ENEA Group CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period from 1 January to 30 June 2023

in compliance with EU IFRS

TABLE OF CONTENTS

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

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

Members of the Management Board

President of the Management Board	**Paweł Majewski**
Member of the Management Board	**Rafał Mucha**
Member of the Management Board	**Jakub Kowaleczko**
Member of the Management Board	**Marcin Pawlicki**
Member of the Management Board	**Dariusz Szymczak**
Member of the Management Board	**Lech Żak**

ENEA Centrum Sp. z o.o.

Entity responsible for maintaining accounting

books and preparing financial statements — Robert Kiereta

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

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

Poznań, 13 September 2023

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the 6-month period ended 30 June 2023 (unaudited)	For the 3-month period ended 30 June 2023 (unaudited)	For the 6-month period ended 30 June 2022 restated* (unaudited)	For the 3-month period ended 30 June 2022 restated* (unaudited)
Revenue from sales	7	21 939 024	10 612 812	14 730 432	7 475 160
Excise duty		(40 154)	(19 688)	(26 505)	(12 696)
Net revenue from sales		**21 898 870**	**10 593 124**	**14 703 927**	**7 462 464**
Compensations	7	2 114 940	893 832	–	–
Revenue from operating leases and subleases		7 773	3 685	7 134	2 231
Revenue from sales and other income		**24 021 583**	**11 490 641**	**14 711 061**	**7 464 695**
Other operating revenue		133 058	30 188	88 916	78 500
Change in provision for onerous contracts	18	184 148	92 074	(556 042)	(505 048)
Depreciation/amortisation		(800 260)	(396 112)	(771 680)	(392 355)
Employee benefit costs		(1 475 147)	(760 886)	(1 139 277)	(552 837)
Use of materials and raw materials and value of goods sold		(7 508 078)	(3 545 317)	(4 210 108)	(2 247 713)
Purchase of electricity and gas for sales purposes		(10 145 981)	(4 791 321)	(6 001 699)	(2 880 279)
Transmission services		(335 486)	(143 412)	(256 269)	(142 764)
Other third-party services		(542 804)	(286 307)	(478 235)	(241 384)
Taxes and fees	28	(1 836 281)	(775 912)	(258 945)	(128 658)
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		(37 662)	(20 568)	(24 706)	(7 575)
Impairment losses on non-financial non-current assets		(792 309)	(763 640)	(2 577)	(2 527)
Other operating costs		(141 154)	(17 293)	(178 694)	(93 615)
Operating profit		**723 627**	**112 135**	**921 745**	**348 440**
Finance costs		(266 985)	(129 215)	(142 639)	(73 524)
Finance income		76 907	41 522	87 297	71 537
(Losses)/gains on currency derivative instruments not used in hedge accounting		(657 600)	(514 133)	142 658	36 009
Dividend income		93	93	1 163	1 163
Impairment of financial assets at amortised cost	21	–	–	(7 133)	(3 468)
Share of results of associates and jointly controlled entities	11	4 714	4 187	51 897	15 995
Impairment of investments in associates and jointly controlled entities		(4 321)	(1 047)	–	–
(Loss)/profit before tax		**(123 565)**	**(486 458)**	**1 054 988**	**396 152**
Income tax	8	69 416	181 033	(193 660)	(82 719)
Net (loss)/profit for the reporting period		**(54 149)**	**(305 425)**	**861 328**	**313 433**
Other comprehensive income					
Subject to reclassification to profit or loss:					
- measurement of hedging instruments		(95 491)	(48 178)	198 740	100 698
- income tax	8	18 143	9 154	(37 756)	(19 129)
Not subject to reclassification to profit or loss:					
- restatement of defined benefit plan		(84 708)	(84 708)	156 217	156 217
- income tax	8	16 095	16 095	(29 681)	(29 681)
Net other comprehensive income		**(145 961)**	**(107 637)**	**287 520**	**208 105**
Comprehensive income for the reporting period		**(200 110)**	**(413 062)**	**1 148 848**	**521 538**
Including net (loss)/profit:					
attributable to shareholders of the Parent		(144 252)	(346 465)	739 055	244 073
attributable to non-controlling interests		90 103	41 040	122 273	69 360
Including comprehensive income:					
attributable to shareholders of the Parent		(289 330)	(453 219)	1 023 623	449 226
attributable to non-controlling interests		89 220	40 157	125 225	72 312
Net (loss)/profit attributable to shareholders of the Parent		(144 252)	(346 465)	739 055	244 073
Weighted average number of ordinary shares		529 731 093	529 731 093	472 660 616	503 535 600
Net (loss)/profit attributable to the Parent's shareholders, per share (in PLN per share)		**(0.27)**	**(0.65)**	**1.56**	**0.48**
Diluted (loss)/profit per share (in PLN per share)		**(0.27)**	**(0.65)**	**1.56**	**0.48**

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

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2023 (unaudited)	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	9	19 738 147	20 154 134
Right-of-use assets		817 368	827 430
Intangible assets	10	345 817	351 922
Investment properties		28 641	18 042
Investments in associates and jointly controlled entities	11	168 485	163 317
Deferred income tax assets	8	1 987 621	1 315 108
Financial assets measured at fair value	20	70 963	161 391
Trade and other receivables		48 950	12 213
Costs related to the conclusion of agreements		9 549	8 970
Finance lease and sublease receivables		1 002	1 168
Funds in the Mine Decommissioning Fund		155 204	147 925
Total non-current assets		**23 371 747**	**23 161 620**
Current assets			
CO_2 emission allowances		58 570	4 093 130
Inventories	12	2 481 352	1 979 850
Trade and other receivables		6 016 107	5 260 383
Costs related to the conclusion of agreements		10 579	11 006
Assets arising from contracts with customers	14	686 882	623 900
Finance lease and sublease receivables		1 209	1 304
Current income tax receivables		271 060	315 513
Financial assets measured at fair value	20	365 977	382 546
Debt financial assets at amortised cost	21	–	42 004
Cash and cash equivalents	15	2 828 050	1 563 716
Total current assets		**12 719 786**	**14 273 352**
Total assets		**36 091 533**	**37 434 972**

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

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2023 (unaudited)	31 December 2022
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent			
Share capital		676 306	676 306
Share premium		3 348 670	3 348 670
Revaluation reserve - measurement of hedging instruments		108 396	185 744
Retained earnings		10 451 968	10 663 950
Total equity attributable to shareholders of the parent		**14 585 340**	**14 874 670**
Non-controlling interests		1 329 274	1 271 441
Total equity		**15 914 614**	**16 146 111**
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	17	3 392 255	4 087 307
Trade and other payables		22 550	32 265
Liabilities arising from contracts with customers	14	21 216	15 822
Lease liabilities		600 149	625 120
Accounting for subsidies and road lighting modernisation services	19	546 263	493 904
Deferred income tax provision	8	552 004	536 255
Employee benefit liabilities		1 087 047	962 783
Financial liabilities measured at fair value	20	121 158	249
Provisions for other liabilities and other charges	18	965 892	946 088
Total non-current liabilities		**7 308 534**	**7 699 793**
Current liabilities			
Credit facilities, loans and debt securities	17	2 958 313	750 273
Trade and other payables		3 271 644	5 165 576
Liabilities arising from contracts with customers	14	493 899	348 590
Lease liabilities		32 153	31 338
Accounting for subsidies and road lighting modernisation services	19	22 390	20 381
Current income tax liabilities		124 382	12 706
Employee benefit liabilities		693 778	577 479
Liabilities concerning the equivalent for rights to free purchase of shares		281	281
Financial liabilities measured at fair value	20	1 004 573	494 596
Provisions for other liabilities and other charges	18	4 266 972	6 187 848
Total current liabilities		**12 868 385**	**13 589 068**
Total liabilities		**20 176 919**	**21 288 861**
TOTAL EQUITY AND LIABILITIES		**36 091 533**	**37 434 972**

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(a) H1 2023 (unaudited)

	Equity attributable to shareholders of the parent							
	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of hedging instruments	Retained earnings	Non-controlling interests	Total equity
As at 1 January 2023	529 731	146 575	**676 306**	**3 348 670**	**185 744**	**10 663 950**	**1 271 441**	**16 146 111**
Net (loss)/profit for the reporting period	-	-	-	-	-	(144 252)	90 103	(54 149)
Net other comprehensive income	-	-	-	-	(77 348)	(67 730)	(883)	(145 961)
Net comprehensive income recognised in the period	**-**	**-**	**-**	**-**	**(77 348)**	**(211 982)**	**89 220**	**(200 110)**
Dividends	-	-	-	-	-	-	(31 387)	(31 387)
As at 30 June 2023	529 731	146 575	**676 306**	**3 348 670**	**108 396**	**10 451 968**	**1 329 274**	**15 914 614**

(b) H1 2022 (unaudited)

	Equity attributable to shareholders of the parent							
	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of hedging instruments	Retained earnings	Non-controlling interests	Total equity
As at 1 January 2022	441 443	146 575	**588 018**	**2 692 784**	**108 917**	**10 620 839**	**1 167 450**	**15 178 008**
Adjustment due to amendments to IAS 16	-	-	-	-	-	15 766	8 126	23 892
As at 1 January 2022, adjusted	441 443	146 575	**588 018**	**2 692 784**	**108 917**	**10 636 605**	**1 175 576**	**15 201 900**
Net profit for the reporting period	-	-	-	-	-	739 055	122 273	861 328
Net other comprehensive income	-	-	-	-	160 984	123 584	2 952	287 520
Net comprehensive income recognised in the period	**-**	**-**	**-**	**-**	**160 984**	**862 639**	**125 225**	**1 148 848**
Dividends	-	-	-	-	-	-	(30 129)	(30 129)
Issue of ordinary shares	88 288	-	88 288	662 164	-	-	-	750 452
Cost of issue of ordinary shares	-	-	-	(6 330)	-	-	-	(6 330)
Change in non-controlling interests in subsidiaries	-	-	-	-	-	(25 675)	52 516	26 841
Other	-	-	-	-	(28)	-	-	(28)
As at 30 June 2022	529 731	146 575	**676 306**	**3 348 618**	**269 873**	**11 473 569**	**1 323 188**	**17 091 554**

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

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six-month period ended 30 June 2023 (unaudited)	30 June 2022 (unaudited)
Cash flows from operating activities			
Net (loss)/profit for the reporting period		(54 149)	861 328
Adjustments:			
Income tax in profit or loss	8	(69 416)	193 660
Depreciation/amortisation		800 260	771 680
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		37 662	24 706
Impairment losses on non-financial non-current assets		792 309	2 577
Loss/(gain) on sale of financial assets		3 714	(142)
Interest income		(39 570)	(36 130)
Dividend income		(93)	(1 163)
Interest costs		162 413	106 996
Loss/(gain) on measurement of financial instruments		639 105	(105 347)
Impairment of financial assets at amortised cost		–	7 133
Share of profit of associates and jointly controlled entities		(4 714)	(51 897)
Impairment of investments in associates and jointly controlled entities		4 321	–
Other adjustments		(33 841)	(12 785)
Total adjustments		**2 292 150**	**899 288**
Paid income tax		(441 686)	(244 682)
Changes in working capital:			
CO_2 emission allowances		4 034 560	2 576 416
Inventories		(490 122)	(208 721)
Trade and other receivables		(818 885)	(1 225 908)
Trade and other payables		(1 671 450)	978 089
Employee benefit liabilities		157 159	14 484
Accounting for subsidies and road lighting modernisation services		52 053	25 456
Provisions for other liabilities and charges		(1 896 050)	486 743
Total changes in working capital		**(632 735)**	**2 646 559**
Net cash flows from operating activities		**1 163 580**	**4 162 493**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(1 318 009)	(1 310 785)
Proceeds from sale of tangible and intangible assets		21 475	550
Purchase of financial assets		–	(250 265)
Proceeds from sale of financial assets		37 383	26 881
Purchase of associates and jointly controlled entities		(625)	(381)
Sale of associates and jointly controlled entities		394	626
(Outflows)/inflows concerning funds held at Mine Decommissioning Fund bank account		(7 279)	1 920
Received interest		38 911	6 105
Other inflows from investing activities		6 753	396
Net cash flows from investing activities		**(1 220 997)**	**(1 524 953)**
Cash flows from financing activities			
Credit and loans received		3 901 164	–
Repayment of credit and loans		(2 343 750)	(108 875)
Bond buy-back		(78 055)	(1 877 055)
Dividends paid		(294)	–
Repayment of lease liabilities		(33 847)	(31 734)
Proceeds from share issue		–	750 452
Interest paid		(123 412)	(90 370)
Expenses related to share issue		–	(6 330)
Other (outflows)/inflows from financing activities		(55)	11 599
Net cash flows from financing activities		**1 321 751**	**(1 352 313)**
Total net cash flows		**1 264 334**	**1 285 227**
Cash at the beginning of reporting period		1 563 716	4 153 553
Cash at the end of reporting period		**2 828 050**	**5 438 780**
including restricted cash		1 307 994	495 601

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

ADDITIONAL INFORMATION AND EXPLANATIONS

General information

1. General information on the Parent

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

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

As at 30 June 2023, the Parent's shareholding structure was as follows:

	Poland's State Treasury	Other shareholders	Total
As at 30 June 2023	52,29%	47,71%	**100.00%**

As at 30 June 2023, the Parent's highest-level controlling entity was the State Treasury.

As at 30 June 2023, ENEA S.A.'s statutory share capital amounted to PLN 529 731 thousand (PLN 676 306 thousand after restatement to EU IFRS, taking into account hyperinflation and other adjustments) and was divided into 529 731 093 shares.

The Parent's duration is indefinite.

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

The Group's condensed consolidated interim financial statements cover the six-month period ended 30 June 2023 and contain comparative data for the six-month period ended 30 June 2022 and the year ended 31 December 2022.

2. Group composition

As at 30 June 2023, the Group consisted of the parent - ENEA S.A., 30 subsidiaries, including 8 indirect subsidiaries, as well as 1 jointly controlled entity and 4 associates.

ENEA Group's principal business activities are as follows:

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

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

	Company name	Activity	Registered office	ENEA S.A.'s stake in total number of voting rights as at 30 June 2023	ENEA S.A.'s stake in total number of voting rights as at 31 December 2022
SUBSIDIARIES					
1.	**ENEA Operator Sp. z o.o.**	distribution	Poznań	100%	100%
2.	**ENEA Wytwarzanie Sp. z o.o.**	generation	Świerże Górne	100%	100%
3.	**ENEA Elektrownia Połaniec S.A.**	generation	Połaniec	100%	100%
4.	**ENEA Oświetlenie Sp. z o.o.**	other activity	Szczecin	100%	100%
5.	**ENEA Trading Sp. z o.o.**	trade	Świerże Górne	100%[10,12]	100%
6.	**ENEA Serwis Sp. z o.o.**	distribution	Lipno	100%	100%
7.	**ENEA Centrum Sp. z o.o.**	other activity	Poznań	100%	100%
8.	**ENEA Pomiary Sp. z o.o.**	distribution	Poznań	100%	100%
9.	**ENERGO-TOUR Sp. z o.o. w likwidacji**	other activity	Poznań	-[5]	100%[5]
10.	**ENEA Innowacje Sp. z o.o.**	other activity	Warsaw	100%	100%
11.	**Lubelski Węgiel BOGDANKA S.A.**	mining	Bogdanka	64.57%	64.57%
12.	**ENEA Ciepło Sp. z o.o.**	generation	Białystok	99.94%	99.94%
13.	**Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.**	generation	Oborniki	99.93%	99.93%
14.	**Miejska Energetyka Cieplna Piła Sp. z o.o.**	generation	Piła	71.11%	71.11%
15.	**ENEA Nowa Energia Sp. z o.o.**	generation	Radom	100%	100%
16.	**ENEA ELKOGAZ Sp. z o.o.**	generation	Warsaw	100%[8]	100%
17.	**ENEA Power&Gas Trading Sp. z o.o.**	trade	Warsaw	100%[10]	100%
18.	**EN101 Sp. z o.o.**	generation	Poznań	100%[7,13]	-
19.	**EN102 Sp. z o.o.**	generation	Poznań	100%[13]	100%
20.	**EN103 Sp. z o.o.**	generation	Poznań	100%[13]	100%
21.	**EN201 Sp. z o.o.**	generation	Poznań	100%[13]	100%
22.	**EN202 Sp. z o.o.**	generation	Poznań	100%[7,13]	-
23.	**EN203 Sp. z o.o.**	generation	Poznań	100%[13]	100%
INDIRECT SUBSIDIARIES					
24.	**ENEA Logistyka Sp. z o.o.**	distribution	Poznań	100%[3]	100%[3]
25.	**ENEA Bioenergia Sp. z o.o.**	generation	Połaniec	100%[1]	100%[1]
26.	**ENEA Połaniec Serwis Sp. z o.o.**	generation	Połaniec	-[6]	100%[1]
27.	**EkoTRANS Bogdanka Sp. z o.o.**	mining	Bogdanka	64.57%[2]	64.57%[2]
28.	**RG Bogdanka Sp. z o.o.**	mining	Bogdanka	64.57%[2]	64.57%[2]
29.	**MR Bogdanka Sp. z o.o.**	mining	Bogdanka	64.57%[2]	64.57%[2]
30.	**Łęczyńska Energetyka Sp. z o.o.**	mining	Bogdanka	57.27%[2]	57.27%[2]
31.	**ENEBIOGAZ 1 Sp. z o.o.**	generation	Radom	100%[4,13]	100%[4]
32.	**ENEBIOGAZ 2 Sp. z o.o.**	generation	Radom	100%[4,13]	100%[4]
JOINTLY CONTROLLED ENTITIES					
33.	**Elektrownia Ostrołęka Sp. z o.o.**	-	Ostrołęka	50%[11]	50%
ASSOCIATES					
34.	**Polimex – Mostostal S.A.**	-	Warsaw	16,17%[9]	16.26%
35.	**Elektrownia Wiatrowa Baltica-4 Sp. z o.o.**	-	Warsaw	33.81%	33.81%
36.	**Elektrownia Wiatrowa Baltica-5 Sp. z o.o.**	-	Warsaw	33.81%	33.81%
37.	**Elektrownia Wiatrowa Baltica-6 Sp. z o.o.**	-	Warsaw	33.76%	33.76%

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

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

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

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

[5] – on 30 March 2015 the company's extraordinary general meeting adopted a resolution on the dissolution of the company following a liquidation proceeding; the resolution entered into force on 1 April 2015. An application for the company to be removed from the National Court Register was filed on 5 November 2015. On 24 May 2023, the company was removed from the National Court Register.

[6] – an Extraordinary General Meeting of ENEA Połaniec Serwis Sp. z o.o. (acquired company) was held on 3 January 2023, adopting a resolution to merge with ENEA Elektrownia Połaniec S.A. (acquiring company) pursuant to a simplified procedure under art. 516 of the Polish Commercial Companies Code. The merger was registered at the National Court Register on 16 January 2023.

[7] – EN101 Sp. z o.o. and EN202 Sp. z o.o. were established in January 2023.

[8] – on 15 March 2023, the Extraordinary General Meeting of ENEA ELKOGAZ Sp. z o.o. adopted a resolution to increase the company's share capital by PLN 10 000 thousand, i.e. from PLN 19 000 thousand to PLN 29 000 thousand, through the issue of 100 000 new shares with a nominal value of PLN 100.00 each. ENEA S.A. acquired all of the newly-issued shares in the increased share capital of ENEA ELKOGAZ Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 3 April 2023.

[9] – an increase of Polimex Mostostal S.A.'s share capital by PLN 1 000 thousand, i.e. from PLN 479 738 thousand to PLN 480 738 thousand, by admitting 500 000 ordinary bearer shares series S with a nominal value of PLN 2 each, was registered on 30 January 2023. In March 2023 ENEA S.A. sold 187 500 shares, thus decreasing its stake in that company's share capital from 16.23% to 16.15%. In the 6-month period ended 30 June 2023 ENEA S.A. submitted a demand to exercise call options 8 and 9. 30 March 2023 The Company made a bank transfer payment for the 187 500 shares of Polimex - Mostostal S.A. (call option 8). An increase of Polimex Mostostal S.A.'s share capital by PLN 1 500 thousand, i.e. from PLN 480 738 thousand to PLN 482 238 thousand, by admitting 750 000 ordinary bearer shares series S with a nominal value of PLN 2 each, was registered on 14 April 2023, thus reducing ENEA S.A.'s stake in that company's share capital from 16.15% to 16.10%. On 28 April 2023, as a result of the exercise of call option 8, ENEA S.A.'s share in the company's share capital increased from 16.10% to 16.17%. On 29 June 2023 the Company made a bank transfer payment for 125 000 shares of Polimex - Mostostal S.A. (call option 9). An increase of Polimex Mostostal S.A.'s share capital by PLN 1 000 thousand, i.e. from PLN 482 238 thousand to PLN 483 238 thousand, by admitting 500 000 ordinary bearer shares series S with a nominal value of PLN 2 each, was registered on 12 July 2023. ENEA S.A.'s share in the company's share capital decreased from 16.17% to 16.14%. Since 14 July 2023, as a result of the exercise of call option 9, ENEA S.A.'s stake in the company's share capital is 16.19%.

[10] - On 3 April 2023, in accordance with the Spin-off Plan of ENEA Trading Sp. z o.o. of 29 July 2022, there was a division by spin-off and transfer of a part of the assets and liabilities of ENEA Trading Sp. z o.o., in the form of an Organised Part of Enterprise, to ENEA Power&Gas Trading Sp. z o.o.

[11] – on 27 April 2023, the Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. adopted a resolution to increase the company's share capital by PLN 100, i.e. from PLN 912 482 100.00 to PLN 912 482 200.00, through the issue of 2 new shares with a nominal value of PLN 50.00 each and issue price of PLN 202 657 thousand each. ENEA S.A. acquired 1 of the newly-issued shares in the increased share capital of Elektrownia Ostrołęka Sp. z o.o. On 28 April 2023, a receivables set-off agreement was signed by ENEA S.A. and Elektrownia Ostrołęka Sp. z o.o., i.e. the receivables of ENEA S.A. towards Elektrownia Ostrołęka Sp. z o.o. for a loan granted under the loan agreement concluded in December 2019 with a value of PLN 170 000 thousand (as amended) plus accrued interest with a total receivable value of PLN 202 657 thousand, and Elektrownia Ostrołęka Sp. z o.o.'s receivables from ENEA S.A. in respect of its obligation to cover 1 share with a cash contribution of PLN 202 657 thousand in the increased share capital of the company. Pursuant to the above set-off agreement, the aforementioned claims cancelled each other out in full.

[12] – on 28 June 2023, at an Extraordinary General Meeting of ENEA Trading Sp. z o.o., a resolution was adopted regarding an increase in the share capital of ENEA Trading Sp. z o.o. by PLN 1 thousand, i.e. from PLN 61 205 thousand to PLN 61 206 thousand, through the issue of 1 new share with a nominal value of PLN 1 thousand. ENEA S.A. acquired the one newly-issued share in the increased share capital of ENEA Trading Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 12 July 2023.

[13] – Due to its immateriality, the company is not included in these condensed consolidated interim financial statements.

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

3. Management Board and Supervisory Board composition

Management Board

	As at 30 June 2023	As at 31 December 2022
President of the Management Board	Paweł Majewski	Paweł Majewski
Member of the Management Board, responsible for finance	Rafał Mucha	Rafał Mucha
Member of the Management Board, responsible for corporate affairs	Dariusz Szymczak	Dariusz Szymczak
Member of the Management Board, responsible for operations	Marcin Pawlicki	Marcin Pawlicki
Member of the Management Board, responsible for strategy and development	Lech Żak	Lech Żak

On 6 July 2023 the Company's Supervisory Board adopted a resolution to appoint Mr. Jakub Kowaleczko as of 17 July 2023 as Member of ENEA S.A.'s Management Board for Sales, for a joint term that began on the date of the Company's Ordinary General Meeting approving the 2021 financial statements.

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

	As at 13 September 2023
President of the Management Board	Paweł Majewski
Member of the Management Board, responsible for finance	Rafał Mucha
Member of the Management Board, responsible for sales	Jakub Kowaleczko
Member of the Management Board, responsible for corporate affairs	Dariusz Szymczak
Member of the Management Board, responsible for operations	Marcin Pawlicki
Member of the Management Board, responsible for strategy and development	Lech Żak

Supervisory Board

	As at 30 June 2023	Appointment	As at 31 December 2022	End of term / resignation
Chairperson of the Supervisory Board	Łukasz Ciołko		Rafał Włodarski	4 January 2023
Deputy Chairperson of the Supervisory Board	Roman Stryjski		Roman Stryjski	
Secretary of the Supervisory Board	Mariusz Pliszka		Mariusz Pliszka	
Member of the Supervisory Board	Aleksandra Agatowska	13 March 2023	Łukasz Ciołko	
Member of the Supervisory Board	Mariusz Damasiewicz		Mariusz Damasiewicz	
Member of the Supervisory Board	Aneta Kordowska		Aneta Kordowska	
Member of the Supervisory Board	Tomasz Lis		Tomasz Lis	
Member of the Supervisory Board	Paweł Łącki		Paweł Łącki	
Member of the Supervisory Board	Mariusz Romańczuk		Mariusz Romańczuk	
Member of the Supervisory Board	Piotr Zborowski		Piotr Zborowski	

On 4 January 2023, the Company received Mr. Rafał Włodarski's resignation as member of ENEA S.A.'s Supervisory Board, including as Chairperson of the Company's Supervisory Board, effective from 4 January 2023.

On 13 March 2023 the Company's Extraordinary General Meeting adopted a resolution appointing Mrs. Aleksandra Agatowska as member of ENEA S.A.'s Supervisory Board, 11th term, effective from the same date.

On 13 March 2023 an Extraordinary General Meeting of ENEA S.A. appointed Mr. Łukasz Ciołko as Chairperson of ENEA S.A.'s Supervisory Board.

On 4 July 2023, the Company received Mr. Piotr Zborowski's resignation as Member of ENEA S.A.'s Supervisory Board, effective from 4 July 2023.

On 31 July 2023, the Company received Mrs. Aleksandra Agatowska's resignation as Member of ENEA S.A.'s Supervisory Board, with effect from 31 July 2023.

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

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

	As at 13 September 2023
Chairperson of the Supervisory Board	Łukasz Ciołko
Deputy Chairperson of the Supervisory Board	Roman Stryjski
Secretary of the Supervisory Board	Mariusz Pliszka
Member of the Supervisory Board	Mariusz Damasiewicz
Member of the Supervisory Board	Aneta Kordowska
Member of the Supervisory Board	Tomasz Lis
Member of the Supervisory Board	Paweł Łącki
Member of the Supervisory Board	Mariusz Romańczuk

4. Basis for preparing financial statements

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

The Parent's Management Board used its best knowledge as to the application of standards and interpretations as well as methods and rules for the measurement of items in ENEA Group's condensed consolidated interim financial statements in accordance with EU IFRS as at 30 June 2023. The presented tables and explanations are prepared with due diligence. These condensed consolidated interim financial statements have been reviewed by a statutory auditor. The accounting rules are applied consistently across all of the presented periods, except as indicated in note 5 on the change in the presentation of comparative figures.

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

As of 30 June 2023, current liabilities in the consolidated statement of financial position exceed current assets. This is mainly due to the reclassification of PLN 2 000 000 thousand in bonds (Bond Issue Program Agreement signed with PKO BP S.A., Bank Pekao S.A. and mBank S.A.) from non-current to current liabilities (maturing in June 2024). In terms of managing liquidity risk, ENEA Group aims to ensure the availability of cash at a stable level that allows for the timely payment of obligations. Activities addressed in "ENEA Group's liquidity and liquidity risk management policy" also include securing the ability to effectively respond to liquidity crises, i.e. periods of increased demand for cash. In accordance with the assumption, the actions taken should make it possible to continue operations in the event of a liquidity crisis for the period necessary to activate the emergency funding plan. Moreover, on 27 January 2023 ENEA S.A. signed a financing agreement with a syndicate of banks consisting of: Polska Kasa Oszczędności Bank Polski S.A., Bank Gospodarstwa Krajowego, Bank Polska Kasa Opieki S.A., Alior Bank S.A. and Bank of China (Europe) S.A., branch in Poland. Under this agreement, the Company raised financing totalling up to PLN 2 500 000 thousand, including a term loan of up to PLN 1 500 000 thousand ("Loan A") and a revolving renewable loan of up to PLN 1 000 000 thousand ("Loan B"). Details are available in note 17.

These condensed consolidated interim financial statements should be read in conjunction with ENEA Group's consolidated financial statements for the financial year ended 31 December 2022.

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

These condensed consolidated interim financial statements are prepared in accordance with accounting rules that are consistent with those applied in preparing the most recent annual consolidated financial statements, for the financial year ended 31 December 2022.

Drafting condensed consolidated interim financial statements in accordance with IAS 34 requires the Management Board to adopt certain assumptions and make estimates that have an impact on the application of accounting rules and on amounts being presented in the condensed consolidated interim financial statements and explanatory notes to these statements.

Such assumptions and estimates are based on the Management Board's best knowledge regarding current and future events and activities. However, actual results may differ from forecasts. The estimates used in preparing these condensed consolidated interim financial statements are consistent with the estimates used in preparing the consolidated financial statements for the most recent financial year. The estimated values presented in previous financial years do not have a material impact on the present interim period.

Change in presentation of items in statement of comprehensive income

In preparing the most recent annual consolidated financial statements, for the year ended 31 December 2022, the Group changed the presentation in the statement of comprehensive income of the valuation and realisation of foreign exchange forward transactions that are not used in hedge accounting. The results from the measurement and execution of these transactions, hitherto presented as operating income or expenses, are presented outside of operations.

The Group therefore restated the comparative figures in these condensed consolidated interim financial statements. The following table presents the impact of this change.

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

	For the six-month period ended 30 June 2022			For the three-month period ended 30 June 2022		
	Approved data	Impact of change in presentation of forward transaction measurement	Restated data	Approved data	Impact of change in presentation of forward transaction measurement	Restated data
Revenue from sales	14 730 432	-	14 730 432	7 475 160	-	7 475 160
Excise duty	(26 505)	-	(26 505)	(12 696)	-	(12 696)
Net revenue from sales	**14 703 927**	**-**	**14 703 927**	**7 462 464**	**-**	**7 462 464**
Revenue from operating leases and subleases	7 134	-	7 134	2 231	-	2 231
Revenue from sales and other income	**14 711 061**	**-**	**14 711 061**	**7 464 695**	**-**	**7 464 695**
Other operating revenue	128 081	(39 165)	88 916	78 500	-	78 500
Use of materials and raw materials and value of goods sold	(4 106 615)	(103 493)	(4 210 108)	(2 211 704)	(36 009)	(2 247 713)
Other items	(9 668 124)	-	(9 668 124)	(4 947 042)	-	(4 947 042)
Operating profit	**1 064 403**	**(142 658)**	**921 745**	**384 449**	**(36 009)**	**348 440**
Gains on currency derivative instruments not used in hedge accounting	-	142 658	142 658	-	36 009	36 009
Other items	(9 415)	-	(9 415)	11 703	-	11 703
Profit before tax	**1 054 988**	**-**	**1 054 988**	**396 152**	**-**	**396 152**
Income tax	(193 660)	-	(193 660)	(82 719)	-	(82 719)
Net profit for the reporting period	**861 328**	**-**	**861 328**	**313 433**	**-**	**313 433**
Net other comprehensive income	**287 520**	**-**	**287 520**	**208 105**	**-**	**208 105**
Comprehensive income for the reporting period	**1 148 848**	**-**	**1 148 848**	**521 538**	**-**	**521 538**
Including net profit:						
attributable to shareholders of the Parent	739 055	-	739 055	244 073	-	244 073
attributable to non-controlling interests	122 273	-	122 273	69 360	-	69 360
Including comprehensive income:						
attributable to shareholders of the Parent	1 023 623	-	1 023 623	449 226	-	449 226
attributable to non-controlling interests	125 225	-	125 225	72 312	-	72 312

6. Functional currency and presentation currency

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

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

Operating segments

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

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

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

In analysing segment results, the Parent's Management Board especially focuses on EBITDA. EBITDA is defined as operating profit (calculated as profit before tax adjusted for the share of results of associates and jointly controlled entities, impairment losses on financial assets measured at amortised cost, impairment losses on investments in jointly controlled entities, (losses)/gains on currency derivatives not used in hedge accounting, financial income, dividend income and finance costs) plus depreciation and amortisation and impairment losses on non-financial fixed assets.

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

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

Segment results:

Segment results for the period from 1 January to 30 June 2023 are as follows:

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	8 214 737	2 424 666	10 969 456	215 060	74 951	–	21 898 870
Inter-segment sales	2 700 859	28 175	1 754 790	1 604 660	244 516	(6 333 000)	–
Total net revenue from sales	**10 915 596**	**2 452 841**	**12 724 246**	**1 819 720**	**319 467**	**(6 333 000)**	**21 898 870**
Compensations	1 892 333	222 607	–	–	–	–	2 114 940
Revenue from operating leases and subleases	–	–	485	5 327	2 110	(149)	7 773
Revenue from sales and other income	**12 807 929**	**2 675 448**	**12 724 731**	**1 825 047**	**321 577**	**(6 333 149)**	**24 021 583**
Total costs	(12 737 926)	(2 175 472)	(11 887 972)	(2 278 696)	(278 943)	6 123 192	(23 235 817)
Segment result	**70 003**	**499 976**	**836 759**	**(453 649)**	**42 634**	**(209 957)**	**785 766**
Depreciation/amortisation	(1 075)	(359 422)	(231 733)	(183 268)	(36 641)		
Reversal / (recognition) of impairment loss on non-financial non-current assets	–	–	1 134	(793 443)	–		
Segment result - EBITDA	**71 078**	**859 398**	**1 067 358**	**523 062**	**79 275**		
% of revenue from sales and other income	**0.6%**	**32.1%**	**8.4%**	**28.7%**	**24.7%**		
Unallocated costs at Group level (administrative expenses)							(62 139)
Operating profit							**723 627**
Finance costs							(266 985)
Finance income							76 907
Losses on currency derivative instruments not used in hedge accounting							(657 600)
Dividend income							93
Share of results of associates and jointly controlled entities							4 714
Impairment of investments in associates and jointly controlled entities							(4 321)
Gross loss							**(123 565)**
Income tax							69 416
Net loss							**(54 149)**
Share of profit attributable to non-controlling interests							**90 103**

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

Segment results:

Segment results for the period from 1 April to 30 June 2023 are as follows:

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	3 925 806	1 184 217	5 350 311	95 116	37 674	–	10 593 124
Inter-segment sales	549 603	10 227	828 679	786 121	127 455	(2 302 085)	–
Total net revenue from sales	**4 475 409**	**1 194 444**	**6 178 990**	**881 237**	**165 129**	**(2 302 085)**	**10 593 124**
Compensations	792 855	100 977	–	–	–	–	893 832
Revenue from operating leases and subleases	–	–	246	3 126	387	(74)	3 685
Revenue from sales and other income	**5 268 264**	**1 295 421**	**6 179 236**	**884 363**	**165 516**	**(2 302 159)**	**11 490 641**
Total costs	(5 198 091)	(1 044 032)	(5 718 324)	(1 500 863)	(138 897)	2 253 942	(11 346 265)
Segment result	**70 173**	**251 389**	**460 912**	**(616 500)**	**26 619**	**(48 217)**	**144 376**
Depreciation/amortisation	(486)	(181 474)	(117 327)	(85 315)	(17 901)		
Reversal / (recognition) of impairment loss on non-financial non-current assets	–	–	1 134	(764 774)	–		
Segment result - EBITDA	**70 659**	**432 863**	**577 105**	**233 589**	**44 520**		
% of revenue from sales and other income	**1.3%**	**33.4%**	**9.3%**	**26.4%**	**26.9%**		
Unallocated costs at Group level (administrative expenses)							(32 241)
Operating profit							**112 135**
Finance costs							(129 215)
Finance income							41 522
Losses on currency derivative instruments not used in hedge accounting							(514 133)
Dividend income							93
Share of results of associates and jointly controlled entities							4 187
Impairment of investments in associates and jointly controlled entities							(1 047)
Gross loss							**(486 458)**
Income tax							181 033
Net loss							**(305 425)**
Share of profit attributable to non-controlling interests							**41 040**

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

Segment results:

Segment results for the period from 1 January to 30 June 2022 are as follows:

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	5 724 069	1 774 615	6 711 858	428 978	64 407	–	14 703 927
Inter-segment sales	875 918	15 784	688 210	1 029 427	205 791	(2 815 130)	–
Total net revenue from sales	**6 599 987**	**1 790 399**	**7 400 068**	**1 458 405**	**270 198**	**(2 815 130)**	**14 703 927**
Revenue from operating leases and subleases	–	–	437	3 926	2 800	(29)	7 134
Revenue from sales and other income	**6 599 987**	**1 790 399**	**7 400 505**	**1 462 331**	**272 998**	**(2 815 159)**	**14 711 061**
Total costs	(6 777 580)	(1 504 066)	(6 947 139)	(1 034 838)	(249 216)	2 766 802	(13 746 037)
Segment result	**(177 593)**	**286 333**	**453 366**	**427 493**	**23 782**	**(48 357)**	**965 024**
Depreciation/amortisation	(1 344)	(347 549)	(221 130)	(174 482)	(36 891)		
Reversal / (recognition) of impairment loss on non-financial non-current assets	–	–	1 737	(4 314)	–		
Segment result - EBITDA	**(176 249)**	**633 882**	**672 759**	**606 289**	**60 673**		
% of revenue from sales and other income	**(2,7%)**	**35.4%**	**9.1%**	**41.5%**	**22.2%**		
Unallocated costs at Group level (administrative expenses)							(43 279)
Operating profit							**921 745**
Finance costs							(142 639)
Finance income							87 297
Gains on currency derivative instruments not used in hedge accounting							142 658
Dividend income							1 163
Impairment of financial assets at amortised cost							(7 133)
Share of results of associates and jointly controlled entities							51 897
Gross profit							**1 054 988**
Income tax							(193 660)
Net profit							**861 328**
Share of profit attributable to non-controlling interests							**122 273**

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

Segment results:

Segment results for the period from 1 April to 30 June 2022 are as follows:

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	2 852 540	873 983	3 473 251	232 562	30 128	–	7 462 464
Inter-segment sales	363 634	7 539	335 971	496 076	103 584	(1 306 804)	–
Total net revenue from sales	**3 216 174**	**881 522**	**3 809 222**	**728 638**	**133 712**	**(1 306 804)**	**7 462 464**
Revenue from operating leases and subleases	–	–	237	1 954	64	(24)	2 231
Revenue from sales and other income	**3 216 174**	**881 522**	**3 809 459**	**730 592**	**133 776**	**(1 306 828)**	**7 464 695**
Total costs	(3 200 255)	(735 143)	(3 865 190)	(490 752)	(115 292)	1 312 387	(7 094 245)
Segment result	**15 919**	**146 379**	**(55 731)**	**239 840**	**18 484**	**5 559**	**370 450**
Depreciation/amortisation	(659)	(176 983)	(110 165)	(87 761)	(18 044)		
Reversal / (recognition) of impairment loss on non-financial non-current assets	–	–	1 737	(4 264)	–		
Segment result - EBITDA	**16 578**	**323 362**	**52 697**	**331 865**	**36 528**		
% of revenue from sales and other income	**0,5%**	**36.7%**	**1.4%**	**45.4%**	**27.3%**		
Unallocated costs at Group level (administrative expenses)							(22 010)
Operating profit							**348 440**
Finance costs							(73 524)
Finance income							71 537
Gains on currency derivative instruments not used in hedge accounting							36 009
Dividend income							1 163
Impairment of financial assets at amortised cost							(3 468)
Share of results of associates and jointly controlled entities							15 995
Gross profit							**396 152**
Income tax							(82 719)
Net profit							**313 433**
Share of profit attributable to non-controlling interests							**69 360**

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

Other information concerning segments as at 30 June 2023 and for the six-month period ended on that date is as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 447	11 419 583	5 920 721	2 633 822	361 824	(623 091)	19 727 306
Trade and other receivables	4 196 193	696 968	3 082 357	403 828	712 918	(3 073 521)	6 018 743
Costs related to the conclusion of agreements	20 128	-	-	-	-	-	20 128
Assets arising from contracts with customers	379 816	341 357	268	-	9 023	(43 582)	686 882
Total	**4 610 584**	**12 457 908**	**9 003 346**	**3 037 650**	**1 083 765**	**(3 740 194)**	**26 453 059**
ASSETS excluded from segments							9 638 474
- including property, plant and equipment							10 841
- including trade and other receivables							46 314
TOTAL ASSETS							**36 091 533**
Trade and other payables	802 657	1 010 315	1 609 274	460 178	151 725	(1 110 683)	2 923 466
Liabilities arising from contracts with customers	2 096 523	424 394	–	598	20	(2 006 420)	515 115
Total	**2 899 180**	**1 434 709**	**1 609 274**	**460 776**	**151 745**	**(3 117 103)**	**3 438 581**
Equity and liabilities excluded from segments							32 652 952
- including trade and other payables							370 728
TOTAL EQUITY AND LIABILITIES							**36 091 533**
for the 6-month period ending 30 June 2023							
Investment expenditures on property, plant and equipment and intangible assets	-	679 559	194 462	338 321	33 015	(43 705)	1 201 652
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							-
Depreciation/amortisation	1 075	359 422	231 733	183 268	36 641	(13 003)	799 136
Amortisation excluded from segments							1 124
Recognition/(reversal/use) of impairment losses on receivables	4 917	53	3	152	(190)	-	4 935
(Reversal) / recognition of impairment losses on non-financial non-current assets	-	-	(1 134)	793 443	-	-	792 309

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

Other information concerning segments as at 31 December 2022 and for the six-month period ended on 30 June 2022 is as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 662	11 060 021	5 970 151	3 325 252	364 887	(592 243)	20 142 730
Trade and other receivables	3 698 292	387 543	1 716 479	211 920	215 888	(959 712)	5 270 410
Costs related to the conclusion of agreements	19 976	-	-	-	-	-	19 976
Assets arising from contracts with customers	331 002	313 195	1 443	-	8 833	(30 573)	623 900
Total	**4 063 932**	**11 760 759**	**7 688 073**	**3 537 172**	**589 608**	**(1 582 528)**	**26 057 016**
ASSETS excluded from segments							11 377 956
- including property, plant and equipment							11 404
- including trade and other receivables							2 186
TOTAL ASSETS							**37 434 972**
Trade and other payables	561 770	577 575	2 190 098	301 712	367 427	(541 621)	3 456 961
Liabilities arising from contracts with customers	494 199	316 700	797	392	988	(448 664)	364 412
Total	**1 055 969**	**894 275**	**2 190 895**	**302 104**	**368 415**	**(990 285)**	**3 821 373**
Equity and liabilities excluded from segments							33 613 599
- including trade and other payables							1 740 880
TOTAL EQUITY AND LIABILITIES							**37 434 972**
for the 6-month period ending 30 June 2022							
Investment expenditures on property, plant and equipment and intangible assets	218	608 107	171 184	261 678	22 317	(24 163)	1 039 341
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							-
Depreciation/amortisation	1 344	347 549	221 130	174 482	36 891	(11 258)	770 138
Amortisation excluded from segments							1 542
Recognition/(reversal/use) of impairment losses on receivables	(305)	(1 243)	(3 622)	72	(228)	-	(5 326)
(Reversal) / recognition of impairment losses on non-financial non-current assets	-	-	(1 737)	4 314	-	-	2 577

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

Explanatory notes to the consolidated statement of comprehensive income

7. Revenue from sales

Net revenue from sales

	For the six-month period ended	
	30 June 2023	30 June 2022
Revenue from the sale of electricity	18 271 692	11 530 592
Revenue from the sale of distribution services	2 317 490	1 645 899
Revenue from connection fees	64 449	36 914
Revenue from the sale of goods and materials	88 188	108 387
Revenue from the sale of other products and services	84 166	108 368
Revenue from origin certificates	14 395	438
Revenue from the sale of industrial heat	319 486	253 897
Revenue from the sale of coal	191 127	400 845
Revenue from the sale of gas	75 239	170 955
Revenue from Capacity Market	472 638	447 632
Total net revenue from sales	**21 898 870**	**14 703 927**

The Group mainly classifies revenue by type of product/service. The main revenue groups are revenues from the sale of electricity (Trading and Generation segments), revenues from the sale of distribution services (Distribution segment), revenues from the Power Market (Generation segment), revenues from the sale of coal (Mining segment), revenues from the sale of thermal energy (Generation segment) and revenues from the sale of gas (Trade segment). Revenues from the sale of products and services primarily comprise revenues relating to the maintenance and upgrading of road lighting equipment.

Sale of electricity: The Group recognises revenue at the end of each billing period that arises from sales contracts, according to the amount of electricity delivered to the customer during the billing period. The Group recognises revenue over a period of time and uses the simplification of revenue recognition under invoicing as it reflects the degree of performance obligation at the reporting date. The key groups of contracts include electricity sale contracts (including framework contracts) for retail, business, key and strategic customers. Under these contracts, service is provided in a continuous manner and the level of revenue depends on usage. Sales to the clearing-house Izba Rozliczeniowa Giełd Towarowych S.A. and the TGE power exchange also take place.

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

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

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

In the case of the quality fee, transition fee, capacity fee and renewables fee, ENEA Operator serves, as a rule, as entity collecting fees and providing this consideration to other market participants, e.g. to Polskie Sieci Elektroenergetyczne S.A. (PSE). These fees (quality fee, transition fee, capacity fee, renewables fee) constitute quasi-taxes collected on behalf of other entities. ENEA Operator acts as agent collecting fees for other energy market participants, including PSE. In consequence, revenue from the sale of distribution services is reduced by the amount of renewables fee, quality fee, capacity fee and transition fee collected. Costs related to the procurement of transmission services and costs related to invoices for renewables support and support for producers are subject to adjustment. The volume of revenue from the sale of electricity distribution services is based on documented sales, plus the re-estimation of uninvoiced sales of electricity distribution services in the period and minus the re-estimation of those sales from the previous period. Estimation of sales is made at the end of each month. Revenue for distribution services is recognised at the time the service is provided, based on the readings of the metering and billing systems, taking into account the re-estimation of consumption.

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

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

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

	For the six-month period ended	
	30 June 2023	30 June 2022
Revenue from continuous services	21 456 545	14 048 975
Revenue from services provided at specified time	442 325	654 952
Total	**21 898 870**	**14 703 927**

Compensations

Pursuant to the provisions of the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 in connection with the situation on the electricity market and the Act of 27 October 2022 on emergency measures to reduce the level of electricity prices and support for certain consumers in 2023, the eligible entity is entitled to compensation.

In its consolidated statement of comprehensive income for the first half of 2023, the Group recognised PLN 2 114 940 thousand in compensation-related revenue.

ENEA S.A. recognised compensation revenue in H1 2023 amounting to PLN 1 892 333 thousand, of which:

- PLN 1 149 700 thousand due to the application of settlements with eligible customers in accordance with the provisions of the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 in connection with the situation on the electricity market;
- PLN 742 633 thousand for the application of the maximum price in accordance with the provisions of the Act of 27 October 2022. on emergency measures to limit the level of electricity prices and support for certain consumers in 2023.

The Financial compensations constitute the Company's revenue and are recognised under the line Compensations.

In H1 2023, in accordance with the deadlines under the aforementioned laws, the Company submitted the relevant applications to Zarządca Rozliczeń S.A. for compensation payments for the period up to May 2023. Applications for June 2023 were filed on 18 and 20 July 2023 - the amount of compensation for June 2023 is included in the Company's revenue on an estimated basis and does not materially differ from that which was stated in the application.

In the first half of 2023, ENEA S.A. received PLN 980 180 thousand of the PLN 1 892 333 thousand in compensations recognised in the statement of comprehensive income. The remaining PLN 912 153 thousand as of 30 June 2023 was due to be received by the Company. In addition, in accordance with art. 14 of the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 in connection with the situation on the electricity market and in accordance with art. 9 of the act of 27 October 2022 on emergency measures to limit the level of electricity prices and support certain consumers in 2023, ENEA S.A. received advances for December 2022, January 2023 and February 2023, totalling PLN 1 001 162 thousand. In the statement of financial position, the Company recognised the difference between the received advances and the Compensations due, in the amount of PLN 89 009 thousand, under trade and other payables.

Pursuant to the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 in connection with the situation on the electricity market, ENEA Operator Sp. z o.o. has received compensation for the use of electricity prices referred to in art. 7 sec. 1 of the Act. The compensation constitutes the difference between the charges billed for electricity distribution services resulting from the 2023 tariff rates for electricity distribution services and the charges billed for electricity distribution services resulting from the 2022 tariff rates for electricity distribution services, up to the maximum limit referred to in the Act. In the first half of 2023, ENEA Operator Sp. z o.o. received PLN 149 548 thousand out of the PLN 222 607 thousand of Compensation recognised in the statement of comprehensive income (value of Compensation from Zarządca Rozliczeń: PLN 252 527 thousand less carryover charges of PLN 29 920 thousand). The remaining amount of PLN 102 979 thousand as of 30 June 2023 was due to be received by the company. In addition, in accordance with the provisions of art. 14 of the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 due to the situation on the electricity market, the company received advance payments for January and February 2023 in the total amount of PLN 113 318 thousand. In the statement of financial position, the difference between the advances received and the compensation due, amounting to PLN 10 339 thousand, was recognised in trade and other payables.

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

8. Tax

Deferred income tax

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

	As at	
	30 June 2023	31 December 2022
Net deferred income tax assets at the beginning of period, including:	**778 853**	**921 483**
- deferred income tax assets at the beginning of period	**1 315 108**	**1 400 872**
- deferred income tax provision at the beginning of period	**536 255**	**479 389**
(Charge)/addition to profit or loss	622 526	(122 832)
(Charge)/addition to other comprehensive income	34 238	(19 798)
Net deferred income tax assets at the end of period, including:	**1 435 617**	**778 853**
- deferred income tax assets at the end of period	**1 987 621**	**1 315 108**
- deferred income tax provision at the end of period	**552 004**	**536 255**

In the 6-month period ended 30 June 2023, the Group's profit before tax was increased as a result of an increase in net deferred income tax assets by PLN 622 526 thousand (in the 6-month period ended 30 June 2022 the increase of the Group's profit before tax as a result of an increase in net deferred income tax assets amounted to PLN 60 348 thousand).

The effective percentage addition to profit before tax for current and deferred income tax, presented in the consolidated statement of comprehensive income in the amount of PLN 69 416 thousand, deviates from the effective percentage charge in the comparative period primarily due to the recognition for the first time of deferred income tax on the measurement of forward transactions.

Explanatory notes to the consolidated statement of financial position

9. Property, plant and equipment

In the 6-month period ended 30 June 2023 the Group purchased property, plant and equipment items for a total of PLN 1 173 052 thousand (in the 6-month period ending 30 June 2022: PLN 1 028 795 thousand). These amounts mainly concern the generation segment (PLN 209 417 thousand), mining (PLN 337 672 thousand) and distribution (PLN 611 022 thousand).

In the 6-month period ended 30 June 2023 the Group sold and liquidated property, plant and equipment items with a total net book value of PLN 48 220 thousand (in the 6 months ended 30 June 2022: PLN 36 689 thousand).

In the 6-month period ended 30 June 2023, impairment losses on property, plant and equipment increased by PLN 786 678 thousand on a net basis (in the 6-month period ended 30 June 2022 impairment of property, plant and equipment increased by PLN 1 968 thousand on a net basis).

As at 30 June 2023, total impairment of property, plant and equipment amounted to PLN 5 702 918 thousand (as at 31 December 2022: PLN 4 916 240 thousand).

Future contract liabilities related to the purchase of property, plant and equipment incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 1 459 995 thousand as at 30 June 2023 (as at 31 December 2022: PLN 1 517 043 thousand).

The Group has estimated the fair value of the Mining CGU (LWB). The Group has recognised an impairment loss of PLN 748 815 thousand on non-financial non-current assets in the Mining segment in these condensed consolidated interim financial statements. Details are presented in note 29.

10. Intangible assets

In the 6-month period ended 30 June 2023 the Group purchased intangible assets worth PLN 28 600 thousand (in the 6-month period ended 30 June 2022 the Group purchased intangible assets worth PLN 10 546 thousand).

In the 6-month period ended 30 June 2023 the Group did not conduct significant sales or liquidations of intangible assets (in the 6-month period ended 30 June 2022 the Group also did not conduct significant sales or liquidations of intangible assets).

Future contract liabilities related to the purchase of intangible assets incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 325 708 thousand as at 30 June 2023 (as at 31 December 2022: PLN 76 517 thousand).

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

11. Investments in associates and jointly controlled entities

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

As at 30 June 2023	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Elektrownia Wiatrowa Baltica-4 Sp. z o.o.	Elektrownia Wiatrowa Baltica-5 Sp. z o.o.	Elektrownia Wiatrowa Baltica-6 Sp. z o.o.	Total
Stake	**50.00%**	**16.17%**	**33.81%**	**33.81%**	**33.76%**	
Current assets	27 835	1 745 357	117	110	288	1 773 707
Non-current assets	76 530	680 734	-	6	-	757 270
Total assets	**104 365**	**2 426 091**	**117**	**116**	**288**	**2 530 977**
Current liabilities	25 946	1 182 807	1 245	1 277	111	1 211 386
Non-current liabilities	-	265 657	-	-	-	265 657
Total liabilities	**25 946**	**1 448 464**	**1 245**	**1 277**	**111**	**1 477 043**
Net assets	**78 419**	**977 627**	**(1 128)**	**(1 161)**	**177**	**1 053 934**
Share in net assets	**-**	**158 082**	**-**	**-**	**60**	**158 142**
Goodwill	7 080	15 954	-	-	216	23 250
Impairment of goodwill	(7 080)	-	-	-	-	(7 080)
Elimination of unrealised gains/losses	-	(5 827)	-	-	-	(5 827)
Book value of equity-accounted investments at 30 June 2023	**-**	**168 209**	**-**	**-**	**276**	**168 485**

The Group made a consolidation adjustment concerning margins on sales in transactions between the Group and Polimex - Mostostal S.A. by PLN 5 827 thousand.

Despite the value of the share in the net assets of Elektrownia Ostrołęka Sp. z o.o. being positive, the Group, in accordance with the prudent valuation principle, recognized the shares in this company at zero value in its consolidated statement of financial position.

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

As at 31 December 2022	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Elektrownia Wiatrowa Baltica-4 Sp. z o.o.	Elektrownia Wiatrowa Baltica-5 Sp. z o.o.	Elektrownia Wiatrowa Baltica-6 Sp. z o.o.	Total
Stake	**50.00%**	**16.26%**	**33.81%**	**33.81%**	**33.76%**	
Current assets	115 613	2 149 231	355	430	512	2 266 141
Non-current assets	77 440	675 478	-	-	-	752 918
Total assets	**193 053**	**2 824 709**	**355**	**430**	**512**	**3 019 059**
Current liabilities	521 412	1 620 793	1 201	1 214	81	2 144 701
Non-current liabilities	-	262 044	-	-	-	262 044
Total liabilities	**521 412**	**1 882 837**	**1 201**	**1 214**	**81**	**2 406 745**
Net assets	**(328 359)**	**941 872**	**(846)**	**(784)**	**431**	**612 314**
Share in net assets	**-**	**153 148**	**(286)**	**(265)**	**146**	**152 743**
Goodwill	7 080	15 954	302	268	216	23 820
Impairment of goodwill	(7 080)	-	-	-	-	(7 080)
Elimination of unrealised gains/losses	-	(6 166)	-	-	-	(6 166)
Book value of equity-accounted investments at 31 December 2022	**-**	**162 936**	**16**	**3**	**362**	**163 317**

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

Change in investments in subsidiaries, associates and jointly controlled entities

	As at	
	30 June 2023	31 December 2022
As at the beginning of period	**163 317**	**137 881**
Change in the change in net assets	4 714	24 970
Purchase of investments	848	1 123
Sale of investments	(394)	(657)
As at the reporting date	**168 485**	**163 317**

Implementation of project to build Elektrownia Ostrołęka C

As of 30 June 2023, ENEA S.A. held 9 124 821 shares of Elektrownia Ostrołęka Sp. z o.o., with a nominal value of PLN 50.00 each and total nominal value of PLN 456 241 thousand.

On 23 December 2022, ENEA S.A. and ENERGA S.A. executed with Elektrownia Ostrołęka Sp. z o.o. Annex 6 to the PLN 340 million loan agreement of 23 December 2019 and Annex 11 to the PLN 58 million loan agreement of 17 July 2019. Under the provisions of Annex 6, the deadline for the one-off repayment by Elektrownia Ostrołęka Sp. z o.o. of the loan of up to PLN 340 000 thousand of 23 December 2019, together with the interest due, was extended to 28 February 2023, with the parties assuming that a partial repayment of the principal from the loan agreement to each of the lenders would be made on 11 January 2023. Pursuant to the provisions of Annex 11, the deadline for the one-off repayment by Elektrownia Ostrołęka Sp. z o.o. of the loan of up to PLN 58 000 thousand of 17 July 2019 along with the interest due was prolonged to 11 January 2023.

On 28 February 2023, ENEA S.A. and ENERGA S.A. executed with Elektrownia Ostrołęka Sp. z o.o. Annex 7 to loan agreement of up to PLN 340 000 thousand of 23 December 2019 Pursuant to the provisions of Annex 7, the deadline for the one-off repayment by Elektrownia Ostrołęka Sp. z o.o. of the loan along with the interest due was prolonged to 28 April 2023.

On 27 April 2023, an Extraordinary General Meeting of Elektrownia Ostrołęka Sp. z o.o. decided to increase the company's share capital by PLN 100 to PLN 912 482 200, by issuing 2 new shares with a nominal value of PLN 50.00 each and issue price of PLN 202 657 thousand each. The existing shareholders, i.e. ENEA S.A. and ENERGA S.A., each acquired 1 of the new issue shares with a nominal value of PLN 50; ENEA S.A. purchased on 27 April 2023 1 of the new issue shares in exchange for a cash contribution of PLN 202 657 thousand. Subsequently, with effect from 28 April 2023, a receivables set-off agreement was concluded between ENEA S.A. and Elektrownia Ostrołęka Sp. z o.o., i.e. the receivables of ENEA S.A. towards Elektrownia Ostrołęka Sp. z o.o. for a loan granted under the loan agreement concluded in December 2019 (as amended) with a value of PLN 170 000 thousand plus accrued interest, with a total receivable value of PLN 202 657 thousand, and the receivables of Elektrownia Ostrołęka Sp. z o.o. against ENEA S.A. on account of its commitment to cover 1 share with a cash contribution of PLN 202 657 thousand in the increased share capital of the company. Pursuant to the aforementioned set-off agreement, the above-mentioned receivables cancelled each other in full and thus the loan agreement of 23 December 2019 (as amended) expired on 28 April 2023. In the statement of comprehensive income, the existing impairment of the loan was offset by the impairment of the newly-acquired share of Elektrownia Ostrołęka Sp. z o.o.

12. Inventories

Inventories

	As at	
	30 June 2023	31 December 2022
Materials	2 127 076	1 829 702
Semi-finished products and production in progress	3 942	798
Finished products	95 162	10 948
Energy origin certificates	270 814	157 443
Goods	26 459	22 933
Gross value of inventory	**2 523 453**	**2 021 824**
Impairment of inventory	(42 101)	(41 974)
Net value of inventory	**2 481 352**	**1 979 850**

In the 6-month period ended 30 June 2023, impairment losses on inventory increased by PLN 127 thousand (in the 6-month period ended 30 June 2022 impairment of inventory increased by PLN 1 103 thousand).

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

13. Energy origin certificates

Energy origin certificates

	As at 30 June 2023	As at 31 December 2022
Net value at the beginning of period	**147 910**	**416 137**
Internal manufacture	210 563	337 899
Purchase	29 393	217 519
Depreciation	(124 824)	(819 740)
Sale	(1 761)	-
Change in impairment	-	(3 905)
Net value at the reporting date	**261 281**	**147 910**

14. Assets and liabilities arising from contracts with customers

Assets and liabilities arising from contracts with customers

	Assets arising from contracts with customers	Liabilities arising from contracts with customers
As at 1 January 2022	**412 908**	**460 336**
Change in non-invoices receivables	211 112	-
Revenue recognised in a period that was taken into account in the opening balance for liabilities arising from contracts with customers	-	(98 199)
Increase due to advance payments received from customers	-	2 434
Liabilities resulting from sales adjustments	-	(159)
Impairment	(120)	-
As at 31 December 2022	**623 900**	**364 412**
Change in non-invoices receivables	63 077	-
Revenue recognised in a period that was taken into account in the opening balance for liabilities arising from contracts with customers	-	(4 399)
Increase due to advance payments received from customers	-	109 766
Liabilities resulting from sales adjustments	-	45 336
Impairment	(95)	-
As at 30 June 2023	**686 882**	**515 115**

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

15. Restricted cash

As at 30 June 2023, the Group's restricted cash amounted to PLN 1 307 994 thousand (as at 31 December 2022: PLN 511 540 thousand). This mainly included cash for deposits for electricity and CO_2 emission allowance transactions (mainly cash for collateral in settlements with clearinghouse IRGiT), funds in a VAT account (split payment), collateral paid to suppliers and cash withholding as collateral for proper performance of work.

16. Profit allocation

On 12 June 2023 an Ordinary General Meeting of ENEA S.A. adopted resolution no. 7 concerning the allocation of net profit for the financial year covering the period from 1 January 2022 to 31 December 2022, pursuant to which PLN 2 448 024 thousand was allocated to supplementary capital.

On 24 June 2022 an Ordinary General Meeting of ENEA S.A. adopted resolution no. 7 concerning the allocation of net profit for the financial year covering the period from 1 January 2021 to 31 December 2021, pursuant to which PLN 442 110 thousand was allocated to supplementary capital and PLN 18 299 thousand to reduce the negative value of other capitals.

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

17. Debt-related liabilities

Credit facilities, loans and debt securities

	As at 30 June 2023	As at 31 December 2022
Bank credit	2 668 083	1 279 820
Loans	19 209	25 015
Bonds	704 963	2 782 472
Long-term	**3 392 255**	**4 087 307**
Bank credit	768 561	555 614
Loans	11 532	12 820
Bonds	2 178 220	181 839
Short-term	**2 958 313**	**750 273**
Total	**6 350 568**	**4 837 580**

In the 6-month period ended 30 June 2023, the book value of credit facilities, loans and debt securities increased by PLN 1 512 988 thousand on a net basis (6-month period ended 30 June 2022: down by PLN 1 961 298 thousand).

In accordance with ENEA S.A.'s financing model, in order to secure funding for ENEA Group companies' on-going operations and investment needs, ENEA executes agreements with external financial institutions concerning bond issue programs and/or credit agreements. In further activities, ENEA S.A. will focus on securing appropriate diversification of external financing sources for investments planned in "ENEA Group's Development Strategy to 2030 with an outlook to 2040," with particular focus on the Distribution and Renewables segments. At the same time, bearing in mind the very limited possibilities of obtaining financing for the operations of the generating companies, the ENEA Group will take steps to spin off from its structures the assets related to electricity generation in conventional coal units.

Credit facilities and loans

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

No.	Company	Lender	Contract date	Total contract amount	Debt at 30 June 2023	Debt at 31 December 2022	Interest	Contract period
1.	ENEA S.A.	EIB	18 October 2012 (A) and 19 June 2013 (B)	1 425 000	700 010	762 717	Fixed interest rate or WIBOR 6M + margin	17 June 2030
2.	ENEA S.A.	EIB	29 May 2015 (C)	946 000	683 500	722 500	Fixed interest rate or WIBOR 6M + margin	15 September 2032
3.	ENEA S.A.	Bank Pekao S.A., Alior Bank S.A., Bank of China S.A., PKO BP S.A., BGK	27 January 2023	2 500 000	2 000 000	-	WIBOR 6M + margin	27 January 2028
4.	ENEA S.A.	PKO BP S.A.	28 January 2014, Annex 3 of 28 December 2022	500 000	-	243 636	WIBOR 1M + margin	31 December 2024
5.	ENEA S.A.	Pekao S.A.	28 January 2014, Annex 3 of 28 December 2022	150 000	-	92 920	WIBOR 1M + margin	31 December 2024
6.	ENEA S.A.	BGK	7 September 2020 Annex 3 of 27 October 2022	1 250 000	-	-	WIBOR 1M +margin	28 July 2023
7.	ENEA S.A.	PKO BP S.A.	3 October 2022 Annex 2 of 28 June 2023	500 000	-	-	WIBOR 1M + margin for PLN or EURIBOR 1M+margin for EUR	31 December 2023
8.	ENEA S.A.	Pekao S.A.	21 October 2022	750 000	-	-	EURIBOR 1M+margin	21 October 2023

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

9.	ENEA Ciepło Sp. z o.o.	National Fund for Environmental Protection and Water Management (NFOŚiGW)	22 December 2015	60 075	24 489	28 036	WIBOR 3M, no less than 2%	20 December 2026
10.	Other	-	-	-	6 252	9 869	-	-
	TOTAL			**8 081 075**	**3 414 251**	**1 859 678**		
Transaction costs and effect of measurement using effective interest rate					53 134	13 591		
	TOTAL			**8 081 075**	**3 467 385**	**1 873 269**		

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

ENEA S.A.

On 27 January 2023, ENEA S.A. signed a financing agreement with a syndicate of banks consisting of: Polska Kasa Oszczędności Bank Polski S.A., Bank Gospodarstwa Krajowego, Bank Polska Kasa Opieki S.A., Alior Bank S.A. and Bank of China (Europe) S.A., branch in Poland. Under this agreement, the Company raised financing totalling up to PLN 2 500 000 thousand, including a term loan of up to PLN 1 500 000 thousand ("Loan A") and a revolving renewable loan of up to PLN 1 000 000 thousand ("Loan B"). The maturity period is 5 years, with an option to roll over for a further 2 years. This is a financing agreement linked to sustainable development. Under the terms of the agreement, the Company may use the funds made available under Loan A to finance and refinance ENEA Group's capital expenditure incurred in connection with the construction, expansion, modernisation or maintenance of the distribution network and the acquisition, development, expansion, financing, construction, modernisation, maintenance or commissioning of any renewable energy sources. Loan B may be used by the Company to finance the day-to-day operations and working capital of ENEA Group, excluding: the financing of the construction, acquisition and expansion of hard coal-fired power plants, as well as other activities related to hard coal, including: hard coal mining, hard coal trading and the refinancing of any financial indebtedness or expenditure incurred for such purpose. Following the Company's fulfilment of all conditions precedent, Loan A and Loan B were disbursed on 3 February 2023. The financing is based on a variable interest rate, plus a margin (determined by the level of the net debt/EBITDA ratio). In addition, the interest rate for Loan A depends on sustainability indicators, i.e. the CO_2 reduction rate and the rate of increasing the share of renewable energy sources in the generation structure of ENEA Group.

ENEA Ciepło Sp. z o.o.

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

The total loan-related debt of ENEA Ciepło Sp. z o.o. as at 30 June 2023 amounted to PLN 24 489 thousand (at 31 December 2022: PLN 28 036 thousand).

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

Bond issue programs

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

No.	Bond issue program name	Program start date	Program amount	Value of outstanding bonds as at 30 June 2023	Value of outstanding bonds as at 31 December 2022	Interest	Buy-back deadline
1.	Bond issue program agreement with BGK	15 May 2014	1 000 000	520 000	560 000	WIBOR 6M + margin	Buy-back in tranches, last tranche due in December 2026
2.	Bond issue program agreement with PKO BP S.A., Bank Pekao S.A. and mBank S.A.	30 June 2014	5 000 000	2 000 000	2 000 000	WIBOR 6M + margin	Buy-back in June 2024
3.	Bond issue program agreement with BGK	3 December 2015	700 000	342 503	380 558	WIBOR 6M + margin	Buy-back in tranches, last tranche due in September 2027
	Total		**6 700 000**	**2 862 503**	**2 940 558**		
Transaction costs and effect of measurement using effective interest rate				20 680	23 753		
	Total		**6 700 000**	**2 883 183**	**2 964 311**		

In the 6-month period ended on 30 June 2023, ENEA S.A. did not execute new bond issue program agreements.

Interest rate hedges and currency hedges

In the 6-month period ended 30 June 2023 ENEA S.A. did not execute interest rate swaps. The total bond and credit exposure hedged with IRSs as at 30 June 2023 amounted to PLN 3 052 469 thousand. Moreover, ENEA S.A. has fixed-rate credit agreements totalling PLN 396 713 thousand. These transactions have material impact on the predictability of expense flows and finance costs. The Company presents the measurement of these instruments in the item: Financial assets measured at fair value. Derivative instruments are treated as cash flow hedges, which is why they are recognised and accounted for using hedge accounting rules.

As at 30 June 2023, financial assets at fair value concerning IRSs amounted to PLN 154 980 thousand (31 December 2022: PLN 252 902 thousand).

In the 6-month period ended 30 June 2023 the Company did not execute FX forward transactions. The measurement of this instrument as at 30 June 2023 was PLN 0 (PLN 0 thousand as at 31 December 2022).

During the six-month period ended 30 June 2023, ENEA Nowa Energia Sp. z o.o. did not enter into any FX forward hedging transactions. The measurement of these instruments as at 30 June 2023 was PLN (452) thousand (PLN (160) thousand as at 31 December 2022).

During the six-month period ended 30 June 2023, ENEA Centrum Sp. z o.o. concluded 4 FX Forward transactions with a total value of EUR 127 thousand. Measurement of these instruments as at 30 June 2023 was PLN (121) thousand (PLN (249) thousand as at 31 December 2022).

During the six-month period ended 30 June 2023, ENEA Trading Sp. z o.o. concluded a total of 191 FX Forward buy/sell transactions for a value of EUR 765 372 thousand. The measurement of these instruments as at 30 June 2023 was PLN 902 709 thousand (PLN 278 818 thousand as at 31 December 2022).

Financing terms - covenants

Financing agreements require ENEA S.A. and ENEA Group to maintain certain financial ratios. As at 30 June 2023, the debt ratio of the subsidiaries under the loan agreements signed with the European Investment Bank ("EIB Agreements"), exceeded the permissible level, due to, inter alia, the result of a decrease in ENEA S.A.'s debt due to the systematic repayment of its working capital loans. In addition, this level was significantly affected by the negative valuation of FX Forward contracts for EUR, executed by ENEA Trading Sp. z o.o. in order to hedge the currency risk concerning the purchase of CO_2 emission allowances. Taking this into account, ENEA S.A. applied to the EIB for a so-called waiver, estimating that after the spin-off of generating companies from ENEA Group to the National Energy Security Agency, the valuation of FX Forward contracts will no longer have a negative impact on financial results.

Under the provisions of the EIB Agreements, exceeding the debt ratio of the subsidiaries does not result in the immediate maturity of the loans, but gives the EIB the right to issue a call for corrective action, which the EIB has not exercised. At the same time, as at the date of these condensed consolidated interim financial statements and in the first half of 2023 the Group was not required to repay any financial debt early.

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

18. Provisions

In the 6-month period ended 30 June 2023, provisions for other liabilities and charges decreased on a net basis by PLN 1 901 072 thousand (6-month period ended 30 June 2022: increase by PLN 444 591 thousand).

Change in provisions for other liabilities and charges in the period ended 30 June 2023:

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO_2 emission allowance purchases	Mine liquidation	Provision for onerous contracts	Other	Total
As at 1 January 2023	**193 353**	**134 044**	**53 309**	**206 155**	**5 499 532**	**146 963**	**664 818**	**235 762**	**7 133 936**
Reversal of discount and change of discount rate	5 382	-	848	-	-	4 776	-	-	11 006
Increase in existing provisions	32 130	7 153	1 422	249 602	3 738 301	-	-	9 554	4 038 162
Use of provisions	(214)	(18 213)	-	(177 911)	(5 548 634)	-	(184 148)	(12 769)	(5 941 889)
Reversal of unused provision	(5)	(273)	-	(3 413)	(41)	(4 607)	-	(12)	(8 351)
As at 30 June 2023	**230 646**	**122 711**	**55 579**	**274 433**	**3 689 158**	**147 132**	**480 670**	**232 535**	**5 232 864**
Long-term									*965 892*
Short-term									*4 266 972*

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

	Provision for non-contractual use of land	Provision for other claims	Provision for landfill site reclamation	Provision for energy origin certificates	Provision for CO_2 emission allowance purchases	Mine liquidation	Provision for onerous contracts	Other	Total
As at 1 January 2022	**213 578**	**299 654**	**62 860**	**377 643**	**2 859 300**	**120 810**	**250 103**	**324 422**	**4 508 370**
Reversal of discount and change of discount rate	(22 039)	-	(7 861)	-	-	4 470	-	-	(25 430)
Increase in existing provisions	4 166	23 666	505	184 077	5 562 046	21 683	1 594 199	32 524	7 422 866
Use of provisions	(2 280)	(187 410)	-	(355 532)	(2 918 999)	-	(1 179 484)	(70 411)	(4 714 116)
Reversal of unused provision	(72)	(1 866)	(2 195)	(33)	(2 815)	-	-	(50 773)	(57 754)
As at 31 December 2022	**193 353**	**134 044**	**53 309**	**206 155**	**5 499 532**	**146 963**	**664 818**	**235 762**	**7 133 936**
Long-term									*946 088*
Short-term									*6 187 848*

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

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

Provision for onerous contracts

On 17 December 2022, the President of the Energy Regulatory Office ("URE President") approved a tariff for electricity for a set of tariff G customer groups for the period from 1 January 2023 to 31 December 2023 (Tariff). The URE President approved the price for the sale of electricity to recipients in tariff group G for ENEA S.A., at an average level of PLN 1 050.58 per MWh, after a previous in minus adjustment of the amount of the Tariff determined in the first application submitted by the Company in this matter. The amount of the Tariff does not fully cover the Company's estimated justified costs for the purchase of electricity, based on the contracts already concluded and the valuation of the open position. Considering the above and acting pursuant to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Company identified the necessity to recognise in 2022 a provision for onerous contracts for customers from tariff group G amounting to PLN 368 295 thousand. In the 6-month period ended 30 June 2023 ENEA S.A. used the provision for onerous contracts in the amount of PLN 184 148 thousand.

Other provisions mainly concern:

- potential liabilities related to grid assets resulting from differences in the interpretation of regulations PLN 201 947 thousand (as at 31 December 2022: PLN 196 136 thousand); it is difficult to determine when this provision will be performed, however in these financial statements it is assumed that it will not happen within 12 months.

19. Accounting for subsidies and road lighting modernisation services

Accounting for income from subsidies and road lighting modernisation services

	As at	
	30 June 2023	31 December 2022
Long-term		
Accounting for deferred revenue - subsidies	422 269	375 376
Accounting for deferred revenue - road lighting modernisation services	123 994	118 528
Total non-current deferred revenue	**546 263**	**493 904**
Short-term		
Accounting for deferred revenue - subsidies	16 132	14 478
Accounting for deferred revenue - road lighting modernisation services	6 258	5 903
Total current deferred revenue	**22 390**	**20 381**

Schedule for accounting for deferred revenue

	As at	
	30 June 2023	31 December 2022
Up to one year	22 390	20 381
From one to five years	86 707	79 536
Over five years	459 556	414 368
Total deferred revenue	**568 653**	**514 285**

In the 6-month period ended 30 June 2023, the book value of grant accounting and road lighting modernisation services increased by PLN 54 368 thousand on a net basis (in the 6-month period ended 30 June 2022, the book value of grant accounting and road lighting modernisation services increased by a net amount of PLN 26 872 thousand).

The item 'deferred revenue concerning subsidies' includes mainly EU subsidies and subsidies from the NFOŚiGW for the development of electricity and heating infrastructure. The grants mainly concern investments and the conduct of research and development work. Each grant is awarded on the basis of a separate agreement, from which a number of obligations arise. Contractors must be selected on the basis of transparent procedures that are subject to examination by the financing institutions. The expenditure on the basis of which the grant is awarded must meet eligibility criteria, which are very detailed and vary according to the type of project implemented (investment/R&D). In most cases, grants are awarded in the form of refund of eligible expenditure incurred. There are occasional advance payments. Each agreement also contains information obligations as well as an obligation to maintain the results over a so-called sustainability period, which for large companies is five years.

The Group enters into contracts for the provision of lighting services to the Municipalities with the obligation to provide lighting for public places. The lighting service provided by the Group includes the operation of road lighting, while at the same time the Group also provides energy supply obligations. The lighting service is provided on a continuous basis. The Group provides lighting services using its lighting assets (road lighting networks). Moreover, the Group provides a service to improve the quality and efficiency of road lighting. The service involves upgrading or extending lighting assets with Group funds. This allows the Municipalities to purchase a lighting service of a higher standard. The Group also receives lighting assets from the Municipalities or other entities. Therefore, in the Group's view, the contracts concluded for improving the quality and efficiency of road lighting, the receipt of lighting infrastructure and its operation should be considered together. As a result, the Group accounts for revenue from road lighting improvements and efficiency and revenue from lighting assets received free of charge in proportion to the economic life of the resulting fixed assets.

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

Financial instruments

20. Financial instruments and fair value

	As at 30 June 2023		As at 31 December 2022	
	Book value	Fair value	Book value	Fair value
FINANCIAL ASSETS				
Long-term	**273 768**	**70 963**	**312 915**	**161 391**
Financial assets measured at fair value	70 963	70 963	161 391	161 391
Trade and other receivables	46 599	(*)	2 431	(*)
Finance lease and sublease receivables	1 002	(*)	1 168	(*)
Funds in the Mine Decommissioning Fund	155 204	(*)	147 925	(*)
Short-term	**8 596 355**	**365 977**	**6 402 022**	**382 546**
Financial assets measured at fair value	365 977	365 977	382 546	382 546
Debt financial assets at amortised cost	-	(*)	42 004	(*)
Assets arising from contracts with customers	686 882	(*)	623 900	(*)
Trade and other receivables	4 714 237	(*)	3 788 552	(*)
Finance lease and sublease receivables	1 209	(*)	1 304	(*)
Cash and cash equivalents	2 828 050	(*)	1 563 716	(*)
TOTAL FINANCIAL ASSETS	**8 870 123**	**436 940**	**6 714 937**	**543 937**
FINANCIAL LIABILITIES				
Long-term	**4 136 112**	**3 454 514**	**4 744 941**	**4 014 107**
Credit facilities, loans and debt securities	3 392 255	3 333 356	4 087 307	4 013 858
Lease liabilities	600 149	(*)	625 120	(*)
Trade and other payables	22 550	(*)	32 265	(*)
Financial liabilities measured at fair value	121 158	121 158	249	249
Short-term	**6 634 010**	**3 962 886**	**6 165 741**	**1 244 869**
Credit facilities, loans and debt securities	2 958 313	2 958 313	750 273	750 273
Lease liabilities	32 153	(*)	31 338	(*)
Trade and other payables	2 548 867	(*)	4 843 204	(*)
Liabilities arising from contracts with customers	90 104	(*)	46 330	(*)
Financial liabilities measured at fair value	1 004 573	1 004 573	494 596	494 596
TOTAL FINANCIAL LIABILITIES	**10 770 122**	**7 417 400**	**10 910 682**	**5 258 976**

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

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

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

	As at 30 June 2023			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**24 286**	**393 795**	**18 859**	**436 940**
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	154 980	-	154 980
Equity instruments at fair value through other comprehensive income	-	-	12 587	12 587
Call options (at fair value through profit or loss)	-	14 172	-	14 172
Other derivative instruments at fair value through profit or loss	-	224 643	-	224 643
Interests at fair value through profit or loss	24 286	-	6 272	30 558
Total	**24 286**	**393 795**	**18 859**	**436 940**
Financial liabilities measured at fair value	**-**	**(1 125 731)**	**-**	**(1 125 731)**
Derivative instruments at fair value through profit or loss	-	(1 125 731)	-	(1 125 731)
Credit facilities, loans and debt securities	**-**	**(6 291 669)**	**-**	**(6 291 669)**
Total	**-**	**(7 417 400)**	**-**	**(7 417 400)**

	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**21 305**	**503 772**	**18 860**	**543 937**
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	252 902	-	252 902
Equity instruments at fair value through other comprehensive income	-	-	12 587	12 587
Call options (at fair value through profit or loss)	-	17 844	-	17 844
Other derivative instruments at fair value through profit or loss	-	233 026	-	233 026
Interests at fair value through profit or loss	21 305	-	6 273	27 578
Total	**21 305**	**503 772**	**18 860**	**543 937**
Financial liabilities measured at fair value	-	**(494 845)**	-	**(494 845)**
Derivative instruments at fair value through profit or loss	-	(494 845)	-	(494 845)
Credit facilities, loans and debt securities	-	**(4 764 131)**	-	**(4 764 131)**
Total	**-**	**(5 258 976)**	**-**	**(5 258 976)**

Financial assets and financial liabilities at fair value include:

- shares in unrelated entities, the stake in which is below 20%; this line as of 30 June 2023 includes a stake in ElectroMobility Poland S.A., for which there is no market price quoted on an active market; having analysed the standard IFRS 9, the Group decided to qualify these interests as financial instruments through other comprehensive income; in the event that interests in unrelated entities are quoted on the Warsaw Stock Exchange, their fair value is determined on the basis of stock market quotes;
- Polimex-Mostostal S.A. call options;
- derivative instruments, which include the measurement of interest rate swaps; the fair value of derivative instruments is established by calculating the net present value based on two yield curves, i.e. a curve to determine discount factors and a curve used to estimate future variable reference rates;
- forward contracts for the purchase of electricity and gas and property rights

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

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

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

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

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

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

No transfers between the levels were made in the 6-month period ended 30 June 2023.

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

As at 30 June 2023, financial assets at fair value included call options for Polimex-Mostostal S.A. shares, among other things. Pursuant to a call option agreement for Polimex-Mostostal S.A. shares of 18 January 2017, as amended, ENEA S.A. holds 23 call options from Towarzystwo Finansowe Silesia Sp. z o.o. (TFS) to purchase 6 937 500 shares, with a nominal value of PLN 2 each. The contractual share allocation date is at the end of each calendar quarter from September 2021 to December 2026. In the 6-month period ended 30 June 2023 ENEA S.A. submitted a demand to exercise call option no. 8 and no. 9 and made a transfer for 187 500 shares (call option 8) and 125 000 shares (call option 9) of Polimex Mostostal S.A. The increase of Polimex Mostostal S.A.'s share capital by PLN 1 000 thousand, i.e. from PLN 479 738 thousand to PLN 480 738 thousand, by admitting 500 000 ordinary bearer shares series S with a nominal value of PLN 2 each, was registered on 30 January 2023. In March 2023 ENEA S.A. sold 187 500 shares, thus decreasing its stake in that company's share capital from 16.23% to 16.15%. As at 30 June 2023, ENEA S.A. held a 16.17% stake in Polimex Mostostal S.A. A fair-value measurement of the call options was prepared using the Black-Scholes model. The book value of these options as at 30 June 2023 was PLN 14 172 thousand (at 31 December 2022: PLN 17 844 thousand).

Moreover, the Group's financial assets at fair value, worth PLN 224 643 thousand (PLN 233 026 thousand as of 31 December 2022) and financial liabilities worth PLN 1 125 731 thousand (PLN 494 845 thousand as of 31 December 2022) include the measurement of derivative contracts for the purchase of electricity and gas and concerning property rights not used for the Group's own purposes. The nominal value of contracts for the purchase and sale of electricity, gas and property rights maturing in 2023-2024, presented as financial assets and liabilities at fair value, amounts to PLN 594 786 thousand (PLN 1 197 thousand concerns procurement contracts and PLN 593 589 thousand concerns sales contracts).

21. Debt financial assets at amortised cost

Debt financial assets at amortised cost

	As at	
	30 June 2023	31 December 2022
Current debt financial assets at amortised cost		
Loans granted	-	42 004
Total current debt financial assets at amortised cost	**-**	**42 004**
Non-current debt financial assets at amortised cost		
Loans granted	-	-
Total non-current debt financial assets at amortised cost	**-**	**-**
TOTAL	**-**	**42 004**

Impairment of financial assets at amortised cost (concerns loans granted together with interest) as at 30 June 2023 amounted to PLN 0 (PLN 198 336 thousand as of 31 December 2022).

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

22. Impairment of trade and other receivables

Impairment of trade and other receivables

	As at	
	30 June 2023	31 December 2022
Impairment at the beginning of period	**111 273**	**128 534**
Created	9 956	10 614
Reversed	(862)	(5 485)
Used	(4 159)	(22 390)
Impairment at the reporting date	**116 208**	**111 273**

In the 6-month period ended 30 June 2023, impairment of trade and other receivables increased by PLN 4 935 thousand (in the 6-month period ended 30 June 2022 impairment declined by PLN 5 326 thousand).

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

The Group uses the expected credit loss model to estimate the impairment for trade receivables. In order to determine expected credit losses, the Group applies the simplified approach provided for in IFRS 9, which is to create a lifetime allowance for expected credit losses for all trade receivables. For current trade receivables, expected credit losses are calculated based on historic data in a way that is described in *Rules for creating and recording impairment losses on trade receivables and other financial items at ENEA Group companies*. The impairment of receivables for 2023 is calculated on the basis of data from 2022. Therefore, the level of receivables impairment estimated as at 30 June 2023 reflects objective indications of impairment resulting from the situation and regulations arising from the shifting political and economic situation and the related regulations.

23. Analysis of the age structure of trade and other receivables

Analysis of the age structure of trade and other receivables constituting financial instruments:

	As at 30 June 2023		
	Nominal value	Impairment	Book value
Trade and other receivables			
Current	4 451 932	(8 468)	4 443 464
Overdue	425 112	(107 740)	317 372
0-30 days	194 147	(363)	193 784
31-90 days	47 991	(3 420)	44 571
91-180 days	24 235	(4 947)	19 288
over 180 days	158 739	(99 010)	59 729
Total	**4 877 044**	**(116 208)**	**4 760 836**
Assets arising from contracts with customers	**687 254**	**(372)**	**686 882**

In the consolidated statement of financial position, the item *Trade and other receivables* also includes amounts that are not financial instruments in the amount of PLN 1 304 221 thousand. These are primarily receivables from taxes and advance payments.

	As at 31 December 2022		
	Nominal value	Impairment	Book value
Trade and other receivables			
Current	3 569 297	(5 074)	3 564 223
Overdue	332 959	(106 199)	226 760
0-30 days	130 310	(421)	129 889
31-90 days	35 931	(2 403)	33 528
91-180 days	11 351	(4 022)	7 329
over 180 days	155 367	(99 353)	56 014
Total	**3 902 256**	**(111 273)**	**3 790 983**
Assets arising from contracts with customers	**624 177**	**(277)**	**623 900**

In the consolidated statement of financial position, the item *Trade and other receivables* also includes amounts that are not financial instruments in the amount of PLN 1 481 613 thousand. These are primarily receivables from taxes and advance payments.

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

Other explanatory notes

24. Related-party transactions

Group companies execute transactions with the following related parties:

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

Transactions with members of the Group's corporate authorities:

Item	For the six-month period ended			
	Company's Management Board		Company's Supervisory Board	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Remuneration under management contracts	5 634*	1 946	-	-
Remuneration under appointment to management or supervisory bodies	-	-	385	385
TOTAL	**5 634**	**1 946**	**385**	**385**

** This remuneration includes a non-compete clause, severance pay for a former Management Board Member, amounting to PLN 495 thousand, and bonuses for 2022 amounting to PLN 3 429 thousand.*

In the 6-month period ended 30 June 2023, no loans were made to Supervisory Board members from the Company Social Benefit Fund (PLN 0 thousand for the 6-month period ended 30 June 2022).

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

Transactions with State Treasury related parties

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

The subject of these transactions mainly is as follows:

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

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

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

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

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

25.1. Sureties and guarantees

The following table presents significant bank guarantees valid as of 30 June 2023 under an agreement between ENEA S.A. and Bank PKO BP S.A. and BGK up to a limit specified in the agreement.

List of guarantees issued as at 30 June 2023

Guarantee issue date	Guarantee validity	Entity for which the guarantee was issued	Bank - issuer	Guarantee amount in PLN 000s
4 August 2021	15 July 2023	Vastint Poland sp. z o.o.	PKO BP S.A.	1 045
1 April 2023	30 April 2024	Telewizja Polska S.A.	BGK	2 442
Total bank guarantees				**3 487**

The value of other guarantees issued by the Group as at 30 June 2023 was PLN 4 801 thousand.

25.2. On-going proceedings in courts of general competence

Proceedings initiated by the Group

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

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

At 30 June 2023, a total of 23 761 cases initiated by the Group were in progress before courts of general competence, worth in aggregate PLN 139 901 thousand (31 December 2022: 21 839 cases worth PLN 148 677 thousand).

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

Proceedings against the Group

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

There are also claims concerning terminated agreements for the purchase of property rights (note 25.5).

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

At 30 June 2023, a total of 2 153 cases against the Group were in progress before courts of general competence, worth in aggregate PLN 1 098 900 thousand (31 December 2022: 2 338 cases worth PLN 968 992 thousand). The outcome of individual cases is not significant from the viewpoint of the Group's financial result.

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

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

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

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

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

The provision also applies to compensation for the non-contractual use by the Group of properties on which the Group's grid assets (power lines) are located, in connection with transmission corridors or transmission easements being established for the Group. The main parameter used in the calculation is the length of the line and thus the conversion of the area of land occupation by the line by the value of PLN/m^2, with due consideration of other parameters such as location, type of line, type of land.

As at 30 June 2023, the Group recognised a provision for claims concerning non-contractual use of land amounting to PLN 230 646 thousand.

Condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 in PLN 000s

25.4. Cases concerning the non-balancing in 2012

On 30 and 31 December 2014, ENEA S.A. made requests for a settlement attempt in relation to:

	Amount demanded in PLNk
PGE Polska Grupa Energetyczna S.A.	7 410
PKP Energetyka S.A.	1 272
TAURON Polska Energia S.A.	17 086
TAURON Sprzedaż GZE Sp. z o.o.	1 826
Total	**27 594**

The subject of the requests were claims for payment for electricity incorrectly billed on the balancing market in 2012. The summonsed companies, by not agreeing to ENEA S.A. issuing invoices for 2012, unjustifiably obtained material benefits from this.

Due to the lack of an amicable settlement in the above case, ENEA S.A. filed appropriate suits against:

- TAURON Polska Energia S.A. – suit dated 10 December 2015,
- TAURON Sprzedaż GZE Sp. z o. o. – suit dated 10 December 2015,
- PKP Energetyka S.A. (currently PGE Energetyka Kolejowa S.A.) – suit dated 28 December 2015,
- PGE Polska Grupa Energetyczna S.A. – suit dated 29 December 2015.

In the case of ENEA S.A. vs. Tauron Polska Energia S.A. and others (file reference: XIII GC 600/15/AM), on 23 March 2021 the District Court in Katowice issued a ruling dismissing the claim in its entirety and awarded the costs of the proceedings to the main defendant and the other defendants. On 20 May 2021, the ruling was served with a written statement of reasons. On 10 June 2021, ENEA S.A. filed an appeal to the Court of Appeals in Katowice.

In the case of ENEA S.A. vs. TAURON Sprzedaż GZE Sp. z o.o. (ref. no.: X GC 546/15), the District Court in Gliwice on 21 December 2021 issued a ruling dismissing the claim in its entirety and awarded the costs of the proceedings to the defendant. On 3 March 2022, the court served the ruling with a written statement of reasons. On 17 March 2022, ENEA S.A. filed an appeal to the Court of Appeals in Katowice.

In the case of ENEA S.A. vs. PKP Energetyka S.A. (case file XX GC 1166), the District Court in Warsaw continues to hear the dispute in the first instance.

In the case against PGE Polska Grupa Energetyczna S.A. (ref. no. XVI GC 525/20, previous ref. no. XX GC 1163/15), by a decision of 7 January 2021, the court suspended the proceedings at the unanimous request of the parties. By order of 19 November 2021, the court resumed the previously suspended proceedings. By order of 1 March 2022, the court suspended the proceedings at the unanimous request of the parties. By application of 28 August 2022, the attorney of ENEA S.A. requested that the proceedings be resumed. On 2 October 2022, the court resumed the proceedings. On 28 October 2022, the attorney of ENEA S.A. requested that the proceedings be suspended. The parties decided to conclude an agreement to end the dispute, in execution of which, on 11 July 2023, at a court-appointed meeting, they concluded a court settlement ending the case. By order of 11 July 2023, the court discontinued the proceedings. The order is legally binding.

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

ENEA S.A. is a party to 4 court proceedings concerning agreements for the purchase of property rights arising under certificates of origin for energy from renewable sources, which includes:

- 3 proceedings for payment in which claims for remuneration, contractual penalties or damages are pursued against ENEA S.A., with one proceeding resulting in a partial resolution of the claims, and the other proceeding resulting in a preliminary and partial resolution of the claims and recognition of the ineffectiveness of the termination of the agreement; these resolutions are final and binding;
- 1 proceeding to determine the ineffectiveness of ENEA S.A.'s termination of property rights sale agreements made on 28 October 2016;

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

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

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

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

As a result of the terminations submitted by ENEA S.A., the contracts were terminated, according to ENEA S.A.'s assessment, in principle at the end of November 2016. The dates on which the respective Contracts were terminated depended on contractual provisions. The reason for terminating/withdrawing from each of the Agreements by the Company was failure to engage in re-negotiations concerning adaptive clauses in each of the Agreements that would justify the adjustment of these Agreements in order to restore contractual balance and the equivalence of the parties' benefits following changes in the law.

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

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

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

The Agreements were terminated with the intention for the Company to avoid losses constituting the difference between contractual and market prices of green certificates. Due to the changing legal conditions after termination of the Agreements in 2017, especially arising from the Act of 20 July 2017 on amendment of the act on renewable energy sources, the estimated value of future contract liabilities would have changed. In the current legal framework, this would be significantly lower in comparison to the amount estimated when the Agreements were being terminated, i.e. approx. PLN 1 187 million. This decline reflects a change in the way in which the substitute fee is calculated, which in accordance with the content of some of the Agreements constitutes the basis for calculating the contract price and indexing it to the market price. ENEA S.A. recognised a provision for court cases, including those related to the termination by ENEA S.A. of contracts for the sale of property rights arising from certificates of origin of electricity from RES, in the amount of PLN 81 323 thousand, which mainly relates to disputes in the area of the PM OZE certificates and covers all monetary claims on this account as at 30 June 2023, the provision is presented in note 18.

On 21 February 2022 the Appeals Board in Poznań issued a judgement and determined that the statement made by ENEA S.A. in Poznań in its letter of 28 October 2016 on termination of the sale agreement in its entirety did not have legal effect and the agreement remains in force in its entirety, dismissing the appeal of Golice Wind Farm Sp. z o.o. to the remaining extent and dismissing the appeal of ENEA S.A., as well as awarding the costs of the appeal proceedings to Golice Wind Farm Sp. z o.o. from ENEA S.A., as a result of which the partial and preliminary ruling of the District Court in Poznań of 14 August 2020 became binding, in which the court had considered as justified the claim for payment for property rights and had ordered ENEA S.A. to pay PLN 6 042 thousand together with interest, and in the remaining scope had considered the claim for payment as justified in general. On 25 July 2022 ENEA S.A. filed a cassation appeal against the ruling by the Appeals Court in Poznań, at the same time requesting that the enforceability of the aforementioned judgements be suspended. Through a ruling of 3 October 2022 the Appeals Court in Poznań rejected the request to suspend the enforceability of these judgements. The cassation appeal went to the Supreme Court, no date was set for the hearing.

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

- PGE Energia Odnawialna S.A., based in Warsaw (case no. IX GC 1064/17) - through a ruling of 17 February 2022, the court resumed the previously suspended proceeding, which was subsequently suspended again by a decision of 25 March 2022 on the mutual application of the parties; By a letter of 22 September 2022, the attorney for ENEA S.A. requested that the proceedings be resumed and suspended. At the same time, through a letter of 22 September 2022, PGE Energia Odnawialna S.A.'s attorney requested that the proceeding be resumed. Through a ruling of 28 September 2022, the court decided to resume the suspended proceeding. The parties agreed to enter into an agreement to end the dispute, in the execution of which, on 22 December 2022, at a court-appointed meeting, they entered into a court settlement ending the case. Through a ruling of 22 December 2022 the Court discontinued the proceedings. The ruling became final on 30 December 2022.

- PGE Energia Ciepła S.A., based in Warsaw (file no. IX GC 555/16) – through a ruling of 5 January 2022 the court suspended the proceeding at the parties' mutual request. Through an application of 28 June 2022, an attorney for PGE Energia Ciepła S.A. requested that the court take up and suspend the proceeding at the parties' mutual request. A similar application was filed on 6 July 2022 by the attorney for ENEA S.A. Through a ruling of 8 July 2022, the court took up the suspended proceeding and obliged ENEA S.A.'s attorney to indicate whether it acceded to PGE Energia Ciepła S.A.'s request to suspend the proceeding on pain of declaring that the attorney for ENEA S.A. acceded to PGE Energia Ciepła S.A.'s request. On 22 July 2022, the attorney for ENEA S.A. sent a letter to the court again indicating that it was in favour of the application to suspend the proceedings. The Common Court Information Portal shows that the court suspended the proceedings on 18 August 2022, which was confirmed by an order served on ENEA S.A.'s attorney on 24 August 2022 suspending the proceedings pursuant to art. 178 of the Civil Procedure Code. The parties agreed to enter into an agreement to end the dispute, in the execution of which, on 22 December 2022, at a court-appointed meeting, after resuming the proceeding that had been suspended by the Court, they entered into a court settlement ending the case. Through a ruling of 22 December 2022 the Court discontinued the proceedings. The ruling became final on 30 December 2022.
- PGE Energia Odnawialna S.A., based in Warsaw (case no. IX GC 1011/17) – on 7 March 2022 the claimant filed a pleading, maintaining its previous position and requested a stay of proceedings granting the Company's potential request in this regard. On 13 May 2022 the District Court in Poznań suspended the proceeding at the mutual request of the parties. Through a letter of 13 October 2022, the attorney of PGE Energia Odnawialna S.A. requested that the suspended proceedings be resumed and that a hearing date be set in December 2022 for an amicable conclusion. The Common Court Information Portal shows that the court, by order of 18 October 2022, decided to take up the suspended proceedings and set a hearing date for 9 December 2022. The 9 December 2022 hearing did not take place - the hearing date was changed at the parties' request. The parties agreed to enter into an agreement to end the dispute, in the execution of which, on 22 December 2022, at a court-appointed meeting, they entered into a court settlement ending the case. Through a ruling of 22 December 2022 the Court discontinued the proceedings. The ruling became final on 30 December 2022.

Outstanding liabilities from court settlements as of 31 December 2022 are included under Trade and other payables. By the end of April 2023, ENEA S.A. had fulfilled all of the remaining obligations resulting from the court settlements.

In a case brought by ENEA S.A. against PGE Górnictwo i Energetyka Konwencjonalna S.A. (file no. X GC 608/20) – on 25 January 2022 the District Court scheduled a hearing for 27 May 2022. Through a letter of 4 April 2022, PGE Energia Ciepła S.A. requested that the hearing scheduled for 27 May 2022 be cancelled. The same motion was filed with the Court by the attorney for ENEA S.A. on 25 May 2022. The District Court sent an e-mail to the parties' attorneys informing them of the court's ruling to cancel the hearing scheduled for 27 May 2022 and suspend the proceeding at the parties' mutual request, which was confirmed by a ruling on suspension of 24 May 2022. By letter dated 24 November 2022, the attorney of ENEA S.A. requested that the proceedings be suspended and resumed. The parties agreed to enter into an agreement to end the dispute, in the execution of which the parties' attorneys submitted requests for a hearing to conclude a settlement agreement. The court has set a hearing date of 30 January 2023. In execution of the agreement entered into on 22 December 2022, on 30 January 2023, at a Court-appointed hearing, the Parties entered into a court settlement agreement ending the case. Through a ruling of 30 January 2023, the Court discontinued the proceedings. The ruling is final.

In a case brought by Hamburg Commercial Bank AG against ENEA S.A., the District Court in Poznań dismissed the plaintiff's request for security by order of 18 March 2022. On 25 May 2022 the Company was served with a side intervention in case ref. IX GC 552/17, pursuant to which Hamburg Commercial Bank AG joined the proceeding as a side intervener in a case instigated by in.ventus Sp. z o.o. EW Śniatowo Sp. k., based in Poznań (currently TEC1 Sp. z o.o. EW Śniatowo Sp. k. based in Katowice) to declare the termination ineffective. On 28 September 2022, a hearing was held, and on 26 October 2022, the appeal of the Company against the partial verdict of the District Court in Poznań of 25 February 2021 was dismissed by a judgement of the Court of Appeal in Poznań. The company has complied with the final ruling. Through a ruling of 30 November 2022, The District Court in Poznań dismissed the Company's opposition to Hamburg Commercial Bank AG's entry into the proceedings as an intervening party. The Company on 10 March 2023 filed a complaint against the order of the District Court of Poznań of 30 November 2022 to dismiss the opposition. A cassation appeal was filed on 7 February 2023 with the Supreme Court against the judgement of the Court of Appeal of 26 October 2022. The cassation appeal went to the Supreme Court, no date was set for the hearing.

In a case brought by PSW Sp. z o.o., the District Court in Poznań, having examined the case at a closed-door hearing on 31 January 2023, decided to shut down the hearing and issued a judgement ordering ENEA S.A. to pay PLN 4 488 thousand to PSW Sp. z o.o., along with statutory late interest, and dismissed the claim in its remaining portion. This ruling is not final. The Company's attorney on 25 July 2023 lodged an appeal against the ruling of the District Court in Poznań dated 31 January 2023, in the part adjudicating the claim.

26. National Energy Security Agency

On 1 March 2022 the Council of Ministers adopted a document entitled "Energy sector transition in Poland. Spin-off of coal assets from companies with a State Treasury shareholding" ("Transition Program"). The document was drafted in order to align the energy groups with the transition challenges that are consistent with the directions indicated in "Poland's Energy Policy to 2040" (PEP2040). The Transition Program contains a concept for the spin-off of assets related to the generation of electricity in conventional coal units ("Coal Assets") from the energy companies. The Transition Program includes, inter alia, the integration of these Coal Assets within one entity, i.e. PGE Górnictwo i Energetyka Konwencjonalna S.A. ("PGE GiEK") - a subsidiary of PGE Polska Grupa Energetyczna S.A., which will eventually operate under the name National Energy Security Agency ("NABE"). NABE's role will be to ensure energy security through a stable supply of energy generated from coal. The spin-off of coal assets will allow the energy groups to focus on accelerating investment in low- and zero-carbon energy sources and transmission infrastructure.

In the first half of 2023, the Group carried out tasks related to the carve out of coal assets for the State Treasury in accordance with the update schedule for the formation of NABE.

The Group worked on internal ownership changes and reorganisation changes. One such action was the division of ENEA Trading Sp. z o.o. (pursuant to art. 529 § 1 point 4) of the Commercial Companies Code), as a result of which, in accordance with the Spin-off Plan of ENEA Trading Sp. z o.o. of 29 July 2022, there will be a division by spin-off and transfer of a part of the assets and liabilities of ENEA Trading Sp. z o.o., in the form of an Organised Part of Enterprise, to ENEA Power&Gas Trading Sp. z o.o. The spin-off took place on 3 April 2023.

In order to ensure the continuation of the companies being spun-off once they are integrated into the NABE structure, negotiations were on-going with financial institutions in this area.

Valuations of the generating companies spun off to NABE were completed in the second quarter of 2023.

On 14 July 2023 the Company received from the State Treasury a proposal of non-binding documents summarising the conditions of the transaction of purchase by the State Treasury of the shares in ENEA Wytwarzanie Sp. z o.o. held by the Company along with shares in ENEA Elektrownia Połaniec S.A. together with their subsidiaries. Further steps included negotiations with the Buyer to agree and sign documents between the State Treasury and the Company.

On 10 August 2023, the Management Board of ENEA S.A. and the State Treasury, represented by the Minister of State Assets, signed documents summarising the terms of the transaction of the purchase by the State Treasury from ENEA S.A. of all shares in ENEA Wytwarzanie Sp. z o.o. and in ENEA Elektrownia Połaniec S.A. together with their subsidiaries in order to establish NABE. A resolution concerning the consent to sign the above documents was adopted by the Management Board of ENEA S.A. on the same morning.

The signed documents do not constitute an offer or a commitment to conclude any agreement, they are the basis for the submission by the Minister of State Assets to the Prime Minister of an application for the purchase of all shares in ENEA Wytwarzanie Sp. z o.o. and in ENEA Elektrownia Połaniec S.A.

Having signed the above documents, assuming the value of the transaction derived from the proposal, at present the Group does not identify a possible loss at the consolidated level on the sale of the coal assets to NABE and, consequently, it does not see the need to recognise impairment losses on their value.

27. One-off event at LWB

In February 2023, at LWB, after a new longwall cut was made in longwall 3/VII/385 and the longwall was rearmed into a longwall complex, trial commissioning commenced. However, during the trial start-up, an incident occurred involving a sudden and unexpected outpouring of groundwater into the workings, resulting in the need to halt mining operations on this longwall. The LWB has taken a number of steps to thoroughly investigate the causes and identify the risks surrounding the incident. Advanced hydrogeological analyses were commissioned along with independent expert studies to develop the best course of action and to identify the risks associated with further mining and technical work in this area.

The exact magnitude of this event and its impact on the company's operational and financial performance remains unknown, but it is nevertheless to be expected that some of the machinery and equipment located in longwall 3/VII/385 may have been lost and therefore its value may have been impaired. Therefore, in consideration of a prudent approach and the desire to adequately reflect this event in the financial result of the first half of 2023 at LWB, an impairment loss was recognised in the total amount of PLN 48.5 million (in relation to machinery and equipment, as well as parts of longwall corridors located in the area of the event).

28. Contributions to Price Difference Payment Fund

Group companies are required to contribute to the Price Difference Payment Fund pursuant to art. 21 of the Act of 27 October 2022 on emergency measures aimed at limiting the level of electricity prices and support for certain consumers in 2023 (Polish Journal of Laws of 2022, item 2243) - as electricity generators and as energy enterprises carrying out electricity trading.

In accordance with art. 24 and art. 39 of the above act, these contributions should be made for each calendar month in reference to the period from 1 December 2022 to 31 December 2023.

For the first half of 2023, ENEA Elektrownia Połaniec S.A. was required to make a contribution related to electricity trading amounting to PLN 12 766 thousand and PLN 229 335 thousand related to generation, ENEA Wytwarzanie Sp. z o.o. PLN 73 543 thousand for trading and PLN 1 150 786 thousand for generation, ENEA Ciepło Sp. z o.o. PLN 6 078 thousand for trading and PLN 6 250 thousand for generation, ENEA Nowa Energia Sp. z o.o. PLN 103 222 thousand for generation and ENEA Trading Sp. z o.o. PLN 17 thousand for trading. These amounts are included in the consolidated statement of comprehensive income under "Taxes and charges." The Group considers these contributions as charges in the meaning of IAS 37. They are charged in the month in which the obligation arises.

29. Offer to purchase Lubelski Węgiel “Bogdanka” S.A. shares

Due to the prevailing market capitalisation of Lubelski Węgiel "Bogdanka" S.A. ("LWB") below its net assets, an offer received regarding the purchase of LWB shares by the State Treasury below net assets and in connection with the receipt of a valuation report, the Management Board of ENEA S.A. identified indications of impairment of its Mining CGU (LWB) as at 30 June 2023.

In connection with current report no. 36/2023 of 21 August 2023 on receipt of an offer to purchase shares in Lubelski Węgiel "Bogdanka" S.A. ("LWB") from the State Treasury, represented by the Minister of State Assets, and a letter of intent signed on 18 June 2022 regarding the potential purchase of 21 962 189 shares in LWB by the State Treasury, the Management Board of ENEA S.A. notes that analyses regarding the submitted offer are under-way. The net asset value of the Mining CGU (LWB) resulting from the price offer obtained is below the book value and is below the Management Board's estimate of the fair value of the Mining CGU, and is therefore not satisfactory and has not been accepted.

LWB shares are listed on the Warsaw Stock Exchange. Although the current market price oscillates around PLN 33 per share, back in January this year this value exceeded PLN 50. According to the Management Board, this circumstance and the factors set out below mean that the use of the current stock market capitalisation as a determinant of the fair value of LWB is not justified. Accordingly, for the purpose of preparing these condensed consolidated interim financial statements as at 30 June 2023, the Management Board estimated the recoverable amount of the Mining CGU at fair value less cost to sell. Taking into account the analyses performed and a report received on the estimation of the market value of LWB shares (drafted as of 11 September 2023 by Pekao Investment Banking), the Management Board considers that a valuation of at least PLN 72.28 per share is reasonable and, as part of the negotiations, will seek to sell the shares at a level that takes accounts for this valuation. The valuation of PLN 72.28 per share is the basis for estimating the amount of impairment losses on the Mining CGU assets and resulted in an impairment loss of PLN 748 815 thousand.

The Group has estimated the fair value of the Mining CGU (LWB). The importance of this analysis is even greater in a situation where companies operate in shifting, entirely non-standard and usually unprecedented conditions. In making such an evaluation for the purpose of preparing these condensed consolidated interim financial statements for the first half of 2023, the Group, based on an analysis of the current economic and market situation, notes that LWB's market capitalisation currently remains below the carrying value of its net assets. According to the Group, this situation is mainly due to factors beyond its control, such as political factors and EU climate policy, limited confidence in companies in the mining sector and, partly, also low share liquidity and low free float. Moreover, the ongoing war in Ukraine and the reduction in the global supply of raw materials are causing dynamic changes in the demand for coal, including coal from LWB. Therefore, LWB is taking steps to utilise current capacity and prepare its mining operations to achieve the targets arising from LWB Group’s strategy. According to the Management Board, LWB's cash position as of 30 June 2023 and the potential to generate high positive cash flows in future periods substantiate the thesis that the value of the stake held is higher than the value implied by LWB's current share price and the purchase offer made by the State Treasury represented by the Minister of State Assets.

In line with best market practice, the valuation was estimated in several scenarios using the following approaches:

- income approach using the discounted cash flow method,

- market approach using multiples for comparable listed coal producers.

The discounted cash flow method was selected as the leading method for the valuation estimate. The choice of this method was dictated by the availability of reliable financial projections for LWB over a long-term horizon of 2023-2049, which enabled the estimation of future free cash flows, determining the enterprise value. The comparable peer multiples method was chosen as a complementary method to the income approach, but its results were not taken into account for the purpose of estimating value. The use of this method was possible due to the identification of more than a dozen comparable companies and the availability of estimates of future financial results of these businesses. Additionally, valuations derived from market consensus and current capitalisation plus a control premium were used.

The results are wide-ranging, which is due to significantly different views on key assumptions as to the forecasts of market participants and LWB. In such situations, it is common in practice to use a blended approach based on averaging results from different valuation methods and existing market benchmarks (including current capitalisation plus a control premium, as well as current market consensus plus a control premium), allowing for a broad market view of the asset's value to be taken into account. With this approach (excluding multiplier methods), the average of the valuations indicating a value of LWB shares of PLN 72.28 per share was estimated.

The fair value measurement performed is classified as Level 3 in the fair value hierarchy. Accounting for the above information and as a result of the estimate of fair value less cost to sell as of 30 June 2023, it was necessary to recognise an impairment loss on assets in the Mining segment in the amount of PLN 748 815 thousand.

30. Events after the end of the reporting period

On 23 August 2023, ENEA S.A. acquired 100% of shares in PRO-WIND Sp. z o.o., which owns an operational 10 MW photovoltaic farm, for PLN 25 029 thousand and 100% of shares in PV TYKOCIN Sp. z o.o., which owns an operational 2 MW Tykocin photovoltaic farm, for PLN 3 119 thousand. In the transaction concerning the purchase of shares in PRO-WIND Sp. z o.o. ENEA S.A. concluded in August 2023 a loan agreement with PRO-WIND Sp. z o.o. for the amount of PLN 17 500 thousand.

On 7 September 2023 ENEA Nowa Energia Sp. z o.o. purchased 100% of shares in Farma Wiatrowa Bejsce Sp. z o.o. for PLN 16 670 thousand.