of a catalytic flue gas denitrification (FDG) installation with an upgrade of electrostatic precipitators (ESP) for AP-1,650 boilers of Units 9 and 10 within the framework of the Upgrade Programme of 2 x 500 MW units – continued since 2018. The works were completed to the extent enabling the start-up of Unit 9, development of the SCR installation and the upgraded filter at Unit 9 is in hot start; • Upgrade of Unit 9 as part of the 2 x 500 MW Units Upgrade Programme – continued since 2018. The unit is currently in operation and the works have been completed;
Generation	ENEA Wytwarzanie	<ul style="list-style-type: none"> • Upgrade of Unit 7 – following the completion of the upgrade, the unit was restarted on 15 April 2019 and put into operation on 4 July 2019; • Upgrade of Unit 2 – on 31 July 2019, the unit was restarted in line with schedule; • Adaptation of the System Power Plants Segment at ENEA Wytwarzanie Sp. z o.o. to the BAT conclusions: <ol style="list-style-type: none"> 1. Upgrades of the ESPs in Units 1, 2, 4, 5 and 7: <ul style="list-style-type: none"> - ESP in Units 4 and 5 – in 2019, tenders for the upgrade will be announced. Upgrade works will be carried out during unit downtimes in 2020; 2. Development of the heavy metals reduction unit in the wastewater from FDG installation – the quality of wastewater from individual FGD installations was tested, the results of the tests were analysed and the fields of potential exceedances in terms of BAT were determined; 3. Upgrade of the FGD installation No. 1 – the scope of works at the facility was completed. The design and execution documentation was received. 4. A revision of the as-built documentation was delivered and received. The project was completed. Warranty measurements as well as trial and regulatory traffic remain to be carried out; 5. Permanent monitoring of NH₃, HCL, HF and Hg on the chimney.

Area	Project type/Company	Activity
Generation	ENEA Elektrownia Połaniec	<ul style="list-style-type: none"> Upgrade of Unit No. 5 – Phoenix project for Unit No. 5 Adaptation of EEP to the BAT conclusions
Generation	ENEA Ciepło	<ul style="list-style-type: none"> Upgrade of K8 boiler electrostatic precipitator Reconstruction of TZ4 fan cooling tower Upgrade of the Experion PKS system on units and unit systems and of the PHD database Reconstruction of the TZ3 turbine set Conversion of the K-1 boiler to gas fuel

Area	Activity
Distribution	<ul style="list-style-type: none"> Completion of a number of investments related to the expansion and modernisation of power grids, including those related to the connection to the grid, as well as the redevelopment of the 110 kV line to neutral (LN) between Morzyczyn-Drawski Młyn, the redevelopment of the 110 kV line to neutral between Wałcz - Wałcz Północ – Mirosławiec, the redevelopment of the 110 kV line to neutral between Reclaw – Goleniów and the development of the Janikowo HV Switching Station (Kołodziejewo); Continuation of ongoing investments and launching new investments to be implemented in 2019 and in the following years; Completion of an R&D project – “Pilot project to reduce power losses in used and newly installed MV/LV transformers by applying the algorithm of optimizing the selection of the transformer to the conditions of actual station load by relocation of units taking into account the effects of environmental impact”. The project was implemented within the framework of the priority axis “Support for innovations fostering resource-efficient and low-emission economy. Part 1. Falcon – implementation of innovative environmental technologies – National Fund for Environmental Protection and Water Management”; Research, development and innovation activities as a tool supporting increased efficiency of the Distribution Area and responding to challenges related to the role of DSOs in the new model of the electricity market, including: <ul style="list-style-type: none"> innovative system services for energy storage increasing the quality and efficiency of electricity use, system of power and energy balancing and monitoring the quality of electricity supply from dispersed energy sources and storage facilities, flexible system of improving the competence of technical service employees using VR technologies;

Area	Activity
Retail Trade Area	<p>The key project implemented within the Retail Trade area was a project concerning the adaptation of ENEA Group to the new legal regulations contained in the Act of 28 December 2018 on amending the Excise Duty Act and amending certain other acts. The project covers both business processes and IT tools and systems.</p> <p>Within the framework of the Project:</p> <ul style="list-style-type: none"> • Terms and conditions of contracts have been updated for the customers covered by the regulations of the Act and executive acts. • Appropriate adjustment of settlements was made. • IT systems were modified in order to prepare an application to the Settlement Manager for reimbursement of price differences arising from the application of prices and fee rates in accordance with the provisions of the Act; • Business processes were modified.
Customer Service Area	<ul style="list-style-type: none"> • Completion of the most important part of the project of a new visualization of Customer Service Centres, i.e. opening of the last modernised centre in Gniezno. All 32 customer service offices have been visualized; • Continuation of work on the introduction of automation of maintenance processes using, among others, business process robotization (RPA), which will translate into timely implementation of key indicators in the processes; • Completion of the implementation in all Customer Service Centres of the electronic pen to sign contracts in the Customer Service Centre in order to simplify the service process and minimize the number of printed documents; • Upgrade of the IVR service on the 611 111 111 Infoline to a simpler and more user-friendly one for the Customer and launch of a new self-service facility for reporting power outage in the apartment/premises. Launch of self-service facilities after the working hours of the infoline (after 10:00 pm and on public holidays); • Implementation of new templates of responses to e-mails and customer chats in order to improve the quality of customer service
Wholesale Trade Area	<ul style="list-style-type: none"> • Project "Creation of a system of logistic service of biomass deliveries through sea ports to ENEA Elektrownia Połaniec Spółka Akcyjna"; • Project "Main capacity auction for 2024 and secondary market", whose main objective is to prepare ENEA Group's assets for general certification and to develop and implement a strategy for participation in the main capacity auction for the delivery year 2024, in the additional auctions for 2021 and operations on the secondary market.

2.5.3. Agreements concluded

2.5.3.1. Agreements of significance to ENEA Group's operations

In Q1-Q3 2019, ENEA Group companies did not conclude any significant agreements; however, in the reporting period were concluded:

- an annex to the Multiannual Sale Agreement between ENEA Wytwarzanie and JSW S.A., pursuant to which all the mud deliveries contracted for ENEA Wytwarzanie for 2019 were transferred to ENEA Elektrownia Połaniec,
- an agreement with PKP Cargo for the transport of 5.9 million tonnes of thermal coal from LW Bogdanka S.A. to ENEA Wytwarzanie Sp. z o.o.,
- an annex to the Multiannual Agreement on the supply of power coal between ENEA Wytwarzanie and LW Bogdanka S.A., under which the volume of coal supplies to ENEA Wytwarzanie to be delivered in 2019 was increased,
- an agreement between ENEA Połaniec Power Plant and GE Power and Stal-Systems for upgrade of electrostatic precipitators of six power units in order to comply with BAT conclusions, and
- an agreement between ENEA Elektrownia Połaniec and REMAK-ENERGOMONTAŻ S.A. for the contract "Upgrade of C and D absorbers of the FGD Installation at ENEA Elektrownia Połaniec S.A. in order to adjust it to the new environmental standards specified in BREF/BAT with respect to SO₂ and dust emissions".

2.5.3.2. Financing sources of the investment programme

ENEA S.A. finances the investment programme using financial surpluses from its business activities and external debt. ENEA Group pursues the investment financing model, in which ENEA S.A. acquires external sources of financing and distributes them to its subsidiaries. In further activities, ENEA S.A. will focus on ensuring appropriate diversification of external sources of financing for the investments planned in ENEA Group's Strategy in order to optimize the amount of costs and debt repayment dates. On 26 June 2019, ENEA S.A. issued five-year ENEA0624 series bonds with a value of PLN 1 billion under the domestic bond programme up to the maximum amount of PLN 5 billion. The purpose of the issue is to refinance the debt resulting from the ENEA0220 series bonds ("Bonds") issued by the Issuer. On 30 September 2019, the Management Board of ENEA S.A. resolved to conduct an early redemption of the Bonds in order to cancel them by 14 October 2019. As at 30 September 2019, the nominal debt in respect of bonds issued and loans taken out by ENEA S.A. totalled PLN 9,032 million.

2.5.3.3. Suretyships and guarantees granted

In Q1-Q3 2019, the companies of ENEA Group did not grant any new suretyships or guarantees of significant value. As at 30 September 2019, the value of corporate suretyships and guarantees granted by ENEA S.A. for hedging the liabilities of ENEA Group companies totalled PLN 56.9 million, whereas the total value of bank guarantees issued on request of ENEA S.A. and being the security of the liabilities of ENEA Group companies amounted to PLN 481.7 million.

2.5.3.4. Interest rate hedging transactions

Under the Interest Rate Risk Management Policy, in Q1-Q3 2019 ENEA S.A. concluded an Interest Rate Swap transaction for exposures of PLN 489 million.

2.5.3.5. Bond issue programmes of subsidiaries

ENEA Group has adopted a model of financing investments implemented by subsidiaries of ENEA S.A. through intra-group financing. ENEA S.A. raises long-term financing on the financial market by taking out loans or issuing bonds, which it then distributes within the Group. At present, ENEA S.A. in the areas of Generation and Distribution has in place intra-group bond issue programmes with a total value of PLN 7,861 million. These programs are fully utilised and partially redeemed in instalments. As at 30 September 2019, the total nominal exposure due to bonds acquired by ENEA S.A. under the programmes referred to above totalled PLN 6,873 million. In the previous years, ENEA S.A. also concluded inter-group bond issue programme agreements with its subsidiaries, which are intended to finance investments in the RES and Heat segments. As at 30 September 2019, the value of the bonds to be redeemed under these programmes totalled PLN 20 million.

2.5.3.6. Loans and borrowings taken out by ENEA Group companies from external sources

As at 30 September 2019, the nominal value of external debt on account of loans and borrowings taken out by ENEA Group companies (excluding ENEA S.A.) totalled PLN 79.3 million. In 2019, ENEA Group companies did not terminate any loan and borrowing agreements.

2.5.3.7. Loans granted by ENEA S.A.

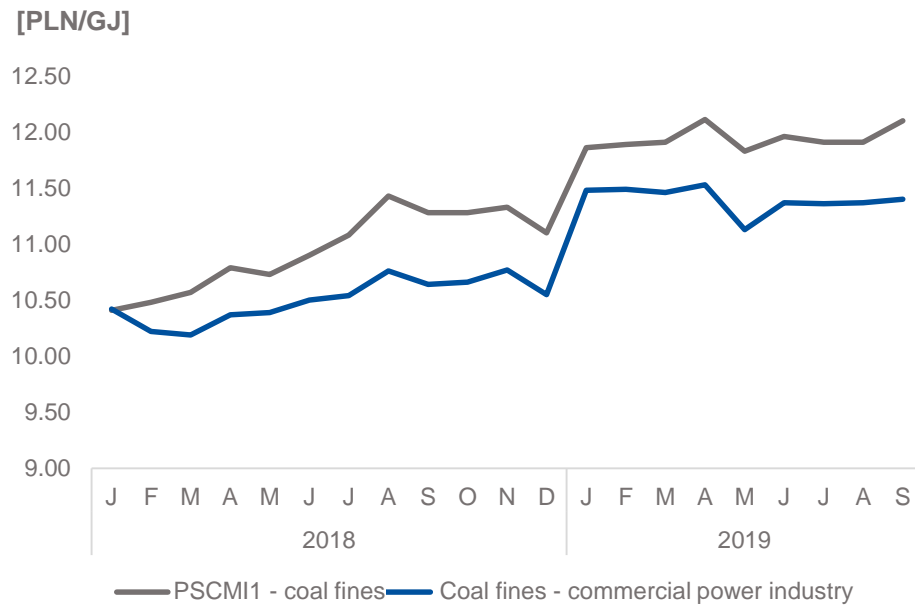
On 11 July 2019, ENEA S.A. concluded a loan agreement with ENEA Operator Sp. z o.o. for the amount of PLN 425 million. The interest rate of the loan is based on the base rate plus a margin. The loan has been fully utilized. The repayment date was set by the parties as on 20 December 2021. On 19 July 2019, ENEA S.A. concluded a loan agreement with ENEA Centrum Sp. z o.o. for the amount of PLN 40 million. The interest rate of the loan is based on the base rate plus a margin. As at 30 September 2019, the loan was yet to be disbursed. The repayment date was set by the parties as on 30 June 2030. On 30 September 2019, ENEA S.A. concluded with Energa S.A. an agreement on the assignment of receivables, pursuant to which ENEA S.A. became a creditor of Elektrownia Ostrołęka Sp. z o.o. for a loan in the amount of PLN 29 million. The loan repayment date falls at the end of 2019. On 10 September 2019, the share capital of ENEA Centrum Sp. z o.o. was increased. The newly created shares were taken up on 10 September 2019 by the sole shareholder - ENEA S.A. and covered with in-kind contribution in the form of receivables of the total value of PLN 162 million due to ENEA S.A. from ENEA Centrum Sp. z o.o. for loans granted under two loan agreements concluded in 2014 and in 2015 with the total value of PLN 162 million. The nominal debt of the companies as at 30 September 2019 totalled PLN 465 million.

2.5.3.8. Related-party transactions

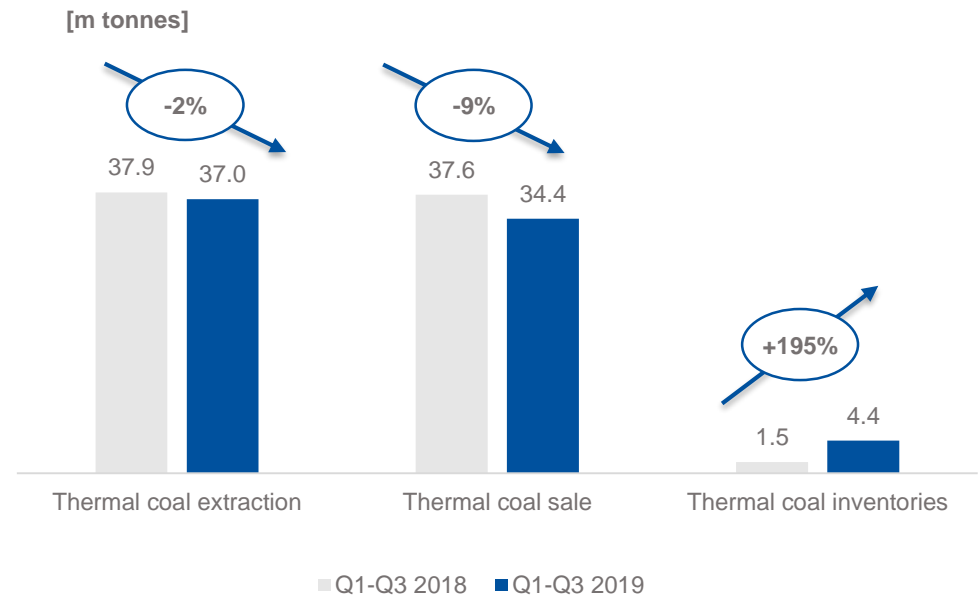
In Q1-Q3 2019, ENEA S.A. and its subsidiaries did not conclude any related-party transactions on non-market conditions. Information on related-party transactions concluded by ENEA S.A. or its subsidiary is included in Note 24 to the condensed interim financial statements of ENEA Group for the period from 1 January to 30 September 2019.

2.6. Market environment

Coal prices on the Polish and global markets



After Q1-Q3 2019, the average value of the PSCMI 1 index increased by 10% y/y to 11.94 PLN/GJ. In this period, the average selling price of electricity to the commercial power industry was 11.40 PLN/GJ (up by 9.1% y/y).



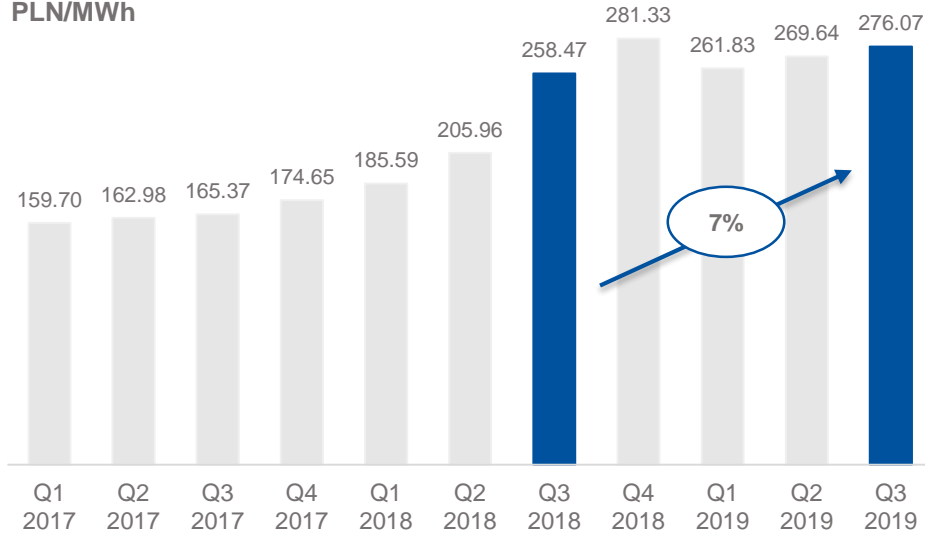
In Q1-Q3 2019, Polish mines extracted approximately 37.0 million tonnes of thermal coal, compared to 37.9 million tonnes in the corresponding period of 2018. In the same period, the sales volume of raw material reached 34.4 million tonnes while the inventories increased significantly to 4.4 million tonnes, compared to 1.5 million tonnes a year earlier.

Average prices on global markets in Q3 and Q1-Q3 2019:

- Amsterdam - Rotterdam - Antwerp: 62.14 USD/t – 69.70 USD/t
- Richards Bay: 65.01 USD/t – 74.55 USD/t
- Newcastle: 71.15 USD/t – 78.61 USD/t
- Baltic Ports: 52.58 USD/t – 53.47 USD/t

BASE_Y_18/19/20

PLN/MWh



Source: TGE, settlement prices

On the wholesale electricity futures market, the price of BASE Y-20 product increased by 7% to 276.07 PLN/MWh compared to a similar product (i.e. BASE Y-19) in Q3 2018.

BASE Y-20 prices in Q3 2019 were characterised by high volatility. Despite an increase in prices from approximately 275.00 PLN/MWh at the beginning of the quarter to levels close to 285.00 PLN/MWh, in the second part of the quarter prices dropped even below 270.00 PLN/MWh.

The BASE Y-20 price in Q3 2019 was mainly affected by changes in the prices of CO₂ emission allowances.

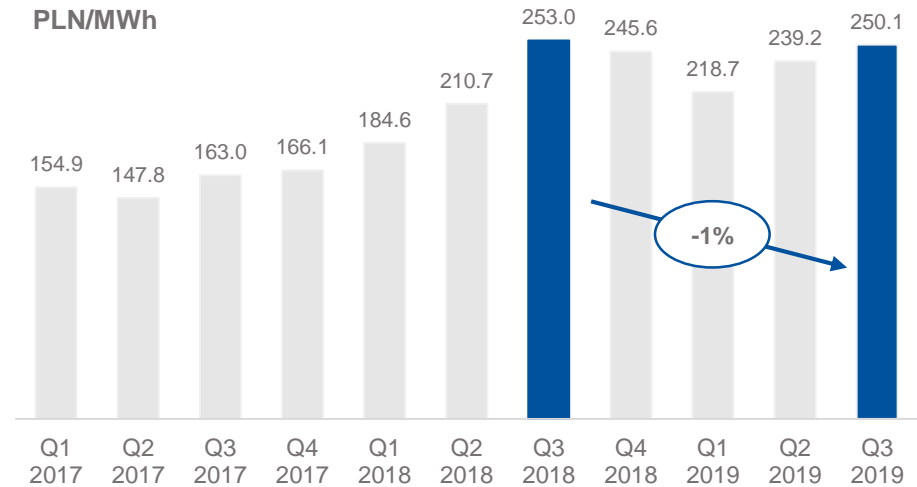
The average electricity price on the SPOT market in the third quarter of 2019 was 1% lower than in the corresponding period of 2018. This slight decrease was mainly due to a significantly lower valuation of September than in the corresponding period of 2018.

The level of electricity prices on the SPOT market in Q3 2019 was affected by the following factors:

- high prices of CO₂ emission allowances (pro-growth factor),
- higher than the planned levels of power losses in the National Power System (NPS) (pro-growth factor),
- high wind generation (pro-drop factor),
- average power demand in the NPS at a lower level compared to the same period in 2018 (factor limiting the price increase),
- higher than in Q3 2018 energy imports from neighbouring countries (pro-drop factor).

Day Ahead Market BASE

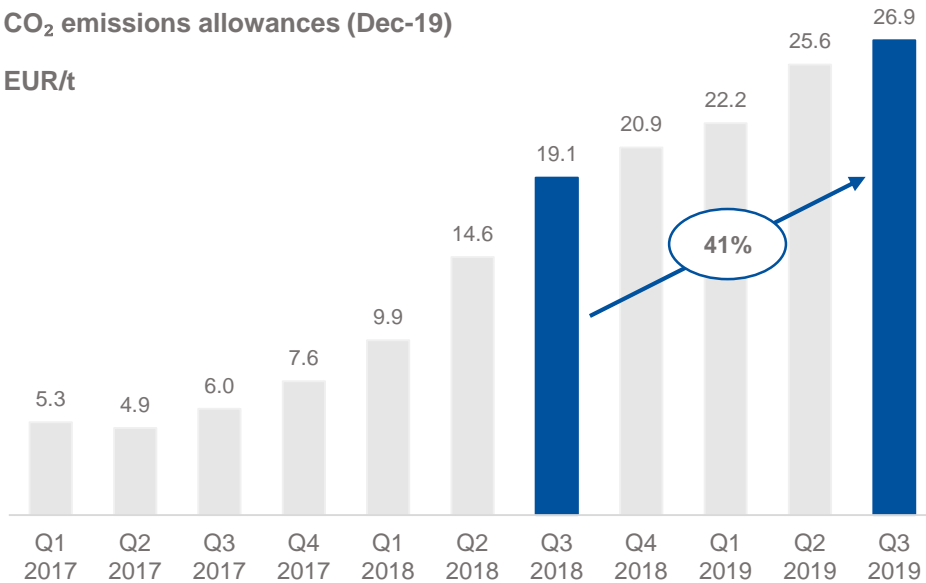
PLN/MWh



Source: TGE, settlement prices

CO₂ emissions allowances (Dec-19)

EUR/t



Source: ICE, settlement prices

Until the end of Q3 2019, no CO₂ emission allowances intended for the United Kingdom were auctioned. This was related to the decision of the European Commission to suspend the allocation of free allowances and auctions for UK from the beginning of 2019. Uncertainty regarding „Brexit“ determined the high volatility of prices of CO₂ emission allowances. In July 2019, the price of emission allowances reached a historical maximum of 29.77 EUR/t, followed by a strong downward correction. After the election of Boris Johnson as UK Prime Minister, the scenario of UK’s no-deal withdrawal from the EU (non-deal Brexit) seemed increasingly likely. In September 2019, the German government presented a draft of a new climate strategy to achieve Germany’s reduction target of 55% (by 2030).

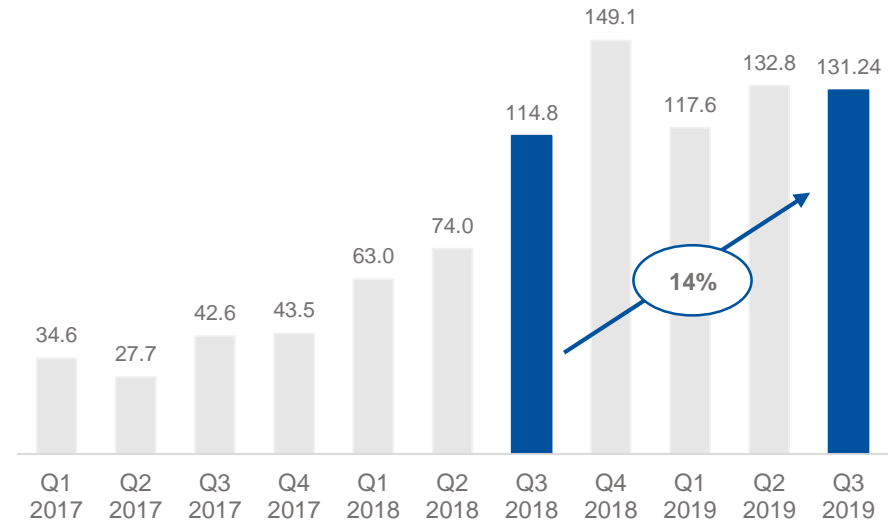
In the case of "green" property rights, in Q3 2019 the side trend initiated in Q2 was maintained, after a sharp increase in prices from the level of approx. 80 PLN/MWh to the level of approx. 130 PLN/MWh. The dynamic decline in prices of "green" property rights in Q1 2019 was related to the publication of the draft amendment to the RES Act, which linked the replacement fee to the price of electricity. After the European Commission withdrew from the proposed changes in the calculation of the replacement fee, the market reacted again with a dynamic change in the opposite direction, i.e. a significant price increase.

On 29 August 2019, the Act of 19 July 2019 amending the Act on Renewable Energy Sources came into force.

At the end of Q3 2019, the number of unredeemed rights in the register reached 33.7 TWh.

Prices of “green” property rights (PMOZE_A)

PLN/MWh



Source: TGE, session market indexes

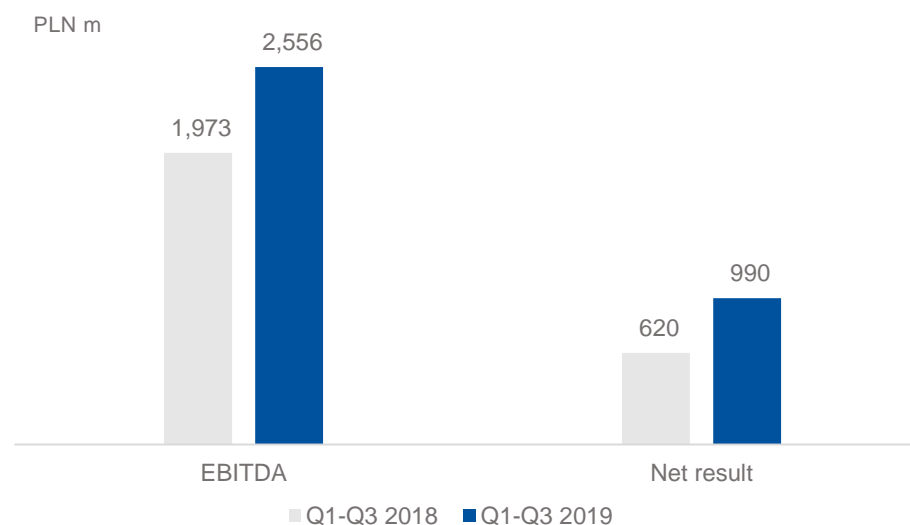
3. Financial standing

3.1. Selected consolidated financial data

[PLN k]	Q1-Q3 2018	Q1-Q3 2019	Change	% change
Sales revenue and other income	9,384,198	12,168,789	2,784,591	29.7%
Operating profit / (loss)	920,248	1,428,643	508,395	55.2%
Profit / (loss) before tax	763,780	1,277,110	513,330	67.2%
Net profit / (loss) for the reporting period	620,289	989,911	369,622	59.6%
EBITDA	1,973,339	2,555,616	582,277	29.5%
Net cash flows from:				
operating activities	2,834,248	2,967,896	133,648	4.7%
investing activities	-1,754,164	-1,788,331	-34,167	-1.9%
financial activities	-454,223	553,487	1,007,710	221.9%
Closing balance of cash	3,312,987	4,383,890	1,070,903	32.3%
Net profit attributable to shareholders of the Parent	584,117	891,537	307,420	52.6%
Weighted average number of shares	441,442,578	441,442,578	-	-
Net profit per share [PLN]	1.32	2.02	0.70	53.0%
Diluted net per share [PLN]	1.32	2.02	0.70	53.0%

[PLN k]	31 Dec 2018	30 Sep 2019	Change	% change
Total assets	29,965,625	32,249,814	2,284,189	7.6%
Total liabilities	14,916,463	16,259,212	1,342,749	9.0%
Non-current liabilities	10,109,857	10,032,733	-77,124	-0.8%
Current liabilities	4,806,606	6,226,479	1,419,873	29.5%
Equity	15,049,162	15,990,602	941,440	6.3%
Share capital	588,018	588,018	-	-
Book value per share [PLN]	34.09	36.22	2.13	6.2%
Diluted book value per share [PLN]	34.09	36.22	2.13	6.2%

[PLN k]	Q3 2018	Q3 2019	Change	% change
Sales revenue and other income	3,344,643	4,149,213	804,570	24.1%
Operating profit / (loss)	287,365	502,750	215,385	75.0%
Profit / (loss) before tax	205,524	534,338	328,814	160.0%
Net profit / (loss) for the reporting period	158,259	410,466	252,207	159.4%
EBITDA	669,275	889,799	220,524	32.9%
Net profit attributable to shareholders of the Parent	152,927	385,749	232,822	152.2%
Weighted average number of shares	441,442,578	441,442,578	-	-
Net profit per share [PLN]	0.35	0.87	0.52	148.6%
Diluted net profit per share [PLN]	0.35	0.87	0.52	148.6%



3.2. Key operating data and ratios ¹⁾

	Unit	Q1-Q3 2018	Q1-Q3 2019	Change	% change	Q3 2018	Q3 2019	Change	% change
Sales revenue and other income	PLN k	9,384,198	12,168,789	2,784,591	29.7%	3,344,643	4,149,213	804,570	24.1%
EBITDA	PLN k	1,973,339	2,555,616	582,277	29.5%	669,275	889,799	220,524	32.9%
EBIT	PLN k	920,248	1,428,643	508,395	55.2%	287,365	502,750	215,385	75.0%
Net profit	PLN k	620,289	989,911	369,622	59.6%	158,259	410,466	252,207	159.4%
Net profit attributable to shareholders of the Parent	PLN k	584,117	891,537	307,420	52.6%	152,927	385,749	232,822	152.2%
Net cash flows from operating activities	PLN k	2,834,248	2,967,896	133,648	4.7%	940,420	986,134	45,714	4.9%
CAPEX	PLN k	1,454,803	1,491,406	36,603	2.5%	630,391	442,407	-187,984	-29.8%
Net debt / EBITDA ¹⁾	-	1.7	1.7	-	-	1.7	1.7	-	-
Return on assets (ROA) ¹⁾	%	2.8%	4.1%	1.3 pp	-	2.1%	5.1%	3.0 pp	-
Return on equity (ROE) ¹⁾	%	5.5%	8.3%	2.8 pp	-	4.2%	10.3%	6.1 pp	-
Trading									
Sales of electricity and gas fuel to retail customers	GWh	15,862	15,096	-766	-4.8%	5,207	4,881	-326	-6.3%
Number of customers (Power Delivery Points)	'000	2,471	2,524	53	2.1%	2,471	2,524	53	2.1%
Distribution									
Sale of distribution services to end users	GWh	14,935	14,778	-157	-1.1%	4,888	4,811	-77	-1.6%
Number of users (closing balance)	'000	2,579	2,616	37	1.4%	2,579	2,616	37	1.4%
Generation									
Total generation of electricity, including:	GWh	19,940	19,878	-62	-0.3%	7,147	7,193	46	0.6%
<i>from conventional sources</i>	GWh	18,490	18,263	-227	-1.2%	6,599	6,584	-15	-0.2%
<i>from renewable energy sources</i>	GWh	1,450	1,615	165	11.4%	548	608	60	11.0%
Gross heat generation	TJ	5,226	5,084	-142	-2.7%	1,015	1,063	46	4.6%
Sale of electricity, including: ²⁾	GWh	26,962	22,921	-4,041	-15.0%	9,520	7,997	-1,523	-16.0%
<i>from conventional sources</i>	GWh	18,490	18,263	-227	-1.2%	6,599	6,584	-15	-0.2%
<i>from renewable energy sources</i>	GWh	1,450	1,615	165	11.4%	548	608	60	11.0%
<i>from purchase</i>	GWh	7,022	3,043	-3,979	-56.7%	2,373	805	-1,568	-66.1%
Sales of heat	TJ	4,703	4,575	-128	-2.7%	879	935	57	6.5%
Mining									
Net production	'000 tonnes	6,820	7,127	307	4.5%	2,302	2,301	-1	0.0%
Coal sales	'000 tonnes	6,788	7,061	273	4.0%	2,447	2,292	-155	-6.3%
Closing stocks	'000 tonnes	57	153	96	168.4%	57	153	96	168.4%
Excavation works	km	28.6	21.7	-6.9	-24.1%	8.9	7.5	-1.4	-15.7%

¹⁾ Ratio definitions are presented on Page 56

²⁾ Presentation change

3.3. Financial results of ENEA Group in Q1-Q3 2019

Consolidated profit and loss account in Q1-Q3 2019

[PLN k]	Q1-Q3 2018	Q1-Q3 2019	Change	% change
Revenues from the sale of electricity	6,717,906	8,803,270	2,085,364	31.0%
Revenues from the sale of heat	248,544	246,121	-2,423	-1.0%
Revenues from the sale of gas	77,627	105,089	27,462	35.4%
Revenues from the sale of distribution services	1,986,165	2 083,727	97,562	4.9%
Revenues from certificates of origin	3,239	15,436	12,197	376.6%
Revenues from the sale of CO ₂ emission allowances	25,977	-	-25,977	-100.0%
Revenues from the sale of goods and materials	61,171	78,663	17,492	28.6%
Revenues from the sale of other products and services	111,914	121,193	9,279	8.3%
Revenues from the sale of coal	151,655	194,930	43,275	28.5%
Revenues from operating lease and sub-lease	-	13,783	13,783	100.0%
Net sales revenue	9,384,198	11,662,212	2,278,014	24.3%
Financial compensation	-	506,577	506,577	100.0%
Sales revenue and other income	9,384,198	12,168,789	2,784,591	29.7%
Depreciation and amortisation	1,104,456	1,131,252	26,796	2.4%
Costs of employee benefits	1,235,498	1,334,713	99,215	8.0%
Consumption of materials and raw materials and the value of goods sold	1,845,163	2,506,510	661,347	35.8%
Purchase of energy and gas for sale purposes	3,087,195	4,419,831	1,332,636	43.2%
Transmission services	308,325	330,109	21,784	7.1%
Other third party services	636,404	658,884	22,480	3.5%
Taxes and levies	310,102	331,261	21,159	6.8%
Tax deductible cost of sales	8,527,143	10,712,560	2,185,417	25.6%
Other operating revenues	140,680	101,995	-38,685	-27.5%
Other operating costs	106,695	158,188	51,493	48.3%
Change in provisions for onerous contracts	-	60,702	60,702	100.0%
Loss on the sale and liquidation of property, plant and equipment	22,157	36,374	14,217	64.2%
Reversal of the impairment loss on non-financial non current-assets	51,365	4,279	-47,086	-91.7%
Operating profit	920,248	1,428,643	508,395	55.2%
Financial costs	255,045	243,860	-11,185	-4.4%
Financial revenues	48,443	91,986	43,543	89.9%
Share in the results of affiliates and jointly controlled entities	49,704	140	-49,564	-99.7%
Revenues from dividends	430	201	-229	-53.3%
Profit before tax	763,780	1,277,110	513,330	67.2%
Income tax	143,491	287,199	143,708	100.2%
Net profit of the reporting period	620,289	989,911	369,622	59.6%
EBITDA	1 973,339	2,555,616	582,277	29.5%

Q1-Q3 2019

ENEA Group's EBITDA – change factors:

- + increase in revenues from the sale of electricity of PLN 2,085 million resulting mainly from the higher sales volume by 1,585 GWh and higher average sales price of 23% and higher revenues from Regulatory System Service
- decrease in revenues from the sale of heat of PLN 2 million resulting from lower sales volume by 124 TJ, while the average sales price increased by 2%
- + revenues from the sale of gas increased by PLN 27 million mainly due to higher sales volume by 162 GWh and higher average sales price by 14%
- + increase in revenues from the sale of distribution services of PLN 98 million as a result of higher rates in the approved tariff for 2019
- + increase in revenues from certificates of origin of PLN 12 million as a result of higher volume of extra-group transactions at a higher price
- decrease in revenues from the sale of CO₂ emission allowances of PLN 26 million resulting from the lack of sales on the SPOT market in 2019
- + increase in revenues from the sale of goods and materials of PLN 17 million resulting from higher demand for goods and electrotechnical devices from external contractors
- + increase in revenues from sales of other products and services of PLN 9 million mainly due to higher revenues from by-products of combustion and higher revenues from coal transport services
- + revenues from the sale of coal increased by PLN 43 million due to the higher volume of external deliveries at a higher price
- + revenues from leasing and operating subleasing PLN 14 million – change in the presentation of leasing (implementation of IFRS 16 as of 1 January 2019)
- + estimated price difference amount for H1 2019 and financial compensation for Q3 2019 in the total amount of PLN 507 million - the value covering the price difference between prices applied in settlements with customers in Q1-Q3 2019 and prices defined as reference values up to the price difference amount, resulting from the application of the provisions of the Act amending the Excise Duty Act and the implementing regulations thereto
- increase in costs of employee benefits of PLN 99 million caused mainly by higher average employment and change in the balance of provisions
- increase in costs of materials and raw materials consumption and the value of sold goods of PLN 661 million resulting mainly from higher costs of coal, biomass and CO₂ emission allowances for the entire Generation Area
- increase in the costs of electricity and gas purchase of PLN 1,333 million resulting mainly from the increase in average costs of purchase of:
 - electricity: price: +30%; volume: +1,983 GWh
 - natural gas: price: +16%; volume: +162 GWh
- increase in costs of transmission services of PLN 22 million mainly as a result of higher rates in the approved tariff for 2019
- increase in costs of external services of PLN 22 million resulting mainly from the change in the scope of works outsourced to external companies, with a simultaneous increase in rates for these services and higher costs of direct services resulting from a higher level of sales and a different portfolio of orders
- increase in taxes and levies of PLN 21 million resulting from higher mining fees due to higher coal production and higher property tax due to completed investment processes
- + change in the balance of provisions for onerous contracts in the amount of PLN 61 million – utilisation of the provision for Q1-Q3 2019, which was created at the end of 2018 and related to the recognition in costs of financial consequences related to the entry into force of the Act amending the Excise Duty Act and certain other acts of 28 December 2018
- decrease in other operating profit of PLN 104 million:
 - revaluation of CO₂ contracts by PLN 35 million ¹⁾
 - lower revenues from compensations, penalties and fines by PLN 24 million
 - higher provisions for potential claims by PLN 19 million
 - lower balance of returns from the insurer by PLN 16 million
 - higher loss on liquidation of property, plant and equipment by PLN 14 million

¹⁾ valuation of CO₂ contracts is presented partially in: other operating activity (depending on the result, it is recorded in the item "other operating revenues" or "other operating costs"), in financial activity (within the scope of realized and booked exchange rate differences) and in costs of obtaining revenues from sales (in the item "consumption of materials and raw materials and the value of goods sold")

Consolidated profit and loss account in Q3 2019

[PLN k]	Q3 2018	Q3 2019	Change	% change
Revenues from the sale of electricity	2 498,607	3,154,495	655,888	26.3%
Revenues from the sale of heat	51,071	54,769	3,698	7.2%
Revenues from the sale of gas	23,412	26,692	3,280	14.0%
Revenues from the sale of distribution services	643,614	707,400	63,786	9.9%
Revenues from certificates of origin	1,145	4,030	2,885	252.0%
Revenues from the sale of goods and materials	23,518	26,285	2,767	11.8%
Revenues from the sale of other products and services	37,125	36,996	-129	-0.3%
Revenues from the sale of coal	66,151	57,711	-8,440	-12.8%
Revenues from operating lease and sub-lease	-	4,659	4,659	100.0%
Net sales revenue	3 344,643	4,073,037	728,394	21.8%
Financial compensation	-	76,176	76,176	100.0%
Sales revenue and other income	3,344,643	4,149,213	804,570	24.1%
Depreciation and amortisation	381,910	387,049	5,139	1.3%
Costs of employee benefits	409,841	461,563	51,722	12.6%
Consumption of materials and raw materials and the value of goods sold	696,964	859,129	162,165	23.3%
Purchase of energy and gas for sale purposes	1,200,875	1,413,407	212,532	17.7%
Transmission services	103,935	117,461	13,526	13.0%
Other third party services	226,117	223,467	-2,650	-1.2%
Taxes and levies	94,076	104,565	10,489	11.1%
Tax deductible cost of sales	3,113,718	3,566,641	452,923	14.5%
Other operating revenues	50,823	-14,152	-64,975	-127.8%
Other operating costs	-13,919	71,637	85,556	614.7%
Change in provisions for onerous contracts	-	19,698	19,698	100.0%
Loss on the sale and liquidation of property, plant and equipment	8,302	13,731	5,429	65.4%
Operating profit	287,365	502,750	215,385	75.0%
Financial costs	68,917	37,912	-31,005	-45.0%
Financial revenues	-39,093	64,816	103,909	265.8%
Share in the results of affiliates and jointly controlled entities	25,954	4,583	-21,371	-82.3%
Revenues from dividends	215	101	-114	-53.0%
Profit before tax	205,524	534,338	328,814	160.0%
Income tax	47,265	123,872	76,607	162.1%
Net profit of the reporting period	158,259	410,466	252,207	159.4%
EBITDA	669,275	889,799	220,524	32.9%

Q3 2019

ENEA Group's EBITDA – change factors:

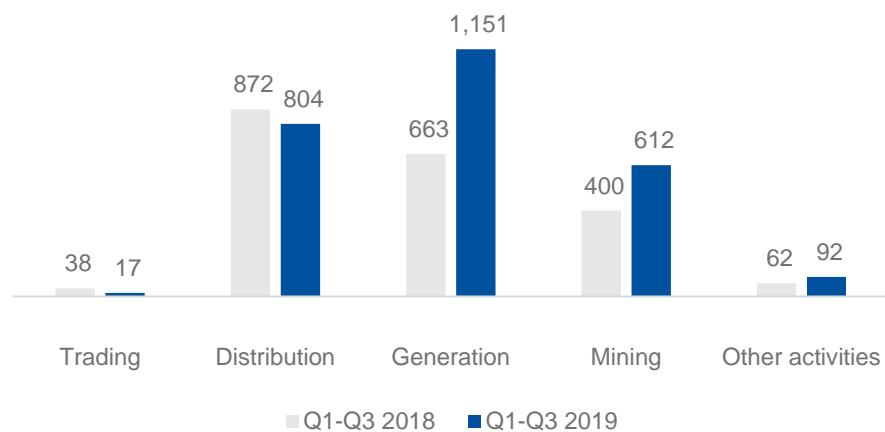
- + increase in revenues from the sale of electricity of PLN 656 million resulting mainly from higher sales volume by 20 GWh and higher average sales price of 32% and higher revenues from Regulatory System Services
- + increase in revenues from the sale of heat of PLN 4 million resulting mainly from higher sales volume by 74 TJ
- + increase in revenues from the sale of natural gas of PLN 3 million mainly due to higher sales volume by 19 GWh and higher average sales price by 6%
- + increase in revenues from the sale of distribution services of PLN 64 million due to higher rates in the approved tariff for 2019
- + increase in revenues from the sale of certificates of origin of PLN 3 million resulting from higher volume of extra-group transactions at a higher price
- + increase in revenues from the sale of goods and materials of PLN 3 million resulting mainly from higher demand for goods and electrical equipment from external contractors
- revenues from the sale of coal decreased by PLN 8 million as a result of lower volume of extra-group deliveries at higher prices
- + revenues from operating leasing and subleasing of PLN 5 million – change in the presentation of leasing (implementation of IFRS 16 as of 1 January 2019)
- + estimated value of financial compensation PLN 76 million - value of covering the price difference between the prices applied in settlements with customers in Q3 2019 and the prices defined as reference values up to the price difference, resulting from the application of the provisions of the Act amending the Excise Duty Act and the implementing regulations thereto
- increase in costs of employee benefits of PLN 52 million caused mainly higher payroll costs with surcharges
- increase in costs of consumption of materials and raw materials the value of goods sold of PLN 162 million resulting from higher costs of purchase of coal, biomass and CO₂ emission allowances for the entire Generation Area
- increase in costs of electricity and gas purchase for sale purposes of PLN 213 million resulting mainly from higher average purchase prices of:
 - electricity: price: +14%; volume: +267 GWh
 - natural gas: price: +7%; volume: +19 GWh
- increase in the costs of transmission services of PLN 14 million mainly due to higher rates in the approved tariff for 2019
- + decrease in costs of other external services of PLN 3 million resulting mainly from the change in the scope of works outsourced to external companies
- increase in taxes and levies of PLN 10 million resulting, inter alia, from higher property tax related to completed investment processes and higher environmental fees
- + change in the balance of provisions for onerous contracts in the amount of PLN 20 million – utilisation of the provisions for Q3 2019, which was created at the end of 2018 and related to the recognition in costs of financial effects related to the effective date of the Act amending the Excise Duty Act and certain other acts of 28 December 2018
- decrease in other operating profit of PLN 156 million:
 - revaluation of CO₂ contracts by PLN 144 million ¹⁾
 - higher provisions for potential claims by PLN 12 million

¹⁾ valuation of CO₂ contracts is presented partially in: other operating activity (depending on the result, it is recorded in the item "other operating revenues" or "other operating costs"), in financial activity (within the scope of realized and booked exchange rate differences) and in costs of obtaining revenues from sales (in the item "consumption of materials and raw materials and the value of goods sold")

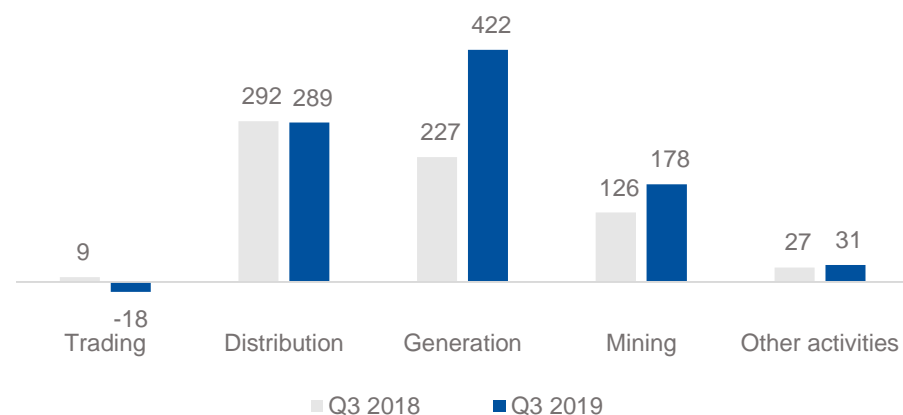
ENEA Group's financial results in Q1-Q3 2019 and in Q3 2019

EBITDA [PLN k]	Q1-Q3 2018	Q1-Q3 2019	Change	% change	Q3 2018	Q3 2019	Change	% change
Trading	37,822	17,059	-20,763	-54.9%	8,724	-17,858	-26,582	-304.7%
Distribution	871,717	804,290	-67,427	-7.7%	291,907	289,436	-2,471	-0.8%
Generation	663,494	1,151,443	487,949	73.5%	226,878	421,769	194,891	85.9%
Mining	399,849	612,128	212,279	53.1%	126,300	177,647	51,347	40.7%
Other activities	61,807	91,649	29,842	48.3%	26,721	31,266	4,545	17.0%
Unassigned items and exclusions	-61,350	-120,953	-59,603	-97.2%	-11,255	-12,461	-1,206	-10.7%
Total EBITDA	1,973,339	2,555,616	582,277	29.5%	669,275	889,799	220,524	32.9%

PLN m



PLN m

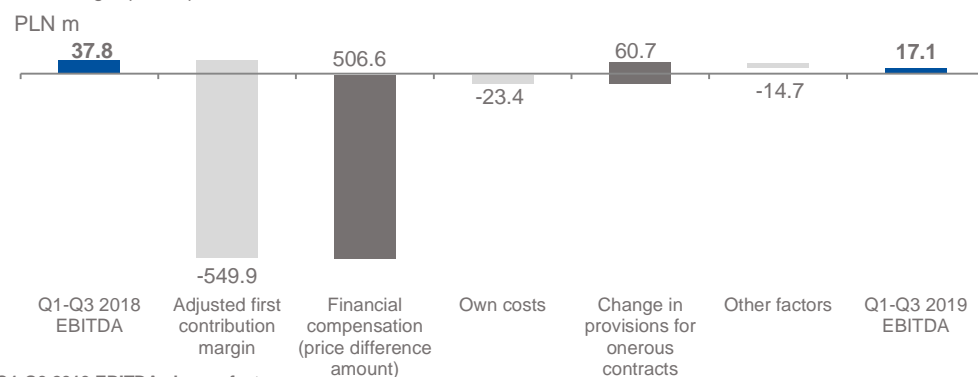


Trading Area

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

[PLN k]	Q1-Q3 2018	Q1-Q3 2019	Change	% change	Q3 2018	Q3 2019	Change	% change
Sales revenues	6,344,763	6,020,706	-324,057	-5.1%	2,344,824	2,067,207	-277,617	-11.8%
Financial compensation	-	506,577	506,577	100.0%	-	76,176	76,176	100.0%
Sales revenue and other income	6,344,763	6,527,283	182,520	2.9%	2,344,824	2,143,383	-201,441	-8.6%
EBIT	37,337	15,799	-21,538	-57.7%	8,532	-18,298	-26,830	-314.5%
Depreciation and amortisation	485	1,260	775	159.8%	192	440	248	129.2%
EBITDA	37,822	17,059	-20,763	-54.9%	8,724	-17,858	-26,582	-304.7%
CAPEX ¹⁾	1,806	36	-1,770	-98.0%	1,393	3	-1,390	-99.8%
Share of the area's sales revenue in the Group's sales revenue	41%	37%	-4 pp	-	42%	37%	-5 pp	-

¹⁾ Excluding capital expenditures of ENEA S.A.



Q1-Q3 2019 EBITDA change factors:

First contribution margin

- (-) higher average energy purchase price by 35.4%
- (-) higher cost of environmental obligations by 3.6%
- (-) lower volume of energy sales by 5.3%
- (+) higher average selling price of energy by 8.9%
- (+) higher result on trading in gaseous fuel
- (-) higher costs of provisions for claims under terminated RES property rights agreements
- (-) partial revaluation of CO₂ contracts ²⁾

Financial compensation (price difference amount)

- (+) estimated price difference amount for H1 2019 and compensation for Q3 2019 in the total amount of PLN 506.6 million constituting the value of covering the price difference between prices applied in settlements with customers in Q1-Q3 2019 and the prices defined as reference values to the price difference amount, resulting from the application of the provisions of the Act amending the Excise Duty Act and the implementing regulations thereto

Own costs

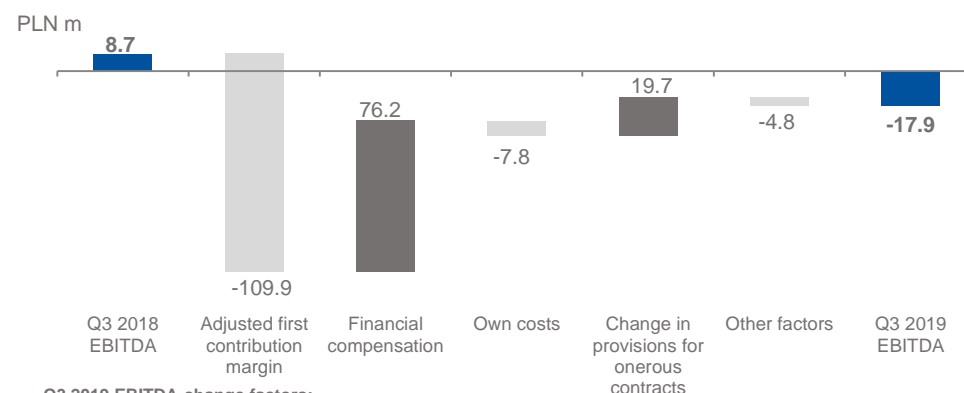
- (-) higher direct costs of sales by PLN 15.7 million
- (-) higher costs of common services by PLN 5.6 million
- (-) higher general and administrative expenses by PLN 2.1 million

Change in provisions for onerous contracts

- (+) utilisation of the provision for Q1-Q3 2019 in the amount of PLN 60.7 million, which was created at the end of 2018 and concerned financial consequences related to the entry into force of the Act amending the Excise Duty Act and certain other acts of 28 December 2018 (value of the provision recognised in costs as at the end of 2018 – PLN 79 million)

Other factors

- (-) higher costs of provisions for expected losses and potential claims by PLN 5.7 million
- (-) higher revaluation write-downs on receivables by PLN 2.3 million
- (-) higher costs of contributions to institutions to which membership is not obligatory by PLN 1.0 million
- (-) lower revenues from licence fees related to the ENEA brand by PLN 1.5 million
- (-) lower revenues from the provision of wholesale trade services by PLN 1.6 million



Q3 2019 EBITDA change factors:

First contribution margin

- (-) higher average purchase price of energy by 29.2%
- (-) lower volume of energy sales by 6.8%
- (+) lower cost of environmental obligations by 3.1%
- (+) higher average selling price of energy by 16.6%
- (+) higher result on trading in gaseous fuel
- (-) higher cost of provisions for claims under terminated RES property rights agreements
- (-) partial revaluation of CO₂ contracts ²⁾

Financial compensation

- (+) estimated value of financial compensation in the amount of PLN 76.2 million constituting the value of covering the price difference between prices applied in settlements with customers in Q1-Q3 2019 and the prices defined as reference values to the price difference amount, resulting from the application of the provisions of the Act amending the Excise Duty Act and the implementing regulations thereto

Own costs

- (-) higher direct costs of sales by PLN 5.4 million
- (-) higher costs of common services by PLN 1.5 million
- (-) higher general and administrative expenses by PLN 0.9 million

Change in provisions for onerous contracts

- (+) utilisation of the provision for Q3 2019 in the amount of PLN 19.7 million, which was created at the end of 2018 and concerned financial consequences related to the entry into force of the Act amending the Excise Duty Act and certain other acts of 28 December 2018

Other factors

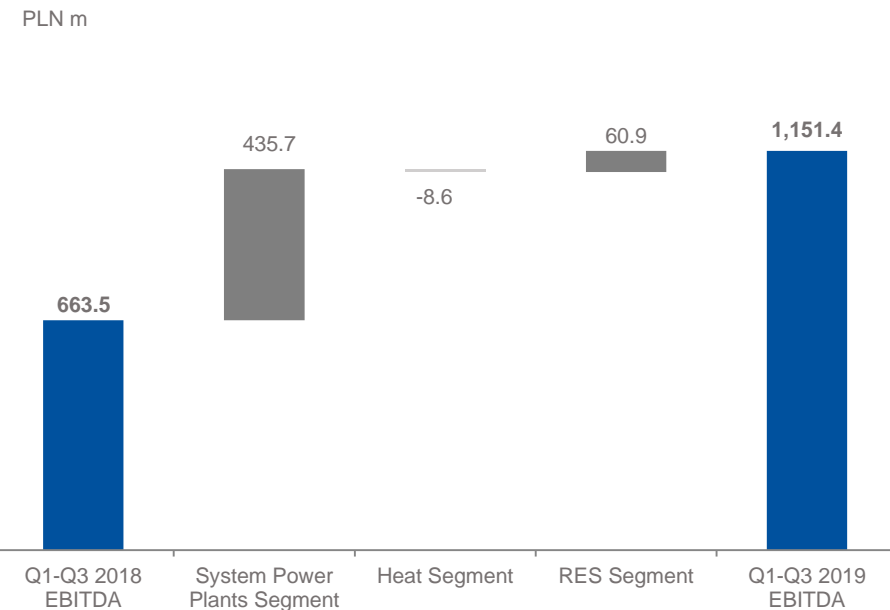
- (-) higher costs of provisions for expected losses and potential claims by PLN 1.7 million
- (-) higher revaluation write-downs on receivables by PLN 1.7 million
- (-) lower revenues from the provision of wholesale trade services by PLN 0.9 million

²⁾ In the adjusted first coverage margin, a partial valuation of CO₂ contracts is presented in the operating activity. However, the valuation of CO₂ contracts in the scope of realized and booked exchange rate differences is presented in the financial activity and in this part increases the financial result.

Generation Area

[PLN k]	Q1-Q3 2018	Q1-Q3 2019	Change	% change	Q3 2018	Q3 2019	Change	% change
Sales revenues	5,302,089	6,026,387	724,298	13.7%	1,910,208	2,101,935	191,727	10.0%
electricity	4,858,093	5,517,502	659,409	13.6%	1,775,375	1,946,334	170,959	9.6%
certificates of origin	147,634	212,744	65,110	44.1%	75,318	90,227	14,909	19.8%
sale of CO ₂ emission allowances	26,019	21,780	-4,239	-16.3%	-	-	-	-
heat	244,796 ¹⁾	241,496	-3,300	-1.3%	50,288 ¹⁾	53,762	3,474	6.9%
others	25,547 ¹⁾	32,865	7,318	28.6%	9,227 ¹⁾	11,612	2,385	25.8%
EBIT	307,797	739,092	431,295	140.1%	94,346	283,791	189,445	200.8%
Depreciation and amortisation	407,062	412,351	5,289	1.3%	132,532	137,978	5,446	4.1%
Reversal of the impairment loss on non-financial non-current assets	51,365	-	-51,365	-100.0%	-	-	-	-
EBITDA	663,494	1,151,443	487,949	73.5%	226,878	421,769	194,891	85.9%
CAPEX	221,312	288,434	67,122	30.3%	95,560	77,551	-18,009	-18.8%
Share of the area's sales revenue in the Group's net sales revenue	34%	37%	3 pp	-	34%	38%	4 pp	-

¹⁾ Change in the presentation of data for 2018 with respect to the recognition of revenues



Q1-Q3 2019 EBITDA change drivers:

System Power Plants Segment – an EBITDA increase of PLN 435.7 million

- (+) higher margin on production by PLN 331.5 million
- (+) higher margin on trading and on the Balancing Market by PLN 110.8 million
- (+) higher revenues from Regulatory System Services by PLN 10.4 million
- (-) higher fixed costs by PLN 28.0 million

Heat Segment – an EBITDA decrease of PLN 8.6 million

- (-) higher costs of material and raw material consumption by PLN 21.8 million, including higher costs of limestone dust and limestone consumption by PLN 1.9 million, coal consumption by PLN 5.3 million, biomass consumption by PLN 13.2 million, gas consumption by PLN 0.7 million, heat purchase by PLN 0.3 million
- (-) higher cost of employee benefits by PLN 4.4 million
- (-) lower revenues from sales of heat by PLN 3.4 million
- (-) higher costs of third party services by PLN 0.7 million
- (-) ENEA Elektrownia Połaniec PLN -8.3 million
- (-) MEC Piła PLN 8.0 million
- (+) higher revenues from the sale of electricity by PLN 23.4 million
- (+) higher revenues from certificates of origin by PLN 12 million
- (+) higher other operating revenues by PLN 1.6 million
- (+) lower cost of taxes and levies by PLN 0.5 million
- (+) ENEA Ciepło Serwis PLN 1.5 million

RES Segment – an EBITDA increase of PLN 60.9 million

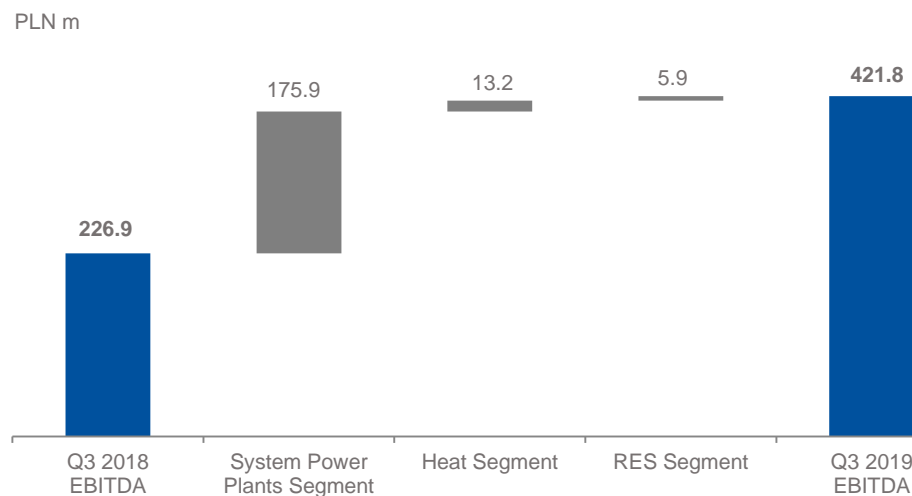
- (+) Biomass area (Green Unit): PLN 39.8 million (including PLN 2.5 million from ENEA Bioenergia Sp. z o.o.), higher margin on RES generation by PLN 51.7 million, lower margin from the Green Unit on sale/update of green certificates by PLN 1.1 million, higher fixed costs by PLN 13.2 million
- (+) Wind area (PLN +24.0 million): higher revenue from the sale of electricity by PLN 12.5 million, higher revenue from certificates of origin by PLN 10.5 million, higher result on other operating activities by PLN 3.4 million, higher fixed costs by PLN 2.4 million
- (-) Water area (PLN -2.0 million): lower revenue from the sale of electricity by PLN 3.1 million, higher revenue from certificates of origin by PLN 0.7 million, lower salary costs by PLN 0.4 million
- (-) Biogas area (PLN -0.9 million): lower result on other operating activities by PLN 0.6 million, lower revenue from certificates of origin by PLN 0.4 million

In the Generation Area, financial data of ENEA Wytwarzanie Sp. z o.o. together with its subsidiaries: ENEA Ciepło Sp. z o.o., ENEA Ciepło Serwis Sp. z o.o., ENEA Elektrownia Połaniec S.A. and ENEA Bioenergia Sp. z o.o. are presented.

ENEA Wytwarzanie owns e.g. 11 high efficiency and upgraded power units in the Koźienice Power Plant. In turn, ENEA Elektrownia Połaniec has 7 coal-fired power units with a total gross capacity of 1,657 MW and the world's largest biomass-fired unit with a gross installed capacity of 225 MW.

The area's annual generation capacity is approx. 38 TWh of electricity.

Generation Area



Q3 2019 EBITDA change drivers:

System Power Plants Segment – an EBITDA increase of PLN 175.9 million

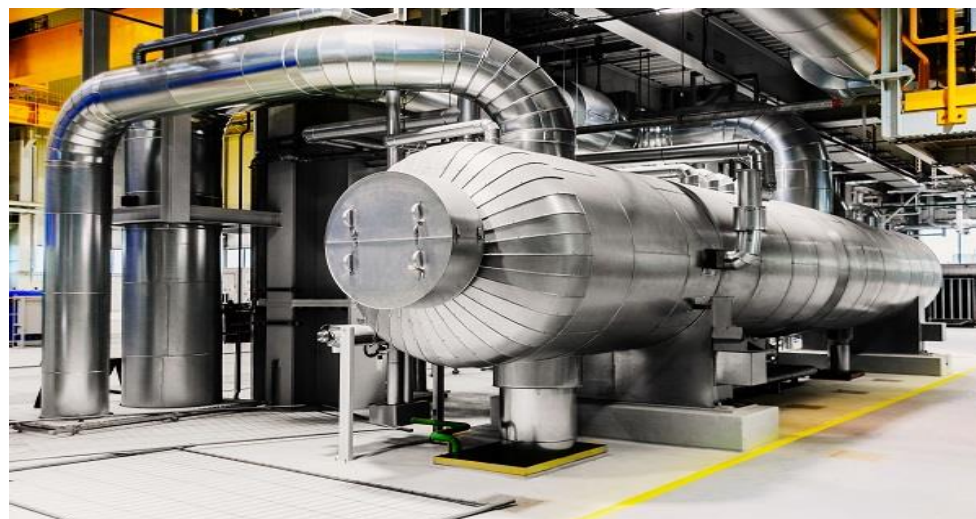
- (+) higher margin on generation by PLN 86.6 million
- (+) higher margin on trading and on the Balancing Market by PLN 82.5 million
- (+) higher revenues from Regulatory System Services by PLN 15.2 million
- (-) higher fixed costs by PLN 21.6 million

Heat Segment – an EBITDA increase of PLN 13.2 million

- (+) higher revenues from the sale of electricity by PLN 10.9 million
- (+) higher revenues from certificates of origin by PLN 9.2 million
- (+) higher revenues from the sale of heat by PLN 2.5 million
- (+) ENEA Ciepło Serwis PLN 0.7 million
- (-) higher costs of material and raw material consumption by PLN 4.5 million, including of biomass consumption by PLN 10.0 million with lower CO₂ emission costs by PLN 5.6 million
- (-) higher costs of taxes and levies by PLN 0.5 million
- (-) ENEA Elektrownia Polaniec PLN -2.5 million
- (-) MEC Piła PLN 1.5 million

RES Segment – an EBITDA increase of PLN 5.9 million

- (-) Biomass area (Green Unit): PLN +8.4 million (including PLN +0.4 million from ENEA Bioenergia Sp. z o.o.), higher fixed costs by PLN 3.3 million, higher margin on energy production from RES by PLN 11.4 million
- (+) Wind area (PLN +0.4 million): higher revenue from certificates of origin by PLN 1.3 million, higher revenue from the sale of electricity by PLN 0.8 million, lower result on other operating activities by PLN 0.8 million, higher cost of third party services by PLN 0.8 million, higher payroll costs by PLN 0.1 million
- (-) Water area (PLN -2.8 million): lower revenues from electricity by PLN 2.0 million, lower revenues from certificates of origin by PLN 0.3 million, higher fixed costs by PLN +0.5 million,
- (-) Biogas area (PLN -0.2 million): lower revenues from certificates of origin by PLN 0.2 million



Distribution Area

[PLN k]	Q1-Q3 2018	Q1-Q3 2019	Change	% change	Q3 2018	Q3 2019	Change	% change
Sales revenues	2,032,058	2,122,481	90,423	4.4%	661,081	720,781	59,700	9.0%
from distribution services to end users	1,920,524	2,000,473	79,949	4.2%	624,435	670,064	45,629	7.3%
from network connection fees	41,336	46,886	5,550	13.4%	11,677	19,962	8,285	71.0%
others	70,198	75,122	4,924	7.0%	24,969	30,755	5,786	23.2%
EBIT	479,567	365,675	-113,892	-23.7%	154,523	136,013	-18,510	-12.0%
Depreciation and amortisation	392,150	442,894	50,744	12.9%	137,384	153,423	16,039	11.7%
Reversal of the impairment loss on non-financial non-current assets	-	4,279	4,279	100.0%	-	-	-	-
EBITDA	871,717	804,290	-67,427	-7.7%	291,907	289,436	-2,471	-0.8%
CAPEX	570,268	678,270	108,002	18.9%	269,387	221,789	-47,598	-17.7%
Share of the area's sales revenue in the Group's net sales revenue	13%	13%	-	-	12%	13%	1 pp	-

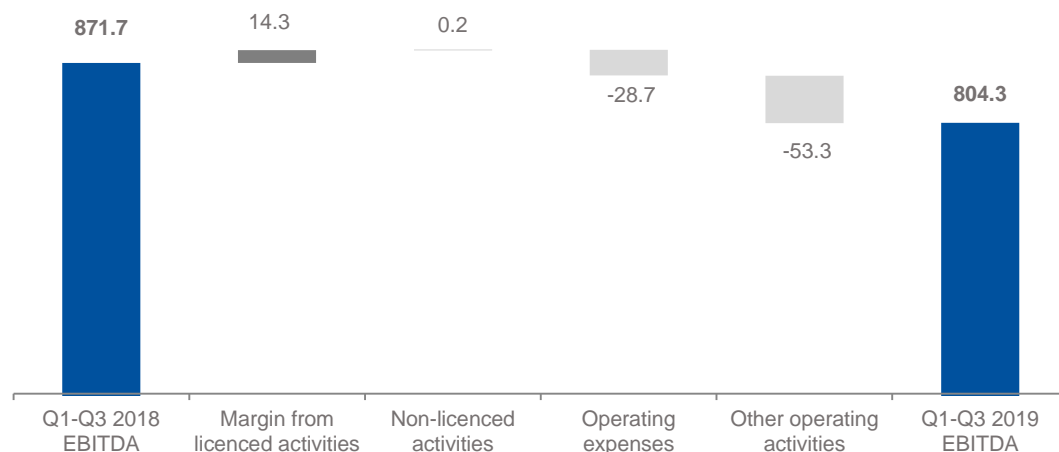
ENEA Operator Sp. z o.o. is responsible for the distribution of electricity to 2.6 million Users in western and north western Poland in the area of 58.2 thousand km².

The basic task of ENEA Operator is to provide energy in a continuous and reliable manner, while maintaining appropriate quality parameters.

In the Distribution Area, financial data includes data of the following companies:

- ENEA Operator Sp. z o.o.
- ENEA Serwis Sp. z o.o.
- ENEA Pomiary Sp. z o.o.
- Annacond Enterprises Sp. z o.o.

PLN m



Q1-Q3 2019 EBITDA change drivers:

Margin from licenced activities

- (+) higher revenues from the sale of distribution services to end users by PLN 80 million
- (+) higher revenues from fees for grid connection by PLN 6 million
- (-) higher costs of electricity purchase to cover the energy balance difference (on balance) by PLN 48 million
- (-) higher costs of purchase of transmission and distribution services (on balance) by PLN 22 million

Operating expenses

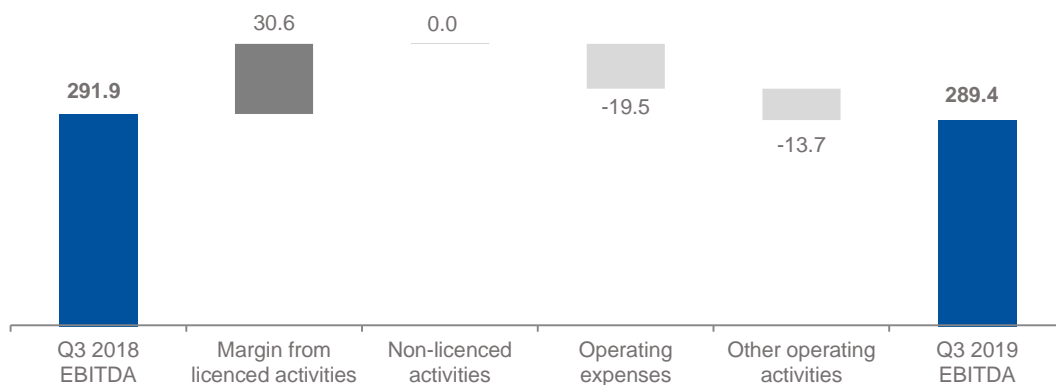
- (-) higher cost of employee benefits by PLN 13 million
- (-) higher costs of taxes and levies by PLN 9 million
- (-) higher costs of third party services by PLN 8 million

Other operating activities

- (-) change in the balance of provisions for grid assets by PLN 34 million
- (-) lower revenues from the insurer due to the removal of the effects of random damages by PLN 25 million
- (+) higher revenues from collisions by PLN 5 million

Distribution Area

PLN m



Q3 2019 EBITDA change drivers:

Margin from licenced activities

- (+) higher revenues from the sale of distribution services to end users by PLN 46 million
- (+) higher revenues from fees for grid connection by PLN 8 million
- (-) higher costs of purchase of transmission and distribution services (on balance) by PLN 13 million
- (-) higher costs of electricity purchase to cover the energy balance difference (on balance) by PLN 10 million

Operating expenses

- (-) higher costs of employee benefits by PLN 12 million
- (-) higher costs of taxes and levies by PLN 4 million
- (-) higher costs of third party services by PLN 3 million

Other operating activities

- (-) change in the balance of provisions for grid assets by PLN 12 million
- (-) lower revenues from the insurer due to the removal of the effects of random damages by PLN 6 million
- (+) higher revenues from collisions by PLN 2 million



Mining Area

[PLN k]	Q1-Q3 2018	Q1-Q3 2019	Change	% change	Q3 2018	Q3 2019	Change	% change
Sales revenue	1,335,640	1,626,111	290,471	21.7%	479,688	527,775	48,087	10.0%
coal	1,299,855	1,590,019	290,164	22.3%	467,757	518,050	50,293	10.8%
other products and services	21,901	22,268	367	1.7%	7,180	6,003	-1,177	-16.4%
goods and materials	13,884	13,824	-60	-0.4%	4,751	3,722	-1,029	-21.7%
EBIT	125,002	351,345	226,343	181.1%	25,013	88,570	63,557	254.1%
Depreciation and amortisation	274,847	260,783	-14,064	-5.1%	101,287	89,077	-12,210	-12.1%
EBITDA	399,849	612,128	212,279	53.1%	126,300	177,647	51,347	40.7%
CAPEX	296,053	294,688	-1,365	-0.5%	96,603	127,676	31,073	32.2%
Share of the area's sales revenue in the Group's net sales revenue	9%	10%	1 pp	-	9%	9%	-	-

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

LW Bogdanka divides its range of sales into energy rich coal, which accounts for 99% of sales, and pea and nut coal.

The main clients are professional and industrial power industry.

Q1-Q3 2019 EBITDA change drivers:

- (+) EBITDA margin 37.6% in Q1-Q3 2019 vs. 29.9% in Q1-Q3 2018
- (+) higher revenues from coal sales: higher volume sales (+274 thousand tonnes) and higher price by approx. 15%
- (+) lower extracted output by 341 thousand tonnes (-3.0%) - lower production costs
- (-) higher average employment at the Mine, introduction of Employee Pension Plans (PPE) and the additional medical insurance package
- (-) higher mining fee due to higher commercial coal production
- (-) increase in rates for services provided by external companies and change in the scope of work outsourced to external companies
- (+) in Q1-Q3 2019, increase in the value of inventories of PLN 10.4 million (decrease in costs) vs. in Q1-Q3 2018 increase in the value of inventories of PLN 1.8 million (decrease in costs)
- Other one-offs:
 - in 2018, settlement of an agreement concluded between LWB and a consortium of Mostostal Warszawa SA and Acciona Infraestructuras (PLN +28.7 million) and settlement of an agreement with Wonam (PLN +2.5 million);
 - in 2019, dissolution of the provision for disputed ZUS claims (PLN +16.4 million)
 - higher value of liquidated property, plant and equipment - mainly the net value of liquidated galleries (last meters)

Presentation differences concerning financial reporting of ENEA Group and LW Bogdanka Group with respect to depreciation and amortisation.

Q3 2019 EBITDA change drivers:

- (+) EBITDA margin 33.7% in Q3 2019 vs. 26.3% in Q3 2018
- (+) higher coal sales revenue: lower volume sales (-155 thousand tonnes, -6.3%), at a higher price
- (-) lower revenues from the sale of goods and materials - lower sale of scrap from liquidated galleries
- (+) lower extracted output by 163 thousand tonnes (-4.4%) - lower production costs
- (-) higher average employment at the Mine, introduction of Employee Pension Plans (PPE) and the additional medical insurance package
- (-) increase in rates for services provided by external companies and change in the scope of work outsourced to external companies
- (-) higher value of liquidated property, plant and equipment - mainly the net value of liquidated galleries (last metres)
- (-) change in inventories: in Q3 2018, PLN -25.9 million (increase in costs) vs. in Q3 2019 PLN +2.0 million (decrease in costs)

Presentation differences concerning financial reporting of ENEA Group and LW Bogdanka Group with respect to depreciation and amortisation.

Area of Other Activities

[PLN k]	Q1-Q3 2018	Q1-Q3 2019	Change	% change	Q3 2018	Q3 2019	Change	% change
Sales revenue	441,658	482,907	41,249	9.3%	155,976	166,735	10,759	6.9%
EBIT	22,701	46,298	23,597	103.9%	13,089	15,960	2,871	21.9%
Depreciation and amortisation	39,106	45,351	6,245	16.0%	13,632	15,306	1,674	12.3%
EBITDA	61,807	91,649	29,842	48.3%	26,721	31,266	4,545	17.0%
CAPEX	44,264	48,733	4,469	10.1%	17,388	15,336	-2,052	-11.8%
Share of the area's sales revenue in the Group's net sales revenue	3%	3%	-	-	3%	3%	-	-

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

- **support for other ENEA Group companies:**

ENEA Centrum Sp. z o.o. – the Shared Services Centre in the Group in the field of accounting, human resources, ITS and customer service.
ENEA Logistyka Sp. z o.o. – a company specializing in logistics, warehousing and procurement.

- **accompanying activities:**

ENEA Oświetlenie Sp. z o.o. – a company specializing in indoor and outdoor lighting; it designs and builds road lighting and illuminations of urban spaces and historic and public buildings, and provides services of construction and comprehensive maintenance for photovoltaic power plants.

Ratio analysis ¹⁾

	Q1-Q3 2018	Q1-Q3 2019	Q3 2018	Q3 2019
Profitability ratios				
ROE - return on equity	5.5%	8.3%	4.2%	10.3%
ROA - return on assets	2.8%	4.1%	2.1%	5.1%
Net profitability	6.6%	8.1%	4.7%	9.9%
Operating profitability	9.8%	11.7%	8.6%	12.1%
EBITDA profitability	21.0%	21.0%	20.0%	21.4%
Liquidity and financial structure ratios				
Current liquidity ratios				
Coverage of fixed assets with equity	66.0%	67.0%	66.0%	67.0%
Total debt ratio	49.5%	50.4%	49.5%	50.4%
Net debt / EBITDA	1.7	1.7	1.7	1.7
Economic activity ratios				
Current receivables turnover in days ²⁾	57	52	53	50
Trade and other liabilities turnover in days ³⁾	77	79	69	80
Inventory turnover in days	38	41	34	41

¹⁾ Ratio definitions are presented on Page 56

²⁾ Receivables due for supplies and services - commercial, assets on account of contracts with customers and costs incurred to obtain a contract

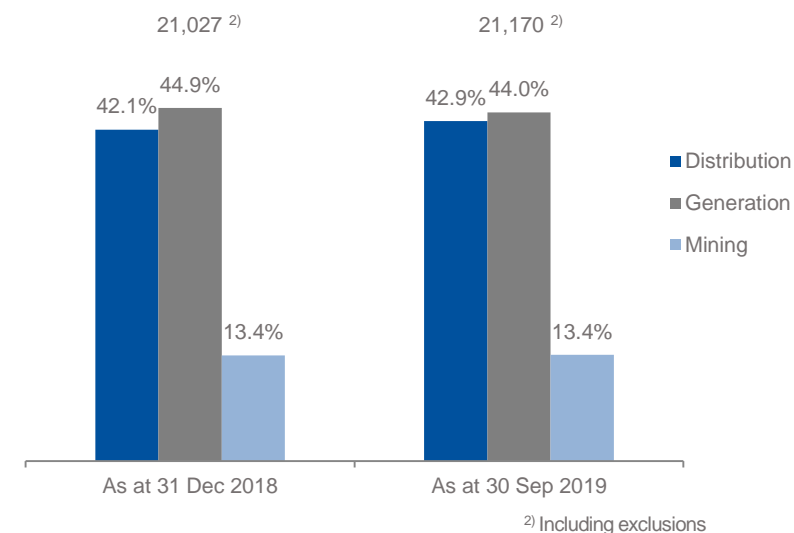
³⁾ Liabilities due for deliveries and services - commercial, trade liabilities on account of contracts with customers



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

Assets [PLN k]	As at:			
	31 Dec 2018	30 Sep 2019	Change	% change
Fixed assets	23,037,274	23,873,633	836,359	3.6%
Property, plant and equipment	21,027,393	21,169,704	142,311	0.7%
Perpetual usufruct of land – until 2018	105,141	-	-105,141	-100.0%
Right-to-use assets ¹⁾	-	351,198	351,198	100.0%
Intangible assets	435,712	450,345	14,633	3.4%
Investment real estates	25,864	23,221	- 2,643	-10.2%
Investments in affiliates and jointly controlled entities	734,268	915,099	180,831	24.6%
Deferred income tax assets	487,272	523,665	36,393	7.5%
Financial assets at fair value	49,442	56,638	7,196	14.6%
Debt financial assets at amortized cost	7,741	7,741	-	-
Trade and other receivables	23,257	237,662	214,405	921.9%
Costs incurred to obtain a contract	12,905	11,797	-1,108	-8.6%
Receivables from finance lease and sublease ¹⁾	-	755	755	100.0%
Funds accumulated in the Mine Liquidation Fund	128,279	125,808	-2,471	-1.9%
Current assets	6,928,351	8,376,181	1,447,830	20.9%
CO ₂ emission allowances	586,236	54,181	-532,055	-90.8%
Inventories	1,264,870	1,434,533	169,663	13.4%
Trade and other receivables	1,874,505	2,096,894	222,389	11.9%
Costs incurred to obtain a contract	16,948	12,097	- 4,851	-28.6%
Assets due to contracts with clients	327,980	296,452	-31,528	-9.6%
Current income tax assets	93,659	34,792	- 58,867	-62.9%
Receivables from finance lease and sublease ¹⁾	-	942	942	100.0%
Financial assets at fair value	112,536	32,137	-80,399	-71.4%
Debt financial assets at amortized cost	234	29,719	29,485	12,600.4%
Other short-term investments	545	544	-1	-0.2%
Cash and cash equivalents	2,650,838	4,383,890	1,733,052	65.4%
Total Assets	29,965,625	32,249,814	2,284,189	7.6%

Structure of tangible fixed assets



Change factors for fixed assets (an increase of PLN 836 million):

- PLN 246 million – impact of new recognition of operating lease and perpetual usufruct of land (implementation of IFRS 16 as of 1 January 2019), including PLN -105 million perpetual usufruct of land, PLN +351 million right-to-use assets (new balance sheet item)
- PLN 181 million – increase in investments in subsidiaries and jointly controlled entities resulting mainly from the acquisition of new shares worth PLN 181 million in Elektrownia Ostrołęka Sp. z o.o.
- PLN 214 million – increase in trade and other receivables –resulting from higher value of security deposits related to CO₂ emission contracts
- PLN 142 million – increase in property, plant and equipment, including: increase in the value of property, plant and equipment of PLN 982 million, accompanied by an increase in the value of depreciation of PLN 845 million

Change factors for current assets (an increase of PLN 1,448 million):

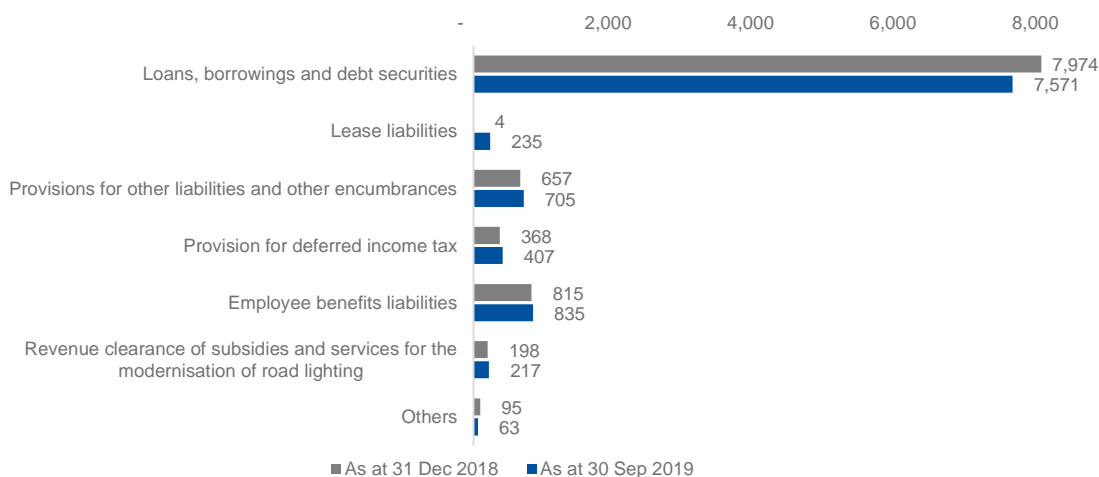
- PLN 1,733 million – increase in cash and cash equivalents resulting from the issue of bonds worth PLN 1 billion and a change in the value of security deposits on the CO₂ emission allowances market
- PLN 222 million – increase in trade and other receivables resulting mainly from the received financial compensation, accompanied by a decrease in the value of trade receivables
- PLN 170 million – increase in the value of inventories resulting mainly from higher inventories of certificates of origin, coal and biomass
- PLN 532 million – decrease in CO₂ emission allowances resulting from redemption of emission allowances for 2018

¹⁾ New balance sheet items resulting from the implementation of IFRS 16 as of 1 January 2019

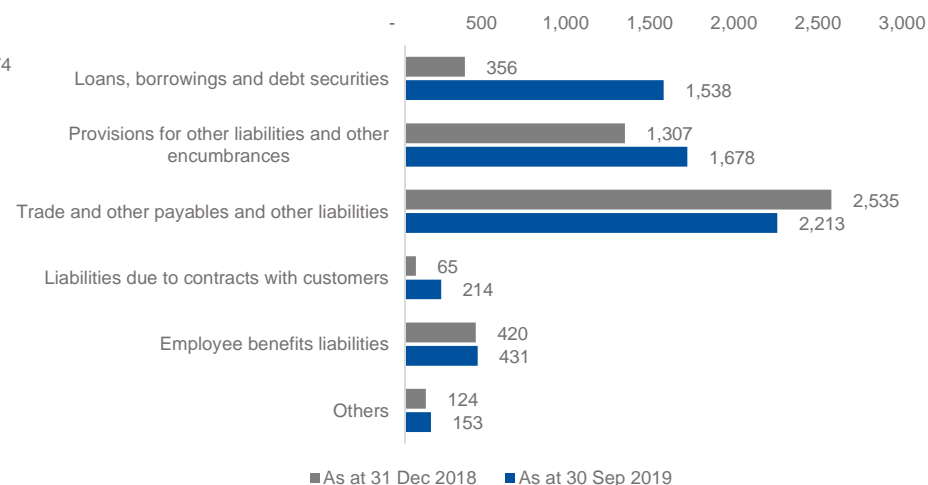
Financial position – the structure of assets and liabilities of ENEA Group

Equity and liabilities [PLN k]	As at:		Change	% change
	31 Dec 2018	30 Sep 2019		
Total equity	15,049,162	15,990,602	941,440	6.3%
Share capital	588,018	588,018	-	-
Capital from the surplus of the issue price over the nominal value	3,632,464	3,632,464	-	-
Capital from the revaluation of financial instruments	-16,295	-16,295	-	-
Reserve capital from valuation of hedging instruments	-16,024	-23,488	-7,464	-46.6%
Retained profits	9,908,842	10,805,034	896,192	9.0%
Non-controlling interests	952,157	1,004,869	52,712	5.5%
Total liabilities	14,916,463	16,259,212	1,342,749	9.0%
Long-term liabilities	10,109,857	10,032,733	-77,124	-0.8%
Short-term liabilities	4,806,606	6,226,479	1,419,873	29.5%
Total equity and liabilities	29,965,625	32,249,814	2,284,189	7.6%

Structure of long-term liabilities



Structure of short-term liabilities



Change factors for long-term liabilities (a decrease of PLN 77 million):

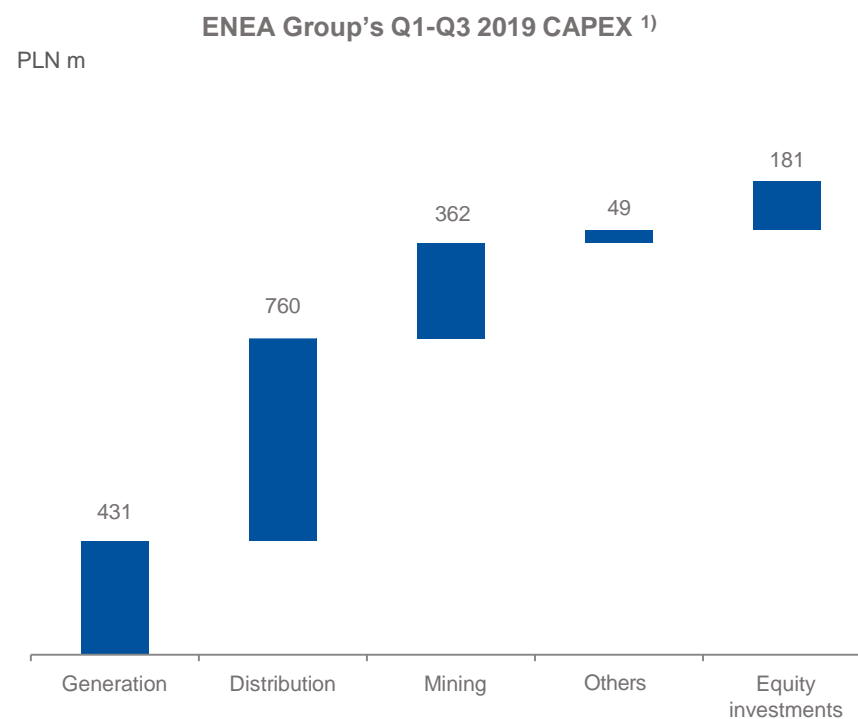
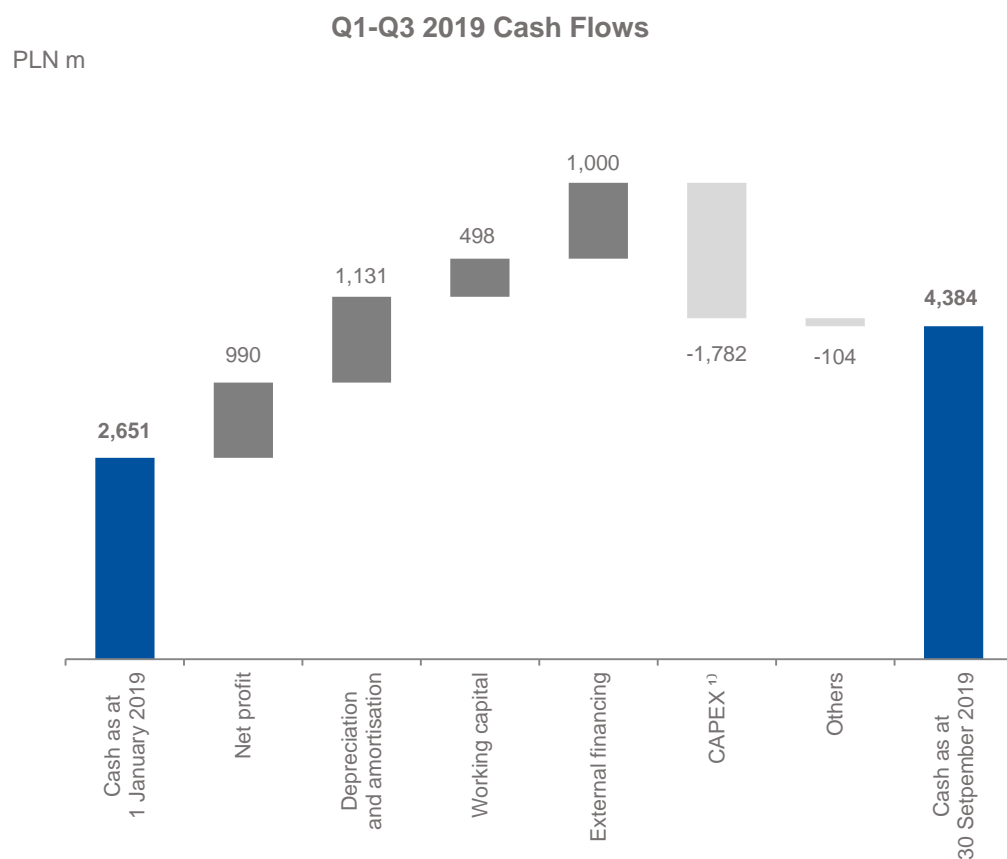
- PLN 402 million – a decrease in loans, borrowings and debt securities resulting from the issue of bonds worth PLN 1 billion, accompanied by reclassification of long-term liabilities into short-term liabilities
- PLN 231 million – an increase in lease liabilities resulting from the presentation change of operating lease and perpetual usufruct of land, in connection with the entry into force of IFRS 16 on 1 January 2019
- PLN 94 million – an increase in other long-term liabilities: higher provisions for other liabilities and other encumbrances by PLN 48 million, higher provisions for deferred income tax by PLN 40 million, higher employee benefits liabilities by PLN 20 million

Change factors for short-liabilities (an increase of PLN 1,420 million):

- PLN 1,182 million – an increase in loans, borrowings and debt securities resulting mainly from reclassification of long-term liabilities into short-term liabilities
- PLN 371 million – an increase in provisions for other liabilities and other encumbrances resulting mainly from higher provisions for the purchase of CO₂ emission allowances
- PLN 322 million – a decrease in trade liabilities; PLN -343 million – lower liabilities due to the purchase of tangible and intangible fixed assets; PLN +56 million – higher tax liabilities (excluding income tax); PLN -35 million – lower other liabilities

ENEA Group's cash position

Cash flow statement [PLN k]	Q1-Q3 2018	Q1-Q3 2019	Change	% change
Net cash flow from operating activities	2,834,248	2,967,896	133,648	4.7%
Net cash flow from investment activities	(1,754,164)	(1,788,331)	-34,167	-1.9%
Net cash flow from financial activities	(454,223)	553,487	1,007,710	221.9%
Increase / (decrease) in net cash	625,861	1,733,052	1,107,191	176.9%
Cash balance at the beginning of the reporting period	2,687,126	2,650,838	-36,288	-1.4%
Cash balance at the end of the reporting period	3,312,987	4,383,890	1,070,903	32.3%



¹⁾ Acquisition of tangible and intangible non-current assets and acquisition of subsidiaries, affiliates and jointly controlled entities, adjusted for the acquired cash

4. Shares and shareholding

4.1. Share capital and shareholding structure

As at the publication date of the Q3 2019 report, the share capital of ENEA S.A. amounts to PLN 441,442,578 and is divided into 441,442,578 ordinary bearer shares of the nominal value of PLN 1 each. The total number of votes resulting from all the issued shares of the Issuer corresponds to the number of shares and amounts to 441,442,578 votes.

All shares of the Company are dematerialised bearer shares registered with the National Depository for Securities.

From the publication date of the previous periodic report, there were no changes in the shareholding structure of the Issuer.

The table below presents the shareholding structure of ENEA S.A. as at the publication date of the Q3 2019 report, i.e. as at 21 November 2019.

Shareholder	Number of shares / number of votes at GM	Share in the share capital / share in the total number of votes
State Treasury	227,364,428	51.5%
Other	214,078,150	48.5%
TOTAL	441,442,578	100.0%

4.2. Quotations of ENEA S.A. shares on Warsaw Stock Exchange

ENEA S.A.'s shares have been listed on the Warsaw Stock Exchange (WSE) since 17 November 2008. Weights of the Company's shares in stock indices as at 30 September 2019 were as follows:

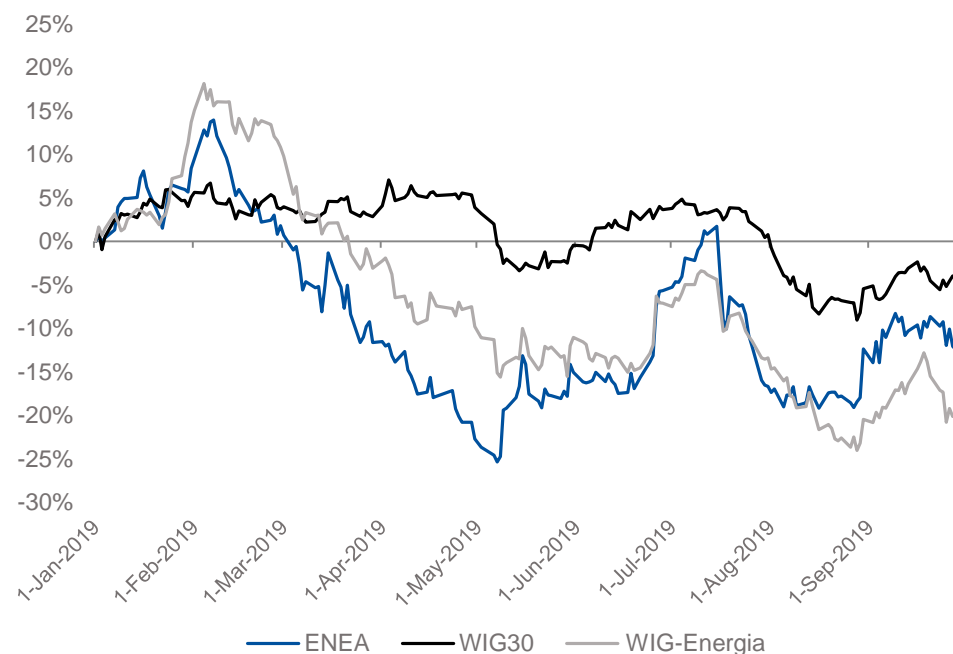
WIG30	WIG40	WIGenergia	WIGPoland
0.7%	3.4%	14.2%	0.7%

In Q3 2019, the share price of ENEA S.A. dropped from PLN 9.38 to PLN 8.595, i.e. by PLN 0.785 or 8.4%. Between July-September 2019, the highest closing price for ENEA S.A. shares was achieved on 15 July 2019 (PLN 10.07) and the lowest – on 16 August 2019 (PLN 8.00).

The table below presents data related to the Company's shares in Q1-Q3 2019.

Data	Q1-Q3 2019
Number of shares	441,442,578
Minimum price [PLN]	7.39
Maximum price [PLN]	11.28
Closing price [PLN]	8.595
Starting price [PLN]	9.90
Average volume	604,005

Change in the price of ENEA S.A.'s shares vs. the changes in the WIG30 and WIG-Energia indices



5. Governing bodies

Composition of the Management Board of ENEA S.A.

On 16 May 2019, the Supervisory Board of ENEA S.A. appointed the following Members of the Management Board for a new joint term of office on the day of holding the Ordinary General Meeting of ENEA S.A. approving the financial statements for 2018, i.e. on 21 May 2019:

- Mirosław Kowalik as President of the Management Board,
- Jarosław Ołowski as Member of the Management Board for Financial Affairs,
- Piotr Adamczak as Member of the Management Board for Commercial Affairs,
- Zbigniew Piętka as Member of the Management Board for Corporate Affairs.

The above composition of the Management Board is valid as at the date of publication of this report.

Composition of the Supervisory Board of ENEA S.A.

On 20 May 2019, the Ordinary General Meeting of ENEA S.A. appointed Members of the Supervisory Board for a joint 10th term of office with effect from 21 May 2019.

Consequently, the composition of the Supervisory Board is as follows:

- Stanisław Kazimierz Hebda – Chairman of the Supervisory Board,
- Paweł Jabłoński – Vice-Chairman of the Supervisory Board,
- Michał Dominik Jaciubek – Secretary of the Supervisory Board,
- Maciej Mazur – Member of the Supervisory Board,
- Paweł Korobłowski – Member of the Supervisory Board,
- Ireneusz Kulka – Member of the Supervisory Board,
- Piotr Mirkowski – Member of the Supervisory Board,
- Mariusz Pliszka – Member of the Supervisory Board,
- Roman Stryjski – Member of the Supervisory Board.



In accordance with the provisions of the Regulations of the Supervisory Board, within the Supervisory Board operated the Audit Committee and the Nominations and Remuneration Committee.

The Audit Committee is composed of the following persons:

Audit Committee	
Name	Position
Ireneusz Kulka ^{1) 2) 3)}	Chair
Maciej Mazur	Member
Piotr Mirkowski ^{1) 3)}	Member
Mariusz Pliszka ³⁾	Member
Roman Stryjski ¹⁾	Member

¹⁾ Independent Member within the meaning of Article 129 Item 1(3) of the Act of 11 May 2017 on certified auditors, audit companies and public supervision and within the meaning of corporate governance principles included in the Code of Best Practice for WSE Listed Companies 2016.

²⁾ Member with knowledge and skills in accounting or auditing financial statements.

³⁾ Member with knowledge and skills in the industry in which the issuer operates.

The Nominations and Remuneration Committee is composed of the following persons:

Nominations and Remuneration Committee	
Name	Position
Paweł Jabłoński	Chair
Stanisław Kazimierz Hebda	Member
Michał Jaciubek	Member
Paweł Korobłowski	Member
Piotr Mirkowski ¹⁾	Member

¹⁾ Independent Member within the meaning of Article 129 Item 1 point 3 of the Act of 11 May 2017 on certified auditors, audit companies and public supervision and within the meaning of corporate governance principles included in the Code of Best Practice for WSE Listed Companies 2016.

List of shares and allotment certificates to ENEA S.A. shares held by members of the Management and Supervisory Boards

Name	Position	Number of ENEA S.A. shares as at 30 September 2019	Number of ENEA S.A. shares as at 21 November 2019
Mariusz Pliszka	Member of the Supervisory Board	3,880	3,880
Michał Dominik Jaciubek	Member of the Supervisory Board	5,020	5,020

As at the publication date of this report, no other persons from the Management or Supervisory Boards held any shares of ENEA S.A. As at the publication date of this periodic report, no other persons from the Management or Supervisory Boards held any allotment certificates to shares of ENEA S.A.

6. Other information significant for the assessment of the Issuer's situation

6.1. Regulatory environment

The activities of ENEA S.A. and its subsidiaries are conducted in an environment subject to special legal regulations, both at the domestic and at the European Union level (regulated business activity). A number of legal regulations concerning energy companies are derived from political decisions. For this reason, these regulations are subject to frequent changes, which the Company is not able to predict, and thus determine their consequences for its business operations. Notwithstanding the foregoing, ENEA S.A. and its subsidiaries ("ENEA Group") are subject to the regulations in the scope of the tax system, protection of competition and consumers, employee rights, or environment protection. It cannot be excluded that changes in these areas, both in specific legal acts as well as individual interpretations relating to significant areas of ENEA Group's activities, can lead to possible risks for the Group's activities.

6.1.1. Impact of the Act amending the Excise Duty Act and certain other acts

Detailed information on the impact of the Act amending the Excise Duty Act was provided in "Condensed interim consolidated financial statement of the ENEA Capital Group for the period from 1 January to 30 September 2019" in Point 26.1.



6.1.2. Internal energy market

In 2018, negotiations (the so-called trilogues) on the final provisions of the Winter Package, which are of fundamental importance for the functioning of the energy sector, were completed. In particular, it should be noted that under the Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity, the lack of support from national power markets for generating units not meeting the so-called standard of 550g CO₂/kWh emissions was introduced. However, as part of the compromise sought by the Polish delegation, an exception was foreseen, consisting in the fact that capacity obligations arising from main auctions won (capacity contracts concluded) before 31 December 2019 were not subject to the emissions limits. In accordance with this exception, such units may receive remuneration for the performance of the capacity obligation for the entire period for which support was obtained from the capacity market. This is a very important compromise in view of the fact that the capacity market is a state aid instrument which required the approval of the European Commission and must operate in accordance with the regulations of the internal market of the European Union. Moreover, in the course of trilogues, the Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (so-called RED II) set the EU RES 2030 target of 32% in gross final energy consumption and the possibility of support for new biomass units with a capacity above 100 MW in the event of achieving electricity efficiency at the level of 36%. However, the Energy Efficiency Directive set the reduction of energy consumption in the EU by 32.5% by 2030. The Energy Union Management Regulation (Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council) introduced the obligation to draw up a National Energy and Climate Plan as part of the implementation of the Energy Union, covering five dimensions: energy security, internal energy market, energy efficiency, decarbonisation, research, innovation and competitiveness. The main objective of the Energy Union governance mechanism is to enable the achievement of the objectives of the Energy Union, in particular the objectives of the climate and energy policy framework by 2030 in terms of greenhouse gas emission reduction, renewable energy and energy efficiency. In January 2019, the Ministry of Energy submitted for consultation the draft document "National Energy and Climate Plan 2021-2030" ("NECP 2030"). In accordance with Regulation (EU) 2018/1999 of the European Parliament and of the Council, by 31 December 2019, and then by 1 January 2029 and every ten years thereafter, each Member State shall notify the Commission of an integrated national energy and climate plan.

6.1.3. Demand for electricity

According to the forecasts included in the document entitled "Updated forecast of demand for fuels and energy until 2030", the demand for electricity in the forthcoming years will rise in all economy sectors. Pursuant to the abovementioned document, net electricity production will have risen to 193.3 TWh by 2030.

Moreover, pursuant to the document entitled "Conclusions from forecasting analyses for the energy sector"¹⁾ constituting an attachment to the draft "Polish Energy Policy until 2040", the domestic electricity demand will reach nearly 200 TWh in 2030 and 230 TWh in 2040. At the same time the total increase in energy demand for electricity in 2020-2040 is 40.4%. The demand for peak power in this period will increase by 35.5%.

6.1.4. Capacity market

Detailed information on contracted capacities for ENEA Group is described in the "Report of the Management Board on the operations of ENEA S.A. and ENEA Group in 2018" in Chapter 6.

6.1.5. European Union Emissions Trading Scheme (EU ETS)

The Directive establishes, inter alia, two financial mechanisms:

- Modernisation Fund - for the modernisation of energy systems in low income Member States. It is intended to be financed by proceeds from the auction of allowances in the years 2021 to 2030. The Fund is to be used primarily to support the development of energy efficiency and investments in renewable energy sources.
- Innovation Fund - to provide financial support for RES development, carbon capture and storage and innovative low-emission projects. It is to be supplied with funds from allowances, which otherwise would be allocated free of charge or sold through auctions.

¹⁾ https://www.gov.pl/documents/33372/436746/Wnioski_z_analiz_do_PEP2040_2018-11-23.pdf/1481a6a9-b87f-a545-4ad8-e1ab467175cf

In addition, the framework for Phase IV of the EU ETS as well as new rules for the Market Stabilisation Mechanism (MSM) have been established. Pursuant to them, since the beginning of 2019, the reduction rate of allowances in circulation has increased from 12% to 24%. Allowances are gradually transferred from the auctioning system to the market stability reserve. Starting from 2024, the rate of 12% will be restored. In Phase IV of the EU ETS, which will start at the beginning of 2021 and last until 2030, the linear reduction factor will also be increased from 1.74% to 2.2%. Both of these elements have an impact on the reduction of supply on the EU ETS market, and thus on the increase in prices of CO₂ emission allowances observed in 2018. At the peak of the increases, prices of CO₂ emission allowances increased more than three times as compared to the beginning of the year. The increased volatility on the CO₂ emission allowances market also had a significant impact on the increased volatility on energy markets throughout Europe, also in Poland.

6.1.6. Participation in the nuclear power plant programme

On 15 April 2015, KGHM, PGE, Tauron and ENEA signed a Share Purchase Agreement in PGE EJ 1. KGHM, Tauron and ENEA acquired from PGE 10% of shares each (in total 30% of shares) in PGE EJ 1. ENEA paid for the acquired shares PLN 16 million. According to the Shareholders' Agreement, ENEA S.A.'s financial contribution in the Phasing-in Period shall not exceed the amount of approx. PLN 107 million. The total expenditure of ENEA S.A. resulting from the purchase of shares and the increase of the Company's share capital have so far totalled PLN 32,544 thousand. On 28 November 2018, PGE S.A. expressed an initial interest in acquiring all shares in PGE EJ 1. Information presented by PGE S.A. indicated that the transaction would be possible upon a valuation by an independent advisor and obtaining corporate approvals by all involved entities. On 4 December 2018, ENEA expressed an initial interest in selling all shares held in PGE EJ 1. The other shareholders, i.e. Tauron and KGHM, also expressed an initial interest in selling shares held by them in PGE EJ 1. On 17 April 2019, PGE S.A. decided to withdraw from the process of acquisition of shares held by other Shareholders.

6.1.7. Amendment to RES Act

On 29 August 2019, the Act amending the Act on Renewable Energy Sources and certain other acts entered into force. It replaced the name “prosumer” to “renewable energy prosumer” in the RES Act and in the Energy Law. Currently, a renewable energy prospectus may be any end user who generates electricity exclusively from renewable energy sources for their own needs in a microinstallation (with the installed electric power not exceeding 50 kW or the achievable thermal power in cogeneration not exceeding 150 kW), provided that, in the case of an end user who is not a household customer of electric energy, renewable energy generation is not its core business activity, as defined in accordance with the regulations issued pursuant to Article 40 paragraph 2 of the Act of 29 June 1995 on Public Statistics. The definition and rules of settlements with energy cooperatives have been changed – currently, energy cooperatives will be settled on similar terms as renewable energy prosumers, but using a coefficient of 1:0.6 for the energy introduced into the grid to the energy taken from the grid.

The amendment of the RES Act will enable the public support mechanisms to cover also larger installations. In the capacity auctions planned for 2019, support will be provided for renewable energy sources with a capacity of up to 3.4 GW - including 2.5 GW for wind power in the wind and photovoltaic basket for projects with a capacity of over 1 MW, and about 0.7 GW for investors planning to submit bids in the wind and photovoltaic basket with a unit capacity of up to 1 MW. The amendment extended the maximum time for launching energy generation from wind power plants supported in this year's auction from 24 to 33 months, and from photovoltaic power plants from 18 to 24 months. In the case of other technologies, the period of 42 months will now be used, rather than 36 months as before the amendment of the RES Act.

The Act imposed an obligation on energy companies to adapt the provisions of agreements concluded with renewable energy prosumers to the amended provisions of the RES Act and agreements concluded with renewable energy prosumers and electricity producers in renewable energy installations to the amended provisions of the Energy Law within 3 months from the date of entry into force of the amending Act, i.e. until 29 November 2019.

6.1.8. 2019 Tariff for electricity distribution services

By virtue of the decision of the President of the Energy Regulatory Office published in the Energy Regulatory Office's sector bulletin “Electricity” No. 86(2721) of 22 March 2019, the tariff for electricity distribution services for the period until 31 December 2019 was approved. The tariff came into force on 6 April 2019, except for the transitional fee and RES fee rates approved by the decision of the President of ERO dated 14 January 2019, which come into force retroactively from 1 January 2019, and the cogeneration fee rates approved by the decision of the President of ERO, which came into force on 25 January 2019.

6.1.9. General Data Protection Regulation (GDPR)

GDPR is an EU legal act which entered into force on 25 May 2018 in all member states. It introduces new rules for the processing of personal data and imposes new obligations on data controllers. In its activities, ENEA Group takes into account the requirements of the new regulations, including ensuring an appropriate level of security for the processed personal data, primarily with a view to protecting the rights and freedoms of persons whose data are processed.

6.1.10. Court and administrative proceedings

As at the publication date of this report, no significant proceedings regarding the liabilities or debt claims are pending, to which ENEA S.A. or its subsidiary is a party. A detailed description of any proceedings is included in Note 26 to the condensed interim consolidated financial statements of ENEA Group for the period from 1 January to 30 September 2019.

6.1.11. Court proceedings related to actions for annulment or revocation of resolutions of the General Meeting

The Company is party to three proceedings related to actions for annulment or revocation of resolutions of the General Meeting. Below, a summary of information concerning the individual proceedings is presented.

Petitioner	Subject matter of the petition (literal wording)	Status of the proceedings
Międzypaczkowy Związek Zawodowy Synergia Pracowników Grupy Kapitałowej ENEA (Intergroup Trade Union of ENEA Group Employees "Synergy")	Petition for declaring a resolution of the Company's General Meeting invalid or for revoking a resolution of the Company's General Meeting together with a motion for securing the action ¹⁾	1) By decision of 20 June 2018, the Poznań District Court dismissed the motion for securing the action. 2) By decision of 26 March 2019, the Poznań District Court dismissed the petition. 3) On 15 May 2019, the Petitioner, through the Poznań District Court, appealed against the ruling of 26 March 2019. On 31 July 2019, the Poznań District Court issued a judgment stating that Resolution No. 3 of the Extraordinary General Meeting of ENEA S.A. with registered seat in Poznań (the Defendant) of 24 September 2018 on expressing qualified consent to commence the Construction Stage in the project Ostrołęka is invalid. On 17 September 2019, the attorney of ENEA S.A. filed an appeal against the judgment of the Poznań District Court. The proceedings are pending at second instance before the Poznań Court of Appeal.
Fundacja "CLIENTEARTH Prawnicy dla Ziemi" ("CLIENTEARTH Lawyers for the Earth" Foundation)	Petition for declaring a resolution of the Company's General Meeting invalid or for revoking a resolution of the General Meeting of the Public Listed Company ²⁾	The proceedings are pending at first instance
Międzypaczkowy Związek Zawodowy Synergia Pracowników Grupy Kapitałowej ENEA ²⁾ (Intergroup Trade Union of ENEA Group Employees "Synergy")	Petition for declaring a resolution of the Company's General Meeting invalid or for revoking a resolution of the Company's General Meeting ²⁾	The proceedings are pending at first instance

¹⁾ concerning Resolution No. 5 of the Extraordinary General Meeting of ENEA S.A. of 28 May 2018 on amending § 23 of the Statute of ENEA S.A.

²⁾ concerning Resolution No. 3 of the Extraordinary General Meeting of ENEA S.A. of 24 September 2018 on expressing qualified consent to commence the Construction Stage in the Ostrołęka C project

6.1.12. Collective disputes

As at the publication date of this report, there are no pending collective disputes at any of the key ENEA Group companies.

6.1.13. Employment

As at 30 September 2019, ENEA Group employed 16,982 people under employment contracts. As at 30 September 2019, ENEA S.A. employed 396 persons under employment contract.

6.1.14. Key Service Operator

Pursuant to the provisions of the National Cyber Security System Act of 5 April 2019, the following ENEA Group companies: ENEA S.A., ENEA Operator Sp. z o.o., ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec Sp. z o.o., ENEA Ciepło Sp. z o.o. and MEC Piła Sp. z o.o. were recognised as Key Service Operators. ENEA Operator joined the project initiated by the Ministry of Energy and signed an agreement on cooperation of the energy sector to improve the country's cyber security. The agreement concerns joint action aimed at improving IT security of the energy distribution network and protecting it against potential external attacks. The agreement was signed by: ENEA Operator, Tauron Dystrybucja, PGE Dystrybucja and Energa Operator.

6.1.15. Analysis of gas transmission and off-take from the transmission network by ENEA Wytwarzanie

ENEA Wytwarzanie Sp. z o.o. is holding talks with GAZ-SYSTEM S.A. in order to conclude an agreement concerning the creation of conditions for the transmission and off-take of gaseous fuel from the transmission network by ENEA Wytwarzanie, enabling the supply of gas equipment and installations located in the area directly adjacent to ENEA Wytwarzanie. Analyses are in progress with respect to the possible use of the existing coal-fired systems to supply gaseous fuel.

6.1.16. New social contract

In April 2019, employers and representatives of the Social Side of several ENEA Group companies concluded the so-called new social contract. This document regulates in particular the issue of stable employment in the Group companies which joined the contract and will enable all employees of the Group to enjoy additional benefits on equal terms. The contract covers such issues as employment security, employee tariffs, subscription-based healthcare services, contributions to the Employee Social Benefit Fund (ZFŚS) or official industry celebration days treated as public holidays. The provisions of the contract will be incorporated into, among others, corporate collective agreements and remuneration regulations so that the benefits resulting from the new social contract are extended to all employees of the ENEA Group companies which entered into the contract.

6.1.17. Changes in the Management Boards of key companies

ENEA Wytwarzanie – on 28 June 2019, by the decision of the Ordinary Shareholders' Meeting and the Supervisory Board of ENEA Wytwarzanie, Marcin Łukasiewicz, who was elected by the company's employees in the election of a candidate for a Management Board Member of ENEA Wytwarzanie elected by the employees for the term of office in 2019-2022, began to act as the Vice-President for Employee Affairs.

ENEA Operator – since 22 July 2019, the Management Board of ENEA Operator has been composed of the following members: Andrzej Kojro – President of the Management Board, Wojciech Drożdż – Vice-President of the Management Board for Innovation and Logistics, Marek Szymankiewicz – Vice-President of the Management Board for Grid Infrastructure, Józef Aleszczyk – Vice-President of the Management Board for Economic and Financial Affairs and Michał Cebula – Vice-President for Employee Affairs.

6.1.18. Rules for preparing financial statements

The condensed financial statements of ENEA S.A. and ENEA Group, respectively, contained in the extended consolidated report of ENEA S.A. for Q3 2019 have been drawn up in accordance with the requirements of the International Financial Reporting Standard IAS 34 *Interim Financial Reporting* approved by the European Union.

The condensed financial statements have been drawn up on the basis of the going-concern principle. As at the day of executing the condensed financial statements, the Management Board of the Company is not aware of any facts or circumstances indicating any threat to the possibility of continuing the Company's activities in the period of 12 months after the balance-sheet date as a result of voluntary or enforced discontinuation or a significant limitation of the present activities. Financial data presented in the statements, unless indicated otherwise, are expressed in PLN k.

6.1.19. Financial results forecasts

The Management Board of ENEA S.A. did not publish any financial results forecast for 2019.

6.2. Natural environment

6.2.1. Reduction of pollutant emissions

In accordance with EU regulations, and in particular Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (the Industrial Emissions Directive or IED), as of 1 January 2016 new, stricter environment protection standards are applicable. Therefore, all electricity producers in Poland who use first of all carbon-intensive technologies are obliged to adjust their power units to the new environmental requirements. To address the problems of entrepreneurs, EU law envisages a possibility of using derogation mechanisms. The alleviation of the IED requirements in the form of a derogation makes it possible to obtain additional time for adjusting generation units to the stricter air pollutant emission standards. On 17 August 2017, the so-called BAT conclusions for large combustion plants (Commission Implementing Decision (EU) 2017/1442 of 31 July 2017 laying down the conclusions on best available techniques (the BAT conclusions) for large combustion plants in accordance with Directive 2010/75/EU of the European Parliament and of the Council) were published in the Official Journal of the European Union. The published BAT conclusions introduce, among other things, stricter requirements (than in the IED) for pollutants such as sulphur dioxide, nitrogen oxides and dust. The BAT-associated emission levels (BAT-AELs) were also determined for additional substances such as mercury, hydrogen chloride, hydrogen fluoride and ammonia. The BAT conclusions will apply from 18 August 2021 after the end of the 4-year adjustment period.



Kozienice Power Plant – Units 1-10

Years	SO ₂			NO _x			Dust			CO ₂		Gross production of electricity [MWh]
	SO ₂ emissions [Mg]	SO ₂ emissions ratio [kg/MWh]	Fee for SO ₂ emissions [PLN k]	NO _x emissions [Mg]	NO _x emissions ratio [kg/MWh]	Fee for NO _x emissions [PLN k]	Dust emissions [Mg]	Dust emissions ratio [kg/MWh]	Fee for dust emissions [PLN k]	CO ₂ emissions [Mg]	CO ₂ emissions ratio [kg/MWh]	
Q1-Q3 2019	5,561.0	0.603	3,003.0	6,330.2	0.687	3,418.3	359.9	0.039	129.6	7,919,822.6	859	9,215,693.3
Q1-Q3 2018	6,266.9	0.710	3,321.5	6,030.4	0.683	3,196.1	197.3	0.022	69.1	7,615,747.0	863	8,828,872.2
% change	- 11.3	- 15.1	- 9.6	5.0	0.6	7.0	82.4	77.3	87.6	4.0	- 0.5	4.4

In 2019, there was an increase in emission fee rates:

SO₂ : 0.53 PLN/kg in 2018 » 0.54 PLN/kg in 2019

NO_x : 0.53 PLN/kg in 2018 » 0.54 PLN/kg in 2019

Dust : 0.35 PLN/kg in 2018 » 0.36 PLN/kg in 2019



Kozienice Power Plant – Unit 11 vs. Units 1-10

Years	SO ₂			NO _x			Dust			CO ₂		Gross production of electricity [MWh]
	SO ₂ emissions [Mg]	SO ₂ emissions ratio [kg/MWh]	Fee for SO ₂ emissions [PLN k]	NO _x emissions [Mg]	NO _x emissions ratio [kg/MWh]	Fee for NO _x emissions [PLN k]	Dust emissions [Mg]	Dust emissions ratio [kg/MWh]	Fee for dust emissions [PLN k]	CO ₂ emissions [Mg]	CO ₂ emissions ratio [kg/MWh]	
Q1-Q3 2019 Unit 11 ¹⁾	1,363.5	0.294	736.3	1,739.7	0.375	939.4	64.9	0.014	23.4	3,437,338.5	740	4,644,609.5
Q1-Q3 2018 Unit 11 ¹⁾	897.0 ²⁾	0.217	475.4 ²⁾	1,427.6 ³⁾	0.346 ³⁾	756.6 ³⁾	77.3	0.019	27.1	3,082,480.8 ⁴⁾	747	4,126,367.0
Q1-Q3 2019 Units 1-10	5,561.0	0.603	3,003.0	6,330.2	0.687	3,418.3	359.9	0.039	129.6	7,919,822.6	859	9,215,693.3
Q1-Q3 2018 Units 1-10	6,266.9	0.710	3,321.5	6,030.4	0.683	3,196.1	197.3	0.022	69.1	7,615,747.0	863	8,828,872.2

¹⁾ Data for Unit 11 take into account emissions of pollutants from the start-up boiler house.

²⁾ The change in relation to the information provided in 2018 results from updating the indicators for the start-up boiler plant.

³⁾ The change in relation to the information provided in 2018 results from a change in the NO_x emission value.

⁴⁾ The change in relation to the information provided in 2018 results from the correction of coal parameters, which affect the amount of calculated CO₂ emissions.



ENEA Elektrownia Połaniec

Years	SO ₂			NO _x			Dust			CO ₂		Gross production of electricity [MWh]
	SO ₂ emissions [Mg]	SO ₂ emissions ratio [kg/MWh]	Fee for SO ₂ emissions [PLN k]	NO _x emissions [Mg]	NO _x emissions ratio [kg/MWh]	Fee for NO _x emissions [PLN k]	Dust emissions [Mg]	Dust emissions ratio [kg/MWh]	Fee for dust emissions [PLN k]	CO ₂ emissions [Mg]	CO ₂ emissions ratio [kg/MWh]	
Q1-Q3 2019	4,578.7	0.63	2,472.5	4,894	0.68	2,642.7	384.9	0.05	138.6	5,287,124	730	7,230,260.2
Q1-Q3 2018	6,890.7	0.83	3,652.1	5,870.1	0.71	3,111.2	460.7	0.06	161.2	6,203,702	750	8,261,608.1
% change	-33.5	-24.1	-32.3	-16.6	-4.2	-15.1	-16.4	-16.7	-14.0	-14.8	-2.7	-12.5



Białystok Heat and Power Plant

Years	SO ₂			NO _x			Dust			CO ₂		Gross production of electricity [MWh]
	SO ₂ emissions [Mg]	SO ₂ emissions ratio [kg/MWh]	Fee for SO ₂ emissions [PLN k]	NO _x emissions [Mg]	NO _x emissions ratio [kg/MWh]	Fee for NO _x emissions [PLN k]	Dust emissions [Mg]	Dust emissions ratio [kg/MWh]	Fee for dust emissions [PLN k]	CO ₂ emissions [Mg]	CO ₂ emissions ratio [kg/MWh]	
Q1-Q3 2019	175.5	0.176	94.8	258.3	0.259	141.5	22.5	0.023	8.1	205,119.4	205.3	314,229
Q1-Q3 2018	123.9	0.127	65.7	232.4	0.237	123.1	6.2	0.006	2.1	194,483.3	198.6	295,530
% change	41.6	38.6	44.3	11.1	9.3	14.9	262.9	283.3	285.7	5.5	3.4	6.3



West Białystok Heat Plant

Years	SO ₂			NO _x			Dust			CO ₂		Gross production of electricity [MWh]
	SO ₂ emissions [Mg]	SO ₂ emissions ratio [kg/MWh]	Fee for SO ₂ emissions [PLN k]	NO _x emissions [Mg]	NO _x emissions ratio [kg/MWh]	Fee for NO _x emissions [PLN k]	Dust emissions [Mg]	Dust emissions ratio [kg/MWh]	Fee for dust emissions [PLN k]	CO ₂ emissions [Mg]	CO ₂ emissions ratio [kg/MWh]	
Q1-Q3 2019	17.0	-	9.2	8.2	-	4.4	1.2	-	0.4	8,967.0	-	-
Q1-Q3 2018	14.6	-	7.7	18.9	-	10.0	2.7	-	0.9	15,869.2	-	-
% change	16.4	-	19.5	-56.6	-	-56.0	-55.6	-	-55.6	-43.5	-	-

7. Corporate Social Responsibility (CSR)

Highlights:

ENEA Group has published its eighth sustainability report. As in previous years, for the sake of the environment, it is only available online. The document, prepared in accordance with international standards, describes the Group's environmental, social and economic performance in 2018. For the first time, the report refers ENEA's projects to the commitments ENEA Group has made to the 17 Sustainable Development Goals of Agenda 2030 of the United Nations (UN). The implementation of these commitments by ENEA Group reflects not only its concern for the quality of life, natural environment and energy security of Poland, but also the awareness of global challenges.

Awards:

During the Dialogue Forum 2019, which was organized to mark the 30th anniversary of the free market economy in Poland, ENEA Group's project "Electricity – nothing to be afraid of" was recognized as one of the most important local initiatives in the last thirty years. ENEA Group has been implementing the project "Electricity's not so scary" through employee volunteering since 2011.

Charity actions:

- ENEA Group once again became a sponsor of the charity relay race, delegating the largest group of runners-racers – ENEA Group Employees. 145 people stood at the start of the race and their participation increased the number of points in ENEA Group's charity action „We Run – We Raise Funds – We Help”.
- Through ENEA Foundation, we have virtually adopted 10 dogs that are staying at the Animal Shelter "In the Grove" near Śrem in the Province of Poznań (Greater Poland). During the year, special events will be organized with the active participation of ENEA Volunteers and their families, during which activities for homeless dogs will be undertaken.



7. Corporate Social Responsibility (CSR) – cont.

Educational projects:

- In September, the 2nd edition of ENEA Talent Academy was summarized and the 3rd edition of the competition was inaugurated. During the press conference, the winners of last year's edition of the competition were awarded statuettes and changes in the rules and regulations of the 3rd edition were presented. In this year's edition, the scholarships in the amount of 3,000 PLN for the realization of their passions and interests are open to talented students of primary schools (from the fourth grade) and secondary schools, who have documented achievements and develop their talents in science, art or sport. We also encourage organizations with initiative, including: public primary and secondary schools, non-governmental organizations (including foundations and associations), sports clubs, student sports clubs and sports unions, state and local government cultural institutions, which will present proposals for original educational programs for young people. For the implementation of projects supporting the development of interests and skills, PLN 10,000 can be obtained.
- This year, ENEA Group was present at the largest educational event in Poznań, organised every year by the Poznań University of Technology under the banner of "Researchers' Night". At ENEA stand, the zones connected with patience, logic, creativity and programming were presented. During the event, the stand was visited by thousands of visitors.



Development of ongoing CSR projects:

- ENEA Eco Projects – implementation of an ongoing pro-environmental campaign;
- Implementation of the grant competition "The Power of Help"

8. Annexes

Annex No. 1 – Profit and Loss Account of ENEA Operator Sp. z o.o. in Q1-Q3 2019

[PLN k]	Q1-Q3 2018	Q1-Q3 2019	Change	% change
Revenues from the sale of distribution services to end users	1,927,115	2,006,069	78,954	4%
Revenues from additional fees	4,159	3,935	-224	-5%
Revenues from the non-invoiced sale of distribution services	-6,591	-5,596	995	-15%
Clearing of the Balancing Market	1,694	14,798	13,104	774%
Fees for connection to the grid	41,336	46,886	5,550	13%
Revenues from illegal electricity consumption	4,815	4,100	-715	-15%
Revenues from services	21,464	21,007	-456	-2%
Sale of distribution services to other entities	13,635	13,534	-101	-1%
Sale of goods and materials and other revenues	1,498	2,190	692	46%
Sales revenue	2,009,126	2,106,924	97,798	5%
Depreciation and amortisation of tangible and intangible fixed assets	386,694	437,440	50,746	13%
Costs of employee benefits	310,646	323,467	12,821	4%
Consumption of materials and raw materials and the value of goods sold	23,025	23,585	560	2%
Purchase of energy for own needs and grid losses	174,243	235,369	61,126	35%
Costs of transmission services	305,713	327,821	22,108	7%
Other third party services	201,237	209,302	8,065	4%
Taxes and levies	156,416	165,634	9,218	6%
Tax deductible costs of sale	1,557,974	1,722,618	164,644	11%
Other operating revenues	62,204	34,431	-27,773	-45%
Other operating costs	29,545	52,506	22,961	78%
Profit / (Loss) on the sale and liquidation of property, plant and equipment	(5,805)	(8,330)	-2,525	43%
Operating profit / (loss)	478,006	357,901	-120,105	-25%
Financial revenues	2,400	1,802	-598	-25%
Financial costs	49,686	59,286	9,600	19%
Gross profit / (loss)	430,720	300,417	-130,303	-30%
Income tax	78,911	60,681	-18,230	-23%
Net profit / (loss)	351,809	239,736	-112,073	-32%
EBITDA	864,700	795,341	-69,359	-8%

Q1-Q3 2019:

EBITDA of ENEA Operator Sp. z o.o. – change drivers (a decrease of PLN 69 million):

- + higher revenues from the sale of distribution services to end users by PLN 80 million are mainly due to higher rates in the approved tariff for 2019
- higher costs of purchase of transmission and distribution services (on balance) by PLN 22 million are due to higher rates in the approved tariff for 2019
- higher costs of electricity purchase to cover the energy balance difference (on balance) by PLN 48 million result primarily from higher average electricity prices
- higher operating expenses by PLN 31 million result mainly from higher costs of employee benefits, taxes and levies, and third-party services
- lower result on other operating activities by PLN 53 million resulting mainly from lower revenues from the insurer due to removal of random damages and changes in provisions for grid assets



Annex No. 2 – Profit and Loss Account of ENEA Operator Sp. z o.o. in Q3 2019

[PLN k]	Q3 2018	Q3 2019	Change	% change
Revenues from the sale of distribution services to end users	631,443	672,788	41,345	7%
Revenues from additional fees	1,422	1,445	22	2%
Revenues from the non-invoiced sale of distribution services	-7,008	-2,724	4,284	-61%
Clearing of the Balancing Market	16	9,996	9,980	62,375%
Fees for connection to the grid	11,677	19,962	8,284	71%
Revenues from illegal electricity consumption	1,484	1,312	-172	-12%
Revenues from services	7,021	6,976	-44	-1%
Sale of distribution services to other entities	4,578	4,620	42	1%
Sale of goods and materials and other revenues	508	595	87	17%
Sales revenue	651,142	714,971	63,828	10%
Depreciation and amortisation of tangible and intangible fixed assets	135,408	151,600	16,192	12%
Costs of employee benefits	98,192	110,149	11,957	12%
Consumption of materials and raw materials and the value of goods sold	7,436	7,748	312	4%
Purchase of energy for own needs and grid losses	57,024	76,664	19,640	34%
Costs of transmission services	103,086	116,581	13,495	13%
Other third party services	67,229	70,092	2,863	4%
Taxes and levies	45,748	49,484	3,736	8%
Tax deductible costs of sale	514,123	582,318	68,195	13%
Other operating revenues	28,122	15,940	-12,182	-43%
Other operating costs	9,198	11,065	1,867	20%
Profit / (Loss) on the sale and liquidation of property, plant and equipment	(2,934)	(2,564)	370	-13%
Operating profit / (loss)	153,009	134,964	-18,046	-12%
Financial revenues	781	792	11	1%
Financial costs	16,402	20,962	4,560	28%
Gross profit / (loss)	137,388	114,794	-22,595	-16%
Income tax	27,189	23,278	-3,911	-14%
Net profit /(loss)	110,119	91,516	-18,684	-17%
EBITDA	288,417	286,564	-1,854	-1%

Q3 2019:

EBITDA of ENEA Operator Sp. z o.o. – change drivers (a decrease of PLN 2 million):

- + higher revenues from the sale of distribution services to end users by PLN 46 million are mainly due to higher rates in the approved tariff for 2019
- higher costs of purchase of transmission and distribution services (on balance) by PLN 13 million are due to higher rates in the approved tariff for 2019
- higher costs of electricity purchase to cover the energy balance difference (on balance) by PLN 10 million result primarily from a higher average electricity price
- higher operating expenses by PLN 19 million result mainly from higher costs of employee benefits, taxes and levies, and third-party services
- lower result on other operating activities by LN 14 million resulting mainly from lower revenues from the insurer due to removal of random damages, changes in provisions for grid assets and revenues from collisions



Annex No. 3 – Profit and Loss Account of ENEA Wytwarzanie Sp. z o.o. in Q1-Q3 2019

[PLN k]	Q1-Q3 2018 ¹⁾	Q1-Q3 2019	Change	% change
Revenues from the sale of electricity	3,069,457	3,561,029	491,572	16.0%
<i>generation licence</i>	2,608,615	3,381,936	773,321	29.6%
<i>trading licence</i>	460,842	179,093	-281,749	-61.1%
Revenues from certificates of origin	15,720	26,210	10,490	66.7%
Revenues from the sale of CO ₂ emission allowances	26,019	0	-26,019	-100.0%
Revenues from the sale of heat	1,755	650	-1,105	-63.0%
Revenues from services	7,147	7,367	220	3.1%
Sale of goods and materials and other revenue	9,445	12,254	2,809	29.7%
Excise duty	1	0	-1	-100.0%
Net sale revenue	3,129,542	3,607,510	477,968	15.3%
Depreciation and amortisation of tangible and intangible fixed assets	324,749	324,011	-738	-0.2%
Costs of employee benefits	183,699	187,402	3,703	2.0%
Consumption of materials and raw materials and the value of goods sold	1,493,841	2,119,663	625,822	41.9%
Purchase of energy for sale purposes	899,472	380,758	-518,714	-57.7%
Transmission services	398	336	-62	-15.6%
Other third party services	93,027	97,206	4,179	4.5%
Taxes and levies	55,585	64,448	8,863	15.9%
Tax deductible costs of sale	3,050,771	3,173,824	123,053	4.0%
Other operating revenues	20,807	26,370	5,563	26.7%
Other operating costs	14,971	3,327	-11,644	-77.8%
Profit / (Loss) on the sale and liquidation of property, plant and equipment	(2,213)	175	2,388	-107.9%
Reversal of impairment losses on non-financial fixed assets	51,365	0	-51,365	-100.0%
Operating profit / (loss)	133,759	456,904	323,145	241.6%
Financial revenues	4,425	9,673	5,248	118.6%
Financial costs	111,018	114,996	3,978	3.6%
Revenues from dividends	1,217	465	-752	-61.8%
Gross profit / (loss)	28,383	352,046	323,663	1,140.3%
Income tax	34,768	69,020	34,252	98.5%
Net profit / (loss)	-6,385	283,026	289,411	-4,532.7%
EBITDA	407,143	780,915	373,772	91.8%

Q1-Q3 2019:

EBITDA of ENEA Wytwarzanie Sp. z o.o. – change factors (an increase of PLN 374 million):

Kozienice Power Plant (an EBITDA increase of PLN 352.6 million):

- + increase in margin on generation of PLN 275.7 million
- + increase in the margin on trading and on the Balancing Market by PLN 81.9 million
- + increase in other factors of PLN +17.5 million (mainly higher operating profit by PLN +14.4 million)
- higher fixed costs by PLN 13.0 million
- lower revenues from Regulatory System Services by PLN 9.5 million

RES segment (an EBITDA increase of PLN 21.1 million):

- + Wind area (PLN +24.0 million): higher electricity revenue by PLN 12.5 million, higher revenue from certificates of origin by PLN 10.5 million, higher result on other operating activities by PLN 3.4 million, higher fixed costs by PLN 2.4 million
- Water area (PLN -2.0 million): lower electricity revenue by PLN 3.1 million, higher revenue from certificates of origin by PLN 0.7 million, lower payroll costs by PLN 0.4 million
- Biogas area (PLN -0.9 million): lower other operating profit by PLN 0.6 million, lower revenue from certificates of origin by PLN 0.4 million



¹⁾ Due to the spin-off of Białystok Heat and Power Plant from ENEA Wytwarzanie on 30 November 2018, the presentation of data for 2018 was changed. The 2018 data for Białystok Heat and Power Plant were excluded

Annex No. 4 – Profit and Loss Account of ENEA Wytwarzanie Sp. z o.o. in Q3 2019

[PLN k]	Q3 2018 ¹⁾	Q3 2019	Change	% change
Revenues from the sale of electricity	1,127,981	1,294,116	166,135	14.7%
<i>generation licence</i>	963,508	1,261,040	297,532	30.9%
<i>trading licence</i>	164,473	33,076	-131,397	-79.9%
Revenues from certificates of origin	6,790	7,747	957	14.1%
Revenues from the sale of heat	138	125	-13	-9.4%
Revenues from services	2,519	2,384	-135	-5.4%
Sale of goods and materials and other revenue	3,284	4,282	998	30.4%
Net sale revenue	1,140,712	1,308,654	167,942	14.7%
Depreciation and amortisation of tangible and intangible fixed assets	103,560	107,965	4,405	4.3%
Costs of employee benefits	54,694	65,564	10,870	19.9%
Consumption of materials and raw materials and the value of goods sold	531,439	788,888	257,449	48.4%
Purchase of energy for sale purposes	365,261	101,820	-263,441	-72.1%
Transmission services	179	83	-96	-53.6%
Other third party services	34,205	35,865	1,660	4.9%
Taxes and levies	15,125	21,241	6,116	40.4%
Tax deductible costs of sale	1,104,463	1,121,426	16,963	1.5%
Other operating revenues	14,528	13,664	-864	-5.9%
Other operating costs	10,954	1,133	-9,821	-89.7%
Profit / (Loss) on the sale and liquidation of property, plant and equipment	(1,951)	29	1,980	-101.5%
Operating profit / (loss)	37,872	199,788	161,916	427.5%
Financial revenues	1,709	7,019	5,310	310.7%
Financial costs	38,753	37,076	-1,677	-4.3%
Gross profit / (loss)	828	169,731	168,903	20,398.9%
Income tax	-5,438	32,705	38,143	-701.4%
Net profit / (loss)	6,266	137,026	130,760	2,086.8%
EBITDA	141,432	307,753	166,321	117.6%

Q3 2019:

EBITDA of ENEA Wytwarzanie Sp. z o.o. – change factors (an increase of PLN 166 million):

Kozienice Power Plant (an EBITDA increase of PLN 168.9 million):

- + increase in margin on generation of PLN 96.4 million
- + increase in the margin on trading and on the Balancing Market of PLN 66.1 million
- + Increase in other factors of PLN +12.8 million (mainly higher other operating profit by PLN +9.7 million)
- + higher revenues from Regulatory System Services by PLN 9.0 million
- Increase in fixed costs of PLN 15.5 million

RES segment (an EBITDA decrease of PLN 2.6 million):

- Water area (PLN -2.8 million): lower electricity revenues by PLN 2.0 million, lower revenues from certificates of origin by PLN 0.3 million, higher fixed costs by PLN 0.5 million
- Biogas area (PLN -0.2 million): lower revenues from certificates of origin by PLN 0.2 million PLN
- + Wind area (PLN +0.4 million): higher revenues from certificates of origin by PLN 1.3 million, higher electricity revenue by PLN 0.8 million, lower result on other operating activities by PLN 0.8 million, higher external services costs by PLN 0.8 million, higher payroll costs by PLN 0.1 million



¹⁾ Due to the spin-off of Białystok Heat and Power Plant from ENEA Wytwarzanie on 30 November 2018, the presentation of data for 2018 was changed. The 2018 data for Białystok Heat and Power Plant were excluded

Annex No. 5 – Profit and Loss Account of ENEA Elektrownia Połaniec in Q1-Q3 2019

[PLN k]	Q1-Q3 2018	Q1-Q3 2019	Change	% change
Revenues from the sale of electricity	1,731,937	1,874,631	142,694	8%
Revenues from sales of heat	41,121	41,728	607	1%
Revenues from the sale of other products and services	3,796	4,039	243	6%
Revenues from the sale of goods and materials	2,332	344	-1,988	-85%
Revenues from certificates of origin	110,562	158,638	48,076	43%
Revenues from the sale of CO ₂ emission allowances	0	21,780	21,780	-
Net sales revenue	1,889,748	2,101,160	211,412	11%
Depreciation and amortisation of tangible and intangible fixed assets	41,918	44,435	2,517	6%
Costs of employee benefits	44,595	55,795	11,200	25%
Consumption of materials and raw materials and the value of goods sold	1,121,215	1,334,914	213,699	19%
Purchase of energy for sale purposes	361,761	223,216	-138,545	-38%
Transmission services	0	248	248	-
Other third party services	152,426	172,131	19,705	13%
Taxes and levies	30,029	27,161	-2,868	-10%
Tax deductible costs of sale	1,751,944	1,857,900	105,956	6%
Other operating revenues	1,332	6,145	4,813	361%
Other operating costs	602	1,295	693	115%
Operating profit / (loss)	138,534	248,110	109,576	79%
Financial revenues	1,976	2,412	436	22%
Financial costs	36,549	1,194	-35,355	-97%
Revenues from dividends	215	2,077	1,862	-
Gross profit / (loss)	104,176	251,405	147,229	141%
Income tax	20,112	48,314	28,202	140%
Net profit / (loss)	84,064	203,091	119,027	142%
EBITDA	180,452	292,545	112,093	62%

Q1-Q3 2019:

EBITDA of ENEA Elektrownia Połaniec S.A. – change factors (an increase of PLN 112 million):

System Power Plants Segment (an EBITDA increase of PLN 83.0 million):

- + higher margin on generation by 55.8 million
- + higher margin on trading and the Balancing Market by PLN 28.9 million
- + higher revenues from the sale of Regulatory System Services by PLN 19.9 million
- higher fixed costs by PLN 15 million
- adjustment of forward contracts for the purchase of CO₂ emission allowances for the allocation of the purchase price – PLN -6.6 million

RES Segment (an EBITDA increase of PLN 37.4 million):

- + higher margin on RES generation by PLN 51.7 million
- lower margin of the Green Unit on sale/ inventory update of green certificates by PLN 1.1 million
- higher fixed costs by PLN 13.2 million

Heat Segment (an EBITDA decrease of PLN 8.3 million):

- lower margin on heat by PLN 7.6 million due to: higher costs of CO₂ emission allowances – PLN -6.6 million and higher costs of coal – PLN -1.5 million
- higher fixed costs by PLN 0.7 million



Annex No. 6 – Profit and Loss Account of ENEA Elektrownia Połaniec in Q3 2019

[PLN k]	Q3 2018	Q3 2019	Change	% change
Revenues from the sale of electricity	635,020	628,654	-6,366	-1%
Revenues from sale of heat	13,293	13,377	84	1%
Revenues from the sale of other products and services	1,245	1,408	163	13%
Revenues from the sale of goods and materials	1,066	125	-941	-88%
Revenues from certificates of origin	59,841	66,122	6,281	10%
Net sales revenue	710,465	709,686	-779	0%
Depreciation and amortisation of tangible and intangible fixed assets	14,714	15,090	376	3%
Costs of employee benefits	14,798	16,206	1,408	10%
Consumption of materials and raw materials and the value of goods sold	419,896	466,038	46,142	11%
Purchase of energy for sale purposes	130,438	65,618	-64,820	-50%
Transmission services	0	80	80	-
Other third party services	49,673	54,648	4,975	10%
Taxes and levies	9,664	8,833	-831	-9%
Tax deductible costs of sale	639,183	626,513	-12,670	-2%
Other operating revenues	176	347	171	97%
Other operating costs	182	117	-65	-36%
Operating profit / (loss)	71,276	83,403	12,127	17%
Financial revenues	561	936	375	67%
Financial costs	109	375	266	244%
Revenues from dividends	215	101	-114	-
Gross profit / (loss)	71,943	84,065	12,122	17%
Income tax	13,794	15,950	2,156	16%
Net profit / (loss)	58,149	68,115	9,966	17%
EBITDA	85,990	98,493	12,503	15%

Q3 2019:

EBITDA of ENEA Elektrownia Połaniec S.A. – change factors (an increase of PLN 13 million):

System Power Plants Segment (an EBITDA increase of PLN 6.9 million):

- lower margin on generation by PLN 9.6 million
- + higher margin on trading and the Balancing Market by PLN 16.4 million
- + higher revenues from the sale of Regulated System Services by PLN 6.6 million
- higher fixed costs by PLN 6.1 million

RES Segment (an EBITDA decrease of PLN 8.1 million):

- + higher margin on RES generation by PLN 11.4 million
- higher fixed costs by PLN 3.3 million

Heat Segment (an EBITDA decrease of PLN 2.5 million):

- lower margin on heat by PLN 2.5 million due to: higher costs of CO₂ emission allowances by PLN -2.1 million and higher costs of coal PLN -0.5 million



9. Glossary of terms and abbreviations

Below are the formulas for financial ratios and the list of industry terms and abbreviations used in this document.

Ratio		Formula
EBITDA	=	Operating profit/ (loss) + depreciation and amortisation + impairment losses on non-financial fixed assets
Return on equity (ROE)	=	$\frac{\text{Net profit/ (loss) for the reporting period}}{\text{Equity}}$
Return on assets (ROA)	=	$\frac{\text{Net profit/ (loss) for the reporting period}}{\text{Total assets}}$
Net profitability	=	$\frac{\text{Net profit/ (loss) for the reporting period}}{\text{Sales revenue and other income}}$
Operating profitability	=	$\frac{\text{Operating profit/ (loss)}}{\text{Sales revenue and other income}}$
EBITDA profitability	=	$\frac{\text{EBITDA}}{\text{Sales revenue and other income}}$
Current liquidity ratio	=	$\frac{\text{Current assets}}{\text{Short-term liabilities}}$
Coverage of non-current assets with equity	=	$\frac{\text{Equity}}{\text{Non-current assets}}$
Total debt ratio	=	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Net debt / EBITDA	=	$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{LTM EBITDA}}$
Current receivables turnover in days	=	$\frac{\text{Average trade and other receivables x number of days}}{\text{Sales revenue and other income}}$
Trade and other liabilities turnover in days	=	$\frac{\text{Average trade and other receivables x number of days}}{\text{Cost of products, goods and materials sold}}$
Inventory turnover in days	=	$\frac{\text{Average inventory x number of days}}{\text{Cost of products, goods and materials sold}}$
Cost of products, goods and materials sold	=	Consumption of materials and raw materials and value of goods sold; Purchase of energy for sale purposes; Transmission services; Other third party services, taxes and levies, excise tax

Abbreviation/term	Full name/definition
Balancing market	Technical market operated by the TSO. Its objective is to balance in real time the demand for electricity with its production in the National Power System (NPS)
Baseload price ("BASE")	The contract price for delivery of the same volume of electricity in euro-peak (i.e. from 7:00 a.m. to 10:00 p.m. on business days)
BAT	Best Available Techniques – a document drawing conclusions on best available techniques for the installations concerned and indicating the emission levels associated with the best available techniques
CAPEX	Capital expenditures
CER	Certified Emission Reduction – the unit of certified emission reduction
Cogeneration	A technological process of simultaneous generation of electricity and usable thermal energy in a CHP plant
DSO	Distribution System Operator
Energy Law	Act of 10 April 1997 - Energy Law
ERO	Energy Regulatory Office
EUA	EU Emission Allowance - emission allowances under the European Emissions Trading System
Euro-peak price ("PEAK")	The contract price for delivery of the same volume of electricity in each hour of the day
EU ETS	European Union Emissions Trading System. A European scheme to promote the reduction of greenhouse gas emissions
Forward market	Electricity market where forward products are listed
"Green" Property Rights	Same as PMOZE
ICE	Intercontinental Exchange – a trading platform for trading CO ₂ emission allowances (EUA) and units of Certified Emission Reduction (CERs) in the futures market
MW _e	Megawatt of electrical power
MWh	Megawatthour (1 GWh = 1.000 MWh)
MW _t	Megawatt of heating power
NO _x	Nitrogen oxides
PMOZE	Property rights to certificates of origin for energy from renewable energy sources
RES	Renewable Energy Sources
SAIDI	System Average Interruption Duration Index - indicator of the average system duration of a long and very long break (expressed in minutes per Customer)
SAIFI	System Average Interruption Frequency Index - indicator of the average system frequency of long interruptions in energy supply (expressed in the number of breaks per Customer)
SCR installation	Installation of selective catalytic reduction (SCR) flue gas denitrification
SO ₂	Sulphur dioxide
SPOT market	Cash market
TGE	Towarowa Gielda Energii S.A. (Polish Power Exchange)
TSO	Transmission System Operator