ENEA S.A.
SEPARATE FINANCIAL STATEMENTS

for the financial year ended
31 December 2023
in compliance with EU IFRS

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Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

These separate financial statements are prepared in accordance with International Financial Reporting Standards, 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	**Grzegorz Kinelski**
Member of the Management Board	**Bartosz Krysta**
Member of the Management Board	**Marek Lelątko**
acting Member of the Management Board	**Monika Starecka**

ENEA Centrum Sp. z o.o.

Entity responsible for maintaining accounting

books and preparing financial statements Wiktor Sadłek

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

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

Poznań, 17 April 2024

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2023	31 December 2022
Revenue from sales		15 875 681	12 447 511
Excise duty		(81 998)	(51 805)
Net revenue from sales	**8**	**15 793 683**	**12 395 706**
Compensations	8	3 705 902	28 588
Lease income		2 058	236
Revenue from sales and other income		**19 501 643**	**12 424 530**
Other operating revenue	10	34 297	19 008
Change in provision for onerous contracts	30	(255 377)	(414 715)
Depreciation/amortisation	9	(5 817)	(6 217)
Employee benefit costs	9	(115 892)	(94 849)
Use of materials and raw materials and value of goods sold	9	(5 252)	(4 446)
Purchase of electricity and gas for sales purposes	9	(19 374 400)	(11 537 798)
Transmission and distribution services	9	(146 799)	(79 634)
Other third-party services	9	(320 346)	(265 796)
Taxes and fees	9	(4 811)	(4 388)
Other operating costs	10	(69 395)	(103 153)
Operating loss		**(762 149)**	**(67 458)**
Finance costs	11	(430 895)	(286 239)
Finance income	11	720 588	540 219
Dividend income		490 262	995 713
Change in impairment of interests in subsidiaries, associates and jointly controlled entities	18	(1 654 666)	1 066 793
Change in impairment of financial assets at amortised cost	32	(82)	27 274
Profit/(loss) before tax		**(1 636 942)**	**2 276 302**
Income tax	**12**	34 002	171 722
Net profit/(loss) for the reporting period		**(1 602 940)**	**2 448 024**
Other comprehensive income			
Subject to reclassification to profit or loss:			
- measurement of hedging instruments	31	(161 513)	94 812
- income tax		30 687	(18 014)
Not subject to reclassification to profit or loss:			
- restatement of defined benefit plan		(6 802)	(2 447)
- other		-	-
- income tax		1 293	465
Net other comprehensive income		**(136 335)**	**74 816**
Comprehensive income for the reporting period		**(1 739 275)**	**2 522 840**
Net profit/(loss) attributable to the Company's shareholders		(1 602 940)	2 448 024
Weighted average number of ordinary shares		529 731 093	501 430 391
Net profit/(loss) per share (in PLN per share)	**13**	**(3.03)**	**4.88**
Diluted profit/(loss) per share (in PLN per share)		**(3.03)**	**4.88**

The separate statement of comprehensive income should by analysed in conjunction with the additional information and explanations, which constitute an integral part of these separate financial statements.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2023	As at 31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	14	32 751	25 330
Right-of-use assets	16	55 154	35 800
Intangible assets	15	1 651	2 457
Investment properties	17	4 717	12 106
Investments in subsidiaries, associates and jointly controlled entities	18	9 207 992	10 603 939
Deferred income tax assets	12	95 792	161 272
Financial assets measured at fair value	31	68 657	156 482
Debt financial assets at amortised cost	32	7 221 701	6 247 346
Finance lease and sublease receivables		1 025	1 071
Costs related to the conclusion of agreements		8 991	8 970
Total non-current assets		**16 698 431**	**17 254 773**
Current assets			
Inventories	19	18 638	67 428
Trade and other receivables	20	4 125 600	2 658 515
Costs related to the conclusion of agreements		15 762	11 006
Assets arising from contracts with customers	22	420 605	447 424
Finance lease and sublease receivables		1 328	1 225
Current income tax receivables	12	54 856	251 412
Financial assets measured at fair value	31	68 437	154 314
Debt financial assets at amortised cost	32	957 091	314 124
Cash and cash equivalents	23	213 355	388 730
Total current assets		**5 875 672**	**4 294 178**
TOTAL ASSETS		**22 574 103**	**21 548 951**

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

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2023	As at 31 December 2022
EQUITY AND LIABILITIES			
Equity			
Share capital		676 306	676 306
Share premium		4 343 879	4 343 879
Revaluation reserve - measurement of hedging instruments		55 249	186 075
Reserve capital		8 864 165	6 416 141
Retained earnings		(1 608 115)	2 448 358
Total equity	**24**	**12 331 484**	**14 070 759**
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	27	4 195 096	4 062 292
Lease liabilities	27	36 529	32 860
Employee benefit liabilities	29	62 488	55 096
Provisions for other liabilities and other charges	30	852 595	296 523
Total non-current liabilities		**5 146 708**	**4 446 771**
Current liabilities			
Credit facilities, loans and debt securities	27	3 069 521	737 383
Trade and other payables	28	1 241 457	1 567 031
Liabilities arising from contracts with customers	22	102 864	46 330
Lease liabilities	27	3 902	2 710
Employee benefit liabilities	29	37 375	32 364
Liabilities concerning the equivalent for rights to free purchase of shares		281	281
Other financial liabilities	31	324 968	-
Provisions for other liabilities and other charges	30	315 543	645 322
Total current liabilities		**5 095 911**	**3 031 421**
Total liabilities		**10 242 619**	**7 478 192**
TOTAL EQUITY AND LIABILITIES		**22 574 103**	**21 548 951**

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

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of financial instruments	Revaluation reserve - measurement of hedging instruments	Reserve capital	Retained earnings/accumulated losses	Total equity
As at 1 January 2022	**441 443**	**146 575**	**588 018**	**3 687 993**	**-**	**109 277**	**5 974 031**	**444 426**	**10 803 745**
Net profit for the reporting period	-	-	-	-	-	-	-	2 448 024	**2 448 024**
Net other comprehensive income	-	-	-	-	-	76 798	-	(1 982)	**74 816**
Net comprehensive income recognised in the period	**-**	**-**	**-**	**-**	**-**	**76 798**	**-**	**2 446 042**	**2 522 840**
Allocation of net profit - transfer	-	-	-	-	-	-	442 110	(442 110)	**-**
Issue of ordinary shares	88 288	-	88 288	662 164		-	-	-	**750 452**
Cost of issue of ordinary shares	-	-	-	(6 278)	-	-	-	-	**(6 278)**
As at 31 December 2022	**529 731**	**146 575**	**676 306**	**4 343 879**	**-**	**186 075**	**6 416 141**	**2 448 358**	**14 070 759**
Net loss for the reporting period	-	-	-	-	-	-	-	(1 602 940)	**(1 602 940)**
Net other comprehensive income	-	-	-	-	-	(130 826)	-	(5 509)	**(136 335)**
Net comprehensive income recognised in the period	**-**	**-**	**-**	**-**	**-**	**(130 826)**	**-**	**(1 608 449)**	**(1 739 275)**
Allocation of net profit - transfer	-	-	-	-	-	-	2 448 024	(2 448 024)	**-**
As at 31 December 2023	**529 731**	**146 575**	**676 306**	**4 343 879**	**-**	**55 249**	**8 864 165**	**(1 608 115)**	**12 331 484**

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

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

SEPARATE STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2023	31 December 2022
Cash flows from operating activities			
Net profit/(loss) for the reporting period		(1 602 940)	2 448 024
Adjustments:			
Income tax in profit or loss	12	(34 002)	(171 722)
Depreciation/amortisation	9	5 817	6 217
Gain on sale of financial assets		14 836	(20 785)
Interest income		(557 284)	(385 931)
Dividend income		(490 262)	(995 713)
Interest costs		313 940	206 671
Impairment of interests		1 654 666	(1 066 793)
Impairment of financial assets at amortised cost		82	(27 274)
Other adjustments		-	350
Total adjustments		**907 793**	**(2 454 980)**
Received/paid income tax		196 152	(307 950)
Flows resulting from settlements within tax group		(99 680)	397 911
Changes in working capital:			
Inventories		48 790	68 349
Trade and other receivables	37	(1 210 471)	(795 209)
Trade and other payables	37	(269 228)	436 119
Employee benefit liabilities	37	5 601	2 619
Provisions for other liabilities and other charges	37	226 293	103 029
Total changes in working capital		**(1 199 015)**	**(185 093)**
Net cash flows from operating activities		**(1 797 690)**	**(102 088)**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(30 209)	(2 661)
Proceeds from sale of tangible and intangible assets		-	237
Purchase of financial assets	37	(2 337 179)	(1 078 327)
Proceeds from sale of financial assets	37	749 890	1 658 650
Purchase of subsidiaries		(253 233)	(51 577)
Purchase of associates and jointly controlled entities		(1 340)	(1 009)
Sale of associates and jointly controlled entities		394	1 000
Received dividends		490 262	995 713
Received interest		522 778	326 666
Net cash flows from investing activities		**(858 637)**	**1 848 692**
Cash flows from financing activities			
Proceeds from share issue		-	750 452
Expenses related to share issue		-	(6 278)
Credit and loans received	37	5 637 546	336 845
Repayment of credit and loans	37	(3 032 717)	(203 413)
Bond buy-back	37	(156 110)	(1 955 111)
Expenditures concerning lease payments		(2 904)	(3 081)
Interest paid		(289 831)	(177 518)
Net cash flows from financing activities		**2 155 984**	**(1 258 104)**
Total net cash flows		**(500 343)**	**488 500**
Cash at the beginning of reporting period	23	388 730	(99 770)
Cash at the end of reporting period	**23**	**(111 613)**	**388 730**

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

ADDITIONAL INFORMATION AND EXPLANATIONS

General information

1. General information on ENEA S.A.

Name:	ENEA Spółka Akcyjna
Legal form:	spółka akcyjna (joint-stock company)
Country of registered office:	Poland
Registered office:	Poznań
Address:	ul. Pastelowa 8, 60-198 Poznań
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. ("ENEA," "Company"), back then operating as Energetyka Poznańska S.A., was entered into the National Court Register at the District Court in Poznań on 21 May 2001, under KRS number 0000012483.

As at 31 December 2023, ENEA S.A.'s shareholding structure was as follows:

	Poland's State Treasury	Other shareholders	Total
As at 31 December 2023	52.29%	47.71%	**100.00%**

As at 31 December 2023, the Parent's highest-level controlling entity was the State Treasury.

As at 31 December 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 Company's duration is indefinite. Its activities are conducted on the basis of relevant concessions issued for the Company.

The Company's separate financial statements cover the year ended on 31 December 2023 and contain comparative data for the year ended on 31 December 2022.

2. Group composition

As at 31 December 2023, ENEA Group consisted of the parent - ENEA S.A., 34 subsidiaries, including 9 indirect subsidiaries, 1 jointly controlled entity and 4 associates.

The main business activity of ENEA S.A. is trade of electricity.

Accounting rules

Subsidiaries

A subsidiary is a company under the control of another company. The definition of control in IFRS 10 states that an investor controls a company in which it has invested if and only if the investor has all of the following elements:

1) power over the investee,
2) exposure, or rights, to variable returns from its involvement with the investee,
3) the ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries are fully consolidated from the date on which control over them is obtained by ENEA S.A. They are deconsolidated on the date control ceases.

Associates and jointly controlled entities

Associates are all entities in respect of which the Company exerts a significant influence but does not have control, which typically means holding 20-50% of voting rights.

Jointly controlled entities are all entities in respect of which the Company exercises, through contractual arrangements, control jointly with other entities.

Investments in subsidiaries and associates are measured at purchase price less impairment. Impairment of investments is recognised in finance costs and is not treated as tax deductible. If reasons for which an impairment loss had been recognised cease, all or part of the previously recognised impairment loss increase the investment's value and is classified into finance income (not taxable).

Mergers and acquisitions

Mergers and acquisitions of entities that are not under joint control are accounted for using the equity method.

Purchase of associates and jointly controlled entities

Based on agreements concerning a given investment, the Company judges whether there is joint control or significant influence.

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	Company name	Activity	Registered office	ENEA S.A.'s stake in total number of voting rights as at 31 December 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%[20]	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%[19]	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%[23]	100%
16.	ENEA ELKOGAZ Sp. z o.o.	generation	Świerże Górne	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%[14]	100%
20.	EN103 Sp. z o.o.	generation	Poznań	100%[15]	100%
21.	EN201 Sp. z o.o.	generation	Poznań	100%[16]	100%
22.	EN202 Sp. z o.o.	generation	Poznań	100%[7,17]	-
23.	EN203 Sp. z o.o.	generation	Poznań	100%[18]	100%
24.	PRO-WIND Sp. z o.o.	generation	Kielce	100%[21]	-
25.	PV Tykocin Sp. z o.o.	generation	Kielce	100%[21]	-
26.	PV Genowefa Sp. z o.o. (formerly PAD RES Genowefa Sp. z o.o.)	generation	Poznań	100%[25]	-
INDIRECT SUBSIDIARIES					
27.	ENEA Logistyka Sp. z o.o.	distribution	Poznań	100%[3]	100%[3]
28.	ENEA Bioenergia Sp. z o.o.	generation	Połaniec	100%[1]	100%[1]
29.	ENEA Połaniec Serwis Sp. z o.o.	generation	Połaniec	-[6]	100%[1]
30.	EkoTRANS Bogdanka Sp. z o.o.	mining	Bogdanka	64.57%[2]	64.57%[2]
31.	RG Bogdanka Sp. z o.o.	mining	Bogdanka	64.57%[2]	64.57%[2]
32.	MR Bogdanka Sp. z o.o.	mining	Bogdanka	64.57%[2]	64.57%[2]
33.	Łęczyńska Energetyka Sp. z o.o.	mining	Bogdanka	57.27%[2]	57.27%[2]
34.	ENEBIOGAZ 1 Sp. z o.o.	generation	Radom	100%[4,22]	100%[4]
35.	ENEBIOGAZ 2 Sp. z o.o.	generation	Radom	100%[4,22]	100%[4]
36.	Farma Wiatrowa Bejsce Sp. z o.o.	generation	Radom	100%[4,24]	-
JOINTLY CONTROLLED ENTITIES					
37.	Elektrownia Ostrołęka Sp. z o.o.	-	Ostrołęka	50%[11]	50%
ASSOCIATES					
38.	Polimex – Mostostal S.A.	-	Warsaw	16.22%[9]	16.26%

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39.	**Elektrownia Wiatrowa Baltica-4 Sp. z o.o.**	-	Warsaw	33.81%	33.81%
40.	**Elektrownia Wiatrowa Baltica-5 Sp. z o.o.**	-	Warsaw	33.81%	33.81%
41.	**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. On 27 July 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 29 000 thousand to PLN 39 000 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 27 September 2023. On 6 December 2023, the Extraordinary General Meeting of ENEA ELKOGAZ Sp. z o.o. adopted a resolution to increase the company's share capital by PLN 15 000 thousand, i.e. from PLN 39 000 thousand to PLN 54 000 thousand, through the issue of 150 000 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 is awaiting entry in the National Court Register.

[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 12-month period ending 31 December 2023 ENEA S.A. submitted a demand to exercise call options 8, 9, 10 and 11. On 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%. 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%. On 14 July 2023, as a result of the exercise of call option 9, ENEA S.A.'s share in the company's share capital increased from 16.14% to 16.19%. 28 September 2023 the Company made a bank transfer payment for the 187 500 shares of Polimex - Mostostal S.A. (call option 10). An increase of Polimex Mostostal S.A.'s share capital by PLN 1 500 thousand, i.e. from PLN 483 238 thousand to PLN 484 738 thousand, by admitting 750 000 ordinary bearer shares series S with a nominal value of PLN 2 each, was registered on 5 October 2023. ENEA S.A.'s share in the company's share capital decreased from 16.19% to 16.14%. On 13 October 2023, as a result of the exercise of call option 10, ENEA S.A.'s share in the company's share capital increased from 16.14% to 16.22%. 24 November 2023 The Company made a bank transfer payment for the 125 000 shares of Polimex - Mostostal S.A. (call option 11). An increase of Polimex Mostostal S.A.'s share capital by PLN 1 000 thousand, i.e. from PLN 484 738 thousand to PLN 485 738 thousand, by admitting 500 000 ordinary bearer shares series S with a nominal value of PLN 2 each, was registered on 10 January 2024. ENEA S.A.'s share in the company's share capital decreased from 16.22% to 16.19%. On 23 January 2024, as a result of the exercise of call option 11, ENEA S.A.'s share in the company's share capital increased from 16.19% to 16.24%.

[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. The share capital increase was registered at the National Court Register on 4 December 2023.

[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] – on 5 July 2023, at an Extraordinary General Meeting of EN101 Sp. z o.o., a resolution was adopted regarding an increase in the share capital of EN101 Sp. z o.o. by PLN 3 430 thousand, i.e. from PLN 70 thousand to PLN 3 500 thousand, through the issue of 4 900 new shares with a nominal value of PLN 700.00 each. ENEA S.A. acquired the newly-issued shares in the increased share capital of EN101 Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 10 November 2023.

[14] – on 5 July 2023, at an Extraordinary General Meeting of EN102 Sp. z o.o., a resolution was adopted regarding an increase in the share capital of EN102 Sp. z o.o. by PLN 3 531 thousand, i.e. from PLN 70 thousand to PLN 3 601 thousand, through the issue of 5 044 new shares with a nominal value of PLN 700.00 each. ENEA S.A. acquired the newly-issued shares in the increased share capital of EN102 Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 27 September 2023.

[15] – on 5 July 2023, at an Extraordinary General Meeting of EN103 Sp. z o.o., a resolution was adopted regarding an increase in the share capital of EN103 Sp. z o.o. by PLN 148 thousand, i.e. from PLN 70 thousand to PLN 218 thousand, through the issue of 211 new shares with a nominal value of PLN 700.00 each. ENEA S.A. acquired the newly-issued shares in the increased share capital of EN103 Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 27 September 2023.

[16] – on 5 July 2023, at an Extraordinary General Meeting of EN201 Sp. z o.o., a resolution was adopted regarding an increase in the share capital of EN201 Sp. z o.o. by PLN 2 509 thousand, i.e. from PLN 70 thousand to PLN 2 579 thousand, through the issue of 3 584 new shares with a nominal value of PLN 700.00 each. ENEA S.A. acquired the newly-issued shares in the increased share capital of EN201 Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 25 October 2023.

[17] – on 5 July 2023, at an Extraordinary General Meeting of EN202 Sp. z o.o., a resolution was adopted regarding an increase in the share capital of EN202 Sp. z o.o. by PLN 3 223 thousand, i.e. from PLN 70 thousand to PLN 3 293 thousand, through the issue of 4 604 new shares with a nominal value of PLN 700.00 each. ENEA S.A. acquired the newly-issued shares in the increased share capital of EN202 Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 2 November 2023.

[18] – on 5 July 2023, at an Extraordinary General Meeting of EN203 Sp. z o.o., a resolution was adopted regarding an increase in the share capital of EN203 Sp. z o.o. by PLN 535 thousand, i.e. from PLN 70 thousand to PLN 605 thousand, through the issue of 764 new shares with a nominal value of PLN 700.00 each. ENEA S.A. acquired the newly-issued shares in the increased share capital of EN203 Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 25 October 2023.

[19] – on 6 July 2023, at an Extraordinary General Meeting of Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o., a resolution was adopted regarding an increase in the share capital of Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. by PLN 6 000 thousand, i.e. from PLN 6 583 thousand to PLN 12 583 thousand, through the issue of 12 000 new shares with a nominal value of PLN 500.00 each. ENEA S.A. acquired 11 992 newly-issued shares with a total nominal value of PLN 5 996 thousand in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 10 November 2023.

[20] – on 2 August 2023, at an Extraordinary General Meeting of ENEA Innowacje Sp. z o.o., a resolution was adopted regarding an increase in the share capital of ENEA Innowacje Sp. z o.o. by PLN 12 thousand, i.e. from PLN 38 710 thousand to PLN 50 710 thousand, through the issue of 120 000 new shares with a nominal value of PLN 100.00 each. ENEA S.A. acquired the newly-issued shares in the increased share capital of ENEA Innowacje Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 28 August 2023.

[21] – on 23 August 2023 ENEA S.A. signed an agreement to purchase 73 300 shares in PRO-WIND Sp. z o.o., with a nominal value of PLN 100.00 each and total nominal value of PLN 7 330 thousand, constituting 100% of its share capital, for a total of PLN 25 029 thousand. On 23 August 2023, ENEA S.A. also signed an agreement to purchase 50 shares in PV Tykocin Sp. z o.o., with a nominal value of PLN 100.00 each and total nominal value of PLN 5 thousand, constituting 100% of its share capital, for a total of PLN 3 119 thousand.

[22] – on 25 August 2023, at an Extraordinary General Meeting of ENEBIOGAZ 1 Sp. z o.o., a resolution was adopted regarding an increase in the share capital of ENEBIOGAZ 1 Sp. z o.o. by PLN 25 thousand, i.e. from PLN 5 thousand to PLN 30 thousand, through the issue of 500 new shares with a nominal value of PLN 50.00 each. ENEA Nowa Energia Sp.

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z o.o. acquired the newly-issued shares in the increased share capital of ENEBIOGAZ 1 Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 31 January 2023. On 25 August 2023, at an Extraordinary General Meeting of ENEBIOGAZ 2 Sp. z o.o., a resolution was adopted regarding an increase in the share capital of ENEBIOGAZ 2 Sp. z o.o. by PLN 25 thousand, i.e. from PLN 5 thousand to PLN 30 thousand, through the issue of 500 new shares with a nominal value of PLN 50.00 each. ENEA Nowa Energia Sp. z o.o. acquired the newly-issued shares in the increased share capital of ENEBIOGAZ 2 Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 21 December 2023.

[23] – on 1 September 2023, at an Extraordinary General Meeting of ENEA Nowa Energia Sp. z o.o. a resolution was adopted to increase the share capital of ENEA Nowa Energia Sp. z o.o. by PLN 118 500 thousand, i.e. from PLN 52 648 thousand to PLN 171 148 thousand, through the issue of 2 370 000 new shares with a nominal value of PLN 50.00 each. ENEA S.A. acquired the newly-issued shares in the increased share capital of ENEA Nowa Energia Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 13 October 2023.

[24] – on 7 September 2023 ENEA Nowa Energia Sp. z o.o. signed an agreement to purchase 200 shares in Farma Wiatrowa Bejsce Sp. z o.o., with a nominal value of PLN 50.00 each and total nominal value of PLN 10 thousand, constituting 100% of its share capital. On 7 September 2023, at an Extraordinary General Meeting of Farma Wiatrowa Bejsce Sp. z o.o., a resolution was adopted regarding an increase in the share capital of Farma Wiatrowa Bejsce Sp. z o.o. by PLN 7 733 thousand, i.e. from PLN 10 thousand to PLN 7 743 thousand, through the issue of 154 652 new shares with a nominal value of PLN 50.00 each. ENEA Nowa Energia Sp. z o.o. acquired the newly-issued shares in the increased share capital of Farma Wiatrowa Bejsce Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 20 December 2023.

[25] – on 20 September 2023 ENEA S.A. signed an agreement to purchase 50 shares in PAD RES Genowefa Sp. z o.o., with a nominal value of PLN 100.00 each and total nominal value of PLN 5 thousand, constituting 100% of its share capital, for a total of EUR 10 204 thousand. On 12 December 2023, at an Extraordinary General Meeting of PAD RES Genowefa Sp. z o.o., a resolution was adopted regarding an increase in the share capital of PAD RES Genowefa Sp. z o.o. by PLN 2 500 thousand, i.e. from PLN 5 thousand to PLN 2 505 thousand, through the issue of 50 000 new shares with a nominal value of PLN 50.00 each. ENEA S.A. acquired the newly-issued shares in the increased share capital of PAD RES Genowefa Sp. z o.o. in exchange for a cash contribution. The share capital increase was registered at the National Court Register on 9 February 2024. A change of the company's name to PV Genowefa Sp. z o.o. and a change of the company's registered office to Poznan were registered by the National Court Register on 9 February 2024.

3. Management Board and Supervisory Board composition

Management Board

	As at 31 December 2023	Appointment	As at 31 December 2022	Dismissal
President of the Management Board	Paweł Majewski		Paweł Majewski	
Member of the Management Board, responsible for finance	-		Rafał Mucha	30 November 2023
Member of the Management Board, responsible for sales	Jakub Kowaleczko	17 July 2023	-	
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.

On 21 November 2023 the Company's Supervisory Board adopted a resolution to dismiss Mr Rafal Mucha, Member of the Management Board, responsible for finance, from ENEA S.A.'s management board effective 30 November 2023.

On 2 February 2024, the Supervisory Board of ENEA S.A. adopted a resolution to dismiss President of the Management Board of ENEA S.A. - Mr Pawel Majewski, Member of the Management Board of ENEA S.A. for Sales - Mr Jakub Kowaleczko and Member of the Management Board of ENEA S.A. for Corporate Affairs - Mr Dariusz Szymczak from the Management Board of ENEA S.A.

On 2 February 2024, the Supervisory Board of ENEA S.A. adopted a resolution on the delegation, as of the same date, of Ms. Monika Starecka - the Deputy Chairperson of the Supervisory Board of ENEA S.A., to temporarily perform the functions of the President of the Management Board of ENEA S.A., however for no longer than for the period of three months counting from the date of the delegation.

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On 23 February 2024, the Supervisory Board of ENEA S.A. adopted a resolution to appoint the following persons for a joint term that began on the date following the date of the Company's Ordinary General Meeting approving the 2021 financial statements:

- Mr. Grzegorz Kinelski as President of the Management Board of ENEA S.A., effective from 1 March 2024,

- Mr. Bartosz Krysta as Member of ENEA S.A.'s Management Board in charge of Trade, effective from 1 March 2024,

- Mr. Marek Lelątko as Member of ENEA S.A.'s Management Board in charge of Finance, effective from 1 March 2024,

- Mrs. Dalida Gepfert as Member of ENEA S.A.'s Management Board in charge of Corporate Affairs, effective from 1 May 2024.

On 23 February 2024, the Supervisory Board of ENEA S.A. adopted a resolution delegating, from 1 March 2024, Mrs. Monika Starecka, Deputy Chairperson of the Supervisory Board of ENEA S.A., to temporarily serve as Member of the Management Board of ENEA S.A. in charge of Corporate Affairs, however until no later than 30 April 2024. At the same time, the Supervisory Board decided to repeal, as of 29 February 2024, resolution dated 2 February 2024 delegating Mrs. Monika Starecka, Member of the Supervisory Board of ENEA S.A., to temporarily serve as President of the Management Board of ENEA S.A.

On 23 February 2024, the Supervisory Board of ENEA S.A. adopted a resolution to dismiss, as of 29 February 2024, Mr. Marcin Pawlicki, Member of the Management Board of ENEA S.A., responsible for Operations, and Member of the Management Board of ENEA S.A. for Strategy and Development, Mr. Lech Żak.

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

	As at 17 April 2024
President of the Management Board	Grzegorz Kinelski
Member of the Management Board, responsible for sales	Bartosz Krysta
Member of the Management Board, responsible for finance	Marek Lelątko
acting Member of the Management Board, responsible for corporate affairs	Monika Starecka
Member of the Management Board, responsible for operations	-
Member of the Management Board, responsible for strategy and development	-

Supervisory Board

	As at 31 December 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	-		Łukasz Ciołko	
Member of the Supervisory Board	Mariusz Damasiewicz		Mariusz Damasiewicz	
Member of the Supervisory Board	Mariusz Romańczuk		Mariusz Romańczuk	
Member of the Supervisory Board	Tomasz Lis		Tomasz Lis	
Member of the Supervisory Board	Paweł Łącki		Paweł Łącki	
Member of the Supervisory Board	Aneta Kordowska		Aneta Kordowska	
Member of the Supervisory Board	-		Piotr Zborowski	4 July 2023

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, effective from 31 July 2023.

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On 29 January 2024, the Company received a statement from the Minster of State Assets of the same date on the use by the Minister of State Assets of an authorisation to dismiss a member of the Supervisory Board of ENEA S.A., pursuant to § 24 sec. 1 of the Company's Articles of Association. According to the statement received, the Minister of State Assets, exercising the aforementioned power, dismissed Mr Łukasz Ciołko from the Company's Supervisory Board as of 29 January 2024.

On 29 January 2024, the Company received a statement from the Minster of State Assets of the same date on the use by the Minister of State Assets of an authorisation to appoint a member of the Supervisory Board of ENEA S.A., pursuant to § 24 sec. 1 of the Company's Articles of Association. According to the statement received, the Minister of State Assets, exercising the aforementioned power, appointed Mrs. Agata Ewa Michalska - Olek to the Company's Supervisory Board as of 30 January 2024.

On 30 January 2024, an Extraordinary General Meeting of ENEA S.A. adopted resolutions pursuant to which the following changes to the Company's Supervisory Board, 11th term, were made, effective from the same date:
the following were dismissed:
- Mr. Roman Stryjski,
- Mr. Paweł Łącki,
- Mrs. Aneta Kordowska,

the following were appointed:
- Mrs. Ewa Bagińska,
- Mr. Zbigniew Szymczak,
- Mr. Piotr Szymanek,
- Mr. Michał Gniatkowski,
- Mrs. Monika Starecka.

On 30 January 2024, an Extraordinary General Meeting of ENEA S.A. appointed Mrs. Ewa Bagińska as Chairperson of ENEA S.A.'s Supervisory Board.

On 2 February 2024, the Company's Supervisory Board appointed Mrs. Monika Starecka as Deputy Chairperson of ENEA S.A.'s Supervisory Board.

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

	As at 17 April 2024
Chairperson of the Supervisory Board	Ewa Bagińska
Deputy Chairperson of the Supervisory Board	Monika Starecka
Secretary of the Supervisory Board	Mariusz Pliszka
Member of the Supervisory Board	Mariusz Damasiewicz
Member of the Supervisory Board	Michał Gniatkowski
Member of the Supervisory Board	Tomasz Lis
Member of the Supervisory Board	Agata Ewa Michalska-Olek
Member of the Supervisory Board	Mariusz Romańczuk
Member of the Supervisory Board	Piotr Szymanek
Member of the Supervisory Board	Zbigniew Szymczak

4. Basis for preparing financial statements

These separate financial statements are prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union ("EU IFRS"), and are approved by the Management Board of ENEA S.A.

EU IFRS cover standards and interpretations approved by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee.

The Company'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 S.A.'s separate financial statements in accordance with EU IFRS as at 31 December 2023. The presented tables and explanations are prepared with due diligence. The accounting rules are applied consistently across all of the presented periods, except as indicated in note 6.

These separate 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 Company's going concern.

These separate financial statements are prepared on an historic cost basis, except for financial instruments measured at fair value.

The Company prepares consolidated financial statements at the top and bottom levels of ENEA Group in accordance with EU IFRS. In the consolidated financial statements, entities in which the Company directly or indirectly holds a stake and at least half of voting rights or exerts control in another manner are subject to full consolidation. ENEA Group's consolidated financial statements were approved by the Management Board of ENEA S.A. on the same date as the separate financial statements. The consolidated financial statements are available online at https://ir.enea.pl/listaraportow/kategoria/3612/raporty-okresowe.

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ENEA S.A.'s separate financial statements should be read in conjunction with ENEA Group's consolidated financial statements for the period from 1 January to 31 December 2023 in order to obtain full information on the Group's financial situation and results.

These separate financial statements contain the financial information referred to in art. 44 sec. 2 of the Act of 10 April 1997 - Energy Law, presented in note 35.

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

The key accounting rules applied in preparing these separate financial statements are presented as an element of specific explanatory notes to these separate financial statements. These rules were applied continuously in all periods presented.

Preparing separate financial statements in accordance with EU IFRS requires the Management Board to adopt certain assumptions and make estimates that have an impact on the adopted accounting rules and the amounts shown in separate financial statements and notes to financial statements. 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 key areas where the Management Board's estimates have considerable impact on separate financial statements are presented in the following explanatory notes:

Notes describing significant estimates and assumptions

Notes describing significant estimates and assumptions	Note
Impairment of interests in subsidiaries, jointly controlled entities and associates	18
Tax	12
Property, plant and equipment	14
Intangible assets	15
Right-of-use assets	16
Investment properties	17
Inventories	19
Energy origin certificates	19
Trade and other receivables	20
Assets and liabilities arising from contracts with customers	22
Cash and cash equivalents	23
Employee benefit liabilities	29
Provisions	30
Financial instruments and fair value	31

6. Impact of new standards and interpretations, changes in accounting rules and data presentation

New Standards, amendments to Standards and Interpretations awaiting approval by the European Union:

Standard	Entry into force
IFRS 7 Financial Instruments: disclosure of information	1 January 2024
IAS 7 Statement of cash flows	1 January 2024
IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2025
IFRS 14 Regulatory Deferral Accounts	-
IFRS 10 Consolidated Financial Statements - amendments concerning the sale or contribution of assets between an investor and its associates or joint ventures	-
IAS 28 Investments in Associates and Joint Ventures - amendments concerning the sale or contribution of assets between an investor and its associates or joint ventures	-

The Company intends to apply them for the periods for which they will be in force for the first time. ENEA S.A. is currently analysing the impact of the New Standards, amendments of Standards and Interpretations on its financial statements. No significant changes have yet been identified in connection with the new standards being implemented.

New Standards, amendments to Standards and Interpretations approved by the European Union but not yet in effect:

Standard	Entry into force
IFRS 16 Leases - amendments to IFRS 16	1 January 2024
IAS 1 Presentation of Financial Statements	1 January 2024

ENEA S.A. is currently analysing the impact of the New Standards, amendments of Standards and Interpretations on its financial statements. No significant changes have yet been identified in connection with the new standards being implemented.

Changes in applied accounting rules

The accounting rules (policy) applied in preparing these separate financial statements are consistent with those applied in preparing the Company's annual separate financial statements for the year ended 31 December 2022, except for the application of new standards, amendments to standards and interpretations as described below:

- IFRS 17 Insurance Contracts - Harmonisation of rules for accounting for insurance contracts;
- IAS 1 Presentation of Financial Statements - replacing the requirement for entities to disclose "significant accounting policies" with a requirement to disclose "significant accounting policies";
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - the amendments clarify the distinction between changes in accounting estimates and policies and the correction of errors;
- IAS 12 Income Taxes - changes in the accounting for deferred income tax in relation to assets and liabilities arising from a single transaction; changes in the calculation of income tax in relation to Pillar II minimum income tax regulations Pillar;

ENEA S.A. has identified no impact on its financial statements from implementing the aforementioned amendments to Standards and Interpretations.

7. Functional currency and transactions in foreign currencies

Accounting rules

Functional currency and presentation currency

Items in the Company's financial statements are measured in the currency of the main economic environment in which the Company operates (functional currency). Financial statements are presented in Polish zloty (PLN), which is the functional currency and presentation currency. Items in financial statements are rounded to full thousands of zlotys (PLN 000s), unless otherwise stated.

Transactions and balances

Transactions expressed in foreign currencies are translated at initial recognition into the functional currency at the exchange rate valid on the transaction date.

At the balance sheet date, foreign currency cash items are translated using the closing exchange rate (closing rate is the average exchange rate published by the National Bank of Poland for the measurement day).

Gains and losses on exchange differences arising from settlement of transactions in foreign currencies and balance sheet measurement of foreign currency cash assets and liabilities are recognised in the gain or loss for the period, while gains and losses on exchange differences concerning tangible assets under construction are recognised as expenditures on tangible assets under construction.

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Explanatory notes to the separate statement of comprehensive income

8. Revenue from sales

Accounting rules

Revenue recognition

The Company recognises revenue when an obligation to provide a consideration by providing a promised good or service (i.e. asset) to the customer is performed (or is being performed), thus obtaining the right to remuneration and legal title to the asset. The asset is transferred when the customer obtains control over it.

The transfer of control may be gradual if the obligation to provide a consideration is satisfied or over time, i.e. when:

- the customer simultaneously receives and consumes all of the benefits provided by the Company as the Company performs,
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced (production in progress, for example), or control over that asset - as it is created or enhanced - is exercised by the client; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The performance-based method and overlay approach are used to determine the level of completion, taking into account the nature of the good or service being transferred.

In the item revenue from core activities, the Company recognises revenue from the sale of the following product and service groups:

- services provided in a continuous manner - the level of revenue depends on consumption (including supply of electricity, natural gas). Revenue is recognised when the Company transfers control over a part of the service being provided. The Company recognises revenue in the amount of remuneration from a customer to which it has a right and which corresponds directly to the value to the customer of the obligation performed so far - this value constitutes the amount that the Company has the right to invoice for;
- provision of goods/services at a point in time (including the sale of property rights). Revenue is recognised when control over the product/service is transferred. Control is transferred when the customer receives the goods or when service is rendered,

Revenue from sales is recognised in the net amount of remuneration when the Company acts as agent, i.e. its performance obligation is subject to the delivery of goods or services by another entity. Such revenue is recognised in the form of fee or commission to which - according to the Company's expectations - the Company will be entitled in exchange for the provision of goods or services by another entity. The fee or commission due for the Company may be a net amount that the Company retains after payment to another entity of consideration in exchange for goods or services provided by this entity.

The Company recognises as revenue the Financial compensations from Zarządca Rozliczeń S.A.; this revenue does not constitute public aid.

Costs related to the conclusion of agreements

Costs related to the conclusion of agreements are costs incurred by the Company in order to conclude an agreement with a customer that would not have been incurred by the Company had the agreement not been concluded (including the costs of commissions for partners for concluding electricity sale agreements). Costs that would have been incurred regardless of agreement conclusion are recognised in results for the period in which they are incurred.

Net revenue from sales

	Year ended	
	31 December 2023	31 December 2022
Revenue from the sale of electricity	15 595 417	12 030 802
Revenue from the sale of gas	172 905	311 484
Revenue from the sale of other services	24 064	52 913
Revenue from the sale of goods and materials	1 297	507
Total net revenue from sales	**15 793 683**	**12 395 706**

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The Company 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 Company 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.

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

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.

	Year ended	
	31 December 2023	31 December 2022
Revenue from continuous services	15 768 322	12 342 286
Revenue from services provided at specified time	25 361	53 420
Total	**15 793 683**	**12 395 706**

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.

ENEA S.A. recognised compensation revenue in the 12-month period ended 31 December 2023 amounting to PLN 3 705 902 thousand, of which:

- PLN 2 124 428 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 1 581 492 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.
- PLN (18) thousand in connection with the final settlement of the gas compensation for 2022 and the return to Zarządca Rozliczeń S.A. of PLN 18 thousand from the advance payments received for this purpose in 2022 in accordance with the provisions of the Act of 26 January 2022 on special solutions for the protection of gas fuel consumers in connection with the gas market situation

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

In the 12-month period ended 31 December 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 November 2023. Applications for December 2023 were submitted on 25 January 2024 - the amount of compensation for December 2023 is included in the Company's revenue on an estimated basis and does not differ from that in the application. In addition, the Company recognised an estimate of PLN 58 518 thousand in compensation income due to an increase in the statutory limits entitling the Company to use a frozen price at the 2022 price level in settlements with customers and an estimate for the annual settlement of compensations for 2023, amounting to PLN 129 444 thousand.

As at 31 December 2023, of the PLN 3 705 920 thousand of compensation recognised in the statement of comprehensive income, ENEA S.A. had received PLN 2 771 947 thousand and expected to receive PLN 933 973 thousand.

9. Operating costs

Accounting rules

The Company presents costs using the comparative approach (costs by nature).

Costs have an impact on financial result to the extent that they apply to a given reporting period, thus ensuring that they are commensurate to revenue or other economic benefits.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

Costs by nature

	Year ended 31 December 2023	31 December 2022
Depreciation/amortisation	**(5 817)**	**(6 217)**
Employee benefit costs	**(115 892)**	**(94 849)**
- remuneration	(93 115)	(77 076)
- social insurance and other benefits	(22 777)	(17 773)
Use of materials and raw materials and value of goods and materials sold	**(5 252)**	**(4 446)**
Third-party services	**(467 145)**	**(345 430)**
- transmission and distribution services	(146 799)	(79 634)
- other third-party services	(320 346)	(265 796)
Taxes and fees	**(4 811)**	**(4 388)**
Value of purchased electricity and gas	**(19 374 400)**	**(11 537 798)**
Total	**(19 973 317)**	**(11 993 128)**

Other services primarily include the costs of services being provided to ENEA S.A. by shared services centres.

Employee benefit costs

	Year ended 31 December 2023	31 December 2022
Wage costs	**(93 115)**	**(77 076)**
- present wages	(91 813)	(77 298)
- longevity bonuses	(1 155)	(17)
- retirement and disability severance payments	(147)	239
Cost of social insurance and other benefits	**(22 777)**	**(17 773)**
- social security contributions (ZUS)	(14 736)	(12 030)
- contributions to Company Social Benefit Fund (ZFŚS)	(2 041)	(1 788)
- other social benefits	(6 000)	(3 955)
Total	**(115 892)**	**(94 849)**

The costs of longevity awards and retirement/disability severance payments as presented in the above note are actual costs.

10. Other operating revenue and costs

Other operating revenue

	Year ended 31 December 2023	31 December 2022
Compensation, penalties, fines	5 059	2 909
Reversal of unused impairment losses on receivables	-	6 866
Gain/(loss) on change, sale and liquidation of property, plant and equipment and right-of-use assets	8 451	-
Other operating revenue	20 787	9 233
Total	**34 297**	**19 008**

Other operating costs

	Year ended 31 December 2023	31 December 2022
Recognition of other provisions	(10 985)	(21 077)
Impairment of receivables	(11 825)	-
Write-off of impaired receivables	(10 133)	(15 254)
Costs of court proceedings (including court settlements)	(4 770)	(49 114)
Trade union costs	(91)	(82)
Other operating costs	(31 591)	(17 626)
Total	**(69 395)**	**(103 153)**

Other operating costs include mainly donations for ENEA Foundation's statutory activities.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

11. Finance income and finance costs

Accounting rules

Interest income is recognised on an accrual basis using the effective interest rate approach, provided that this income is not in doubt. Interest on short-term (up to 3 months) bank deposits, on bank accounts and on cash pooling, which represent financial income and expenses, is recognised in operating activities of the separate statement of cash flows.

Finance income

	Year ended 31 December 2023	Year ended 31 December 2022
Interest income	**712 946**	**531 110**
- bank accounts and deposits	72 831	98 883
- bonds	88 706	98 136
- other loans and receivables	550 269	333 652
- financial leases and sub-leases	1 140	439
Changes in fair value of financial instruments	**6 958**	**6 628**
Other finance income	**684**	**2 481**
Total	**720 588**	**540 219**

Finance costs

	Year ended 31 December 2023	Year ended 31 December 2022
Interest costs	**(405 521)**	**(298 051)**
- on bank credit	(264 373)	(83 581)
- on bonds	(231 386)	(208 761)
- on leases	(1 418)	(846)
- from IFRS Swap	156 934	76 881
- other interest	(65 278)	(81 744)
Cost of discount concerning employee benefit	**(3 581)**	**(2 000)**
Changes in fair value of financial instruments	**(21 793)**	**13 812**
Total	**(430 895)**	**(286 239)**

The impact of the valuations of external loans and bonds measured at amortised cost of capital on profit or loss included in the table above under 'change in fair value of financial instruments' was PLN (2 932) thousand in 2023 and PLN (7 448) thousand in 2022.

12. Tax

Accounting rules

Income tax (including deferred income tax)

Income tax recognised in profit or loss for the period covers actual the actual tax burden for the given reporting period, calculated in accordance with the applicable provisions of the act on corporate income tax and potential adjustments of tax returns for previous years.

Deferred tax is the tax effect of events in a given period recognised using the accrual principle in accounting books for the period but is performed in the future. It arises when the tax effect of revenue and costs is the same as the balance sheet effect but takes place in different periods.

Deferred income tax arises in respect of all temporary differences, except for cases where deferred income tax results from:

a) initial recognition of goodwill; or
b) initial recognition of an asset or liability from a transaction that:
   - is not a merger of economic entities; and
   - has no impact at the transaction date on gross financial result or taxable income (tax loss);
c) investment in subsidiaries, branches, associates and interests in joint ventures.

In reference to all negative temporary differences, a deferred income tax asset is recognised up to an amount of likely taxable income to be generated that will offset the negative temporary differences.

The amount of deferred tax is set using income tax rates in effect for the year in which the tax obligation arises.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

Significant judgements and estimates

Recoverability of deferred income tax assets

Deferred income tax assets are measured using tax rates in effect when the asset is performed. The Company recognises a deferred income tax asset with the assumption that it will generate a tax profit in the future to use it.

The likelihood of using deferred income tax assets against future tax profits is based on the Company's budget.

Income tax

	Year ended	
	31 December 2023	31 December 2022
Current tax	131 462	99 890
Deferred tax	(97 460)	71 832
Total	**34 002**	**171 722**

Income tax on the Company's gross profit before tax differs from the theoretical amount that would be received by using the applicable nominal tax rate as follows:

	Year ended	
	31 December 2023	31 December 2022
Profit before tax	(1 636 942)	2 276 302
Tax calculated using the 19% rate	311 019	(432 497)
Non-taxable revenue (permanent differences) at 19%	-	1 273
Non-deductible costs (permanent differences) at 19%	(13 035)	(55 722)
Tax losses for which no deferred income tax asset was recognised, at 19%	(177 856)	-
(Increase)/Decrease in impairment of interests in subsidiaries, associates and jointly controlled entities, at 19%	(314 386)	202 691
Reversal of impairment loss - loan to Elektrownia Ostrołęka, at 19%	-	8 834
PGK tax group benefit, at 19%	125 099	201 112
Dividends received at 19%	93 150	189 185
Tax expenses applied to prior period results at a rate of 19%	-	57 000
Tax adjustments from prior years, at 19%	10 011	(154)
Increase/(decrease) of financial result due to income tax	**34 002**	**171 722**

As of 31 December 2023, income tax receivables amounted to PLN 54 856 thousand.

Deferred income tax

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

	As at	
	31 December 2023	31 December 2022
Deferred income tax assets	359 357	306 187
Offset of deferred income tax assets and provision	(263 565)	(144 915)
Deferred income tax assets after offset	**95 792**	**161 272**
Deferred income tax provision	263 565	144 915
Offset of deferred income tax assets and provision	(263 565)	(144 915)
Deferred income tax provision after offset	**-**	**-**

Deferred income tax assets as at 31 December 2023 to be realised within 12 months amounted to PLN 172 881 thousand, while those over 12 months PLN 186 476 thousand.

Deferred income tax provision as at 31 December 2023 to be realised within 12 months amounted to PLN 257 221 thousand, while those over 12 months PLN 6 344 thousand.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

Change in deferred income tax assets and liabilities during the year (before offset):

Deferred income tax assets:

	Impairment of receivables	Employee benefit liabilities	Provision for the cost of energy origin certificates	Leases	Measurement of interests	Provision for disputed claims	Provision for onerous contracts	Other	Total
As at 31 December 2021, using the 19% rate	**3 344**	**10 369**	**67 230**	**7 617**	**933**	**44 626**	**47 520**	**27 279**	**208 918**
(Increase)/decrease of financial result due to change in temporary differences	(1 719)	213	(30 016)	(858)	-	(29 205)	78 795	79 594	96 804
Change recognised in other comprehensive income	-	465	-	-	-	-	-	-	465
As at 31 December 2022, using the 19% rate	**1 625**	**11 047**	**37 214**	**6 759**	**933**	**15 421**	**126 315**	**106 873**	**306 187**
(Increase)/decrease of financial result due to change in temporary differences	2 227	226	(7 613)	923	-	2 088	48 522	5 504	51 877
Change recognised in other comprehensive income	-	1 293	-	-	-	-	-	-	1 293
As at 31 December 2023, using the 19% rate	**3 852**	**12 566**	**29 601**	**7 682**	**933**	**17 509**	**174 837**	**112 377**	**359 357**

The item "other" includes assets relating to costs and revenues associated with the sale of electricity in the amount of PLN 77 446 thousand, which will be accounted for in the tax account in subsequent years.

As at 31 December 2023, ENEA S.A.'s tax losses to be settled in future periods and recognised in the calculation of deferred tax assets amounted to PLN 34 608 thousand.

As at 31 December 2023, the tax losses of the tax group on which no deferred tax asset was recognised amounted to PLN 207 831 thousand.

Deferred income tax provision:

	Taxable income after end of settlement period	Recorded, uninvoiced sales	Differences between balance sheet value and tax value of tangible assets	Leases	IRS valuation	Other	Total
As at 31 December 2021, using the 19% rate	**20 615**	**33 909**	**7 086**	**245**	**25 633**	**14 441**	**101 929**
(Increase)/decrease of financial result due to change in temporary differences	13 661	23 767	(52)	369	-	(12 773)	24 972
Change recognised in other comprehensive income	-	-	-	-	18 014	-	18 014
As at 31 December 2022, using the 19% rate	**34 276**	**57 676**	**7 034**	**614**	**43 647**	**1 668**	**144 915**
(Increase)/decrease of financial result due to change in temporary differences	(34 276)	(6 570)	(791)	5	-	190 969	149 337
Change recognised in other comprehensive income	-	-	-	-	(30 687)	-	(30 687)
As at 31 December 2023, using the 19% rate	**-**	**51 106**	**6 243**	**619**	**12 960**	**192 637**	**263 565**

The item 'other' includes a change in the provision for compensations due, amounting to PLN 177 156 thousand.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

13. Profit/(loss) per share

Accounting rules

Net profit (loss) per share for each period is calculated by dividing the net profit (loss) attributable to the Company's shareholders for the period by the weighted average number of shares in that reporting period.

Diluted profit per share is calculated by dividing the period's net profit attributable to common shareholders (after deduction of interest on redeemable preference shares convertible into ordinary shares) by the weighted average number of outstanding ordinary shares during the period (adjusted by the impact of dilutive options and dilutive redeemable preference shares convertible into ordinary shares).

Profit per share

	Year ended	
	31 December 2023	31 December 2022
Net profit attributable to the Company's shareholders	(1 602 940)	2 448 024
Weighted average number of ordinary shares	529 731 093	501 430 391
Net profit per share (in PLN per share)	**(3.03)**	**4.88**
Diluted profit per share (in PLN per share)	**(3.03)**	**4.88**

Explanatory notes to the separate statement of financial position

14. Property, plant and equipment

Accounting rules

Property, plant and equipment items are measured at purchase price or cost to manufacture, less accumulated depreciation and impairment.

Subsequent expenditures are included in the book value of a given tangible asset or are recognised as a separate asset (wherever appropriate) only if it is likely that this item will bring economic benefits to the Company and the item's cost can be reliably measured. All other expenses on repairs and maintenance are recognised as profit or loss in the reporting period in which they are incurred.

Land is not subject to depreciation. For other tangible assets, depreciation is calculated on a straight-line basis throughout the estimated period of use. The base for calculating depreciation constitutes the initial value less final value, if significant. Each significant part of a property, plant and equipment item with a different period of use is depreciated separately. Use periods for property, plant and equipment are as follows:

– buildings and structures	20 – 70 years
– technical equipment and machinery	2 – 40 years
– means of transport	3 – 20 years
– other property, plant and equipment	5 – 15 years

Depreciation begins when an asset is available for use. Depreciation ends when an asset is designated as available for sale in accordance with IFRS 5 or when it is removed from the statement of financial position, depending on which occurs earlier.

External financing costs

Costs of external financing that can be directly attributed to an asset purchase, build or manufacture are capitalised as part of the purchase price or cost to manufacture such an asset. Other external financing costs are recognised as a cost in the period in which they are incurred.

The capitalisation of external financing costs begins at the later of the two dates: commencement of investment or commencement of financing. The Company ceases to capitalise external financing costs when the asset is handed over for use. The Company suspends capitalising external financing costs over a longer time period in which it suspended works focused on adapting the asset.

Significant judgements and estimates

Economic life and residual value

The amount of depreciation/amortisation changes is determined on the basis of expected period of use for tangible assets. The verification conducted this year resulted in changes to depreciation/amortisation periods. Their impact on the amount of depreciation/amortisation is negligible.

The residual values and economic life of property, plant and equipment are verified at least once a year. Each change of depreciation period requires agreement and necessitates an adjustment to the depreciation charges in subsequent financial years.

At each balance sheet date ending a financial year, impairment assessments are carried out in compliance with IAS 36. If indications of impairment are identified, an impairment test is carried out in accordance with IAS 36 (section in these financial statements concerning impairment of non-financial assets).

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

Property, plant and equipment

For the financial year ended 31 December 2023:

	Land	Buildings and structures	Technical equipment and machinery	Means of transport	Other tangible assets	Total
Gross value						
As at 1 January 2023	**949**	**39 014**	**20 482**	**4 720**	**5 086**	**70 251**
Transfers	-	11 939	-	-	-	11 939
Purchase	13 000	1 766	-	-	429	15 195
Liquidation	-	-	(644)	-	(38)	(682)
Sale	(13 019)	(358)	(51)	(181)	(262)	(13 871)
Other	-	1	(1)	(1)	195	194
As at 31 December 2023	**930**	**52 362**	**19 786**	**4 538**	**5 410**	**83 026**
Accumulated amortisation/depreciation						
As at 1 January 2023	**-**	**(17 592)**	**(20 040)**	**(2 548)**	**(4 741)**	**(44 921)**
Depreciation/amortisation	-	(779)	(116)	(533)	(250)	(1 678)
Liquidation	-	-	644	-	19	663
Sale	-	327	51	172	127	677
Other	-	(5 019)	1	1	1	(5 016)
As at 31 December 2023	**-**	**(23 063)**	**(19 460)**	**(2 908)**	**(4 844)**	**(50 275)**
Net value at 1 January 2023	**949**	**21 422**	**442**	**2 172**	**345**	**25 330**
Net value at 31 December 2023	**930**	**29 299**	**326**	**1 630**	**566**	**32 751**

No collateral was established on property, plant and equipment.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

For the financial year ended 31 December 2022:

	Land	Buildings and structures	Technical equipment and machinery	Means of transport	Other tangible assets	Total
Gross value						
As at 1 January 2022	**843**	**37 737**	**20 275**	**3 995**	**5 126**	**67 976**
Transfers	-	-	-	-	90	90
Purchase	-	1 277	207	1 108	34	2 626
Liquidation	-	-	-	(382)	(556)	(938)
Other	106	-	-	(1)	392	497
As at 31 December 2022	**949**	**39 014**	**20 482**	**4 720**	**5 086**	**70 251**
Accumulated amortisation/depreciation						
As at 1 January 2022	**-**	**(16 937)**	**(19 949)**	**(2 151)**	**(4 843)**	**(43 880)**
Depreciation/amortisation	-	(655)	(91)	(541)	(454)	(1 741)
Liquidation	-	-	-	144	556	700
As at 31 December 2022	**-**	**(17 592)**	**(20 040)**	**(2 548)**	**(4 741)**	**(44 921)**
Net value at 1 January 2021	**843**	**20 800**	**326**	**1 844**	**283**	**24 096**
Net value at 31 December 2022	**949**	**21 422**	**442**	**2 172**	**345**	**25 330**

No collateral was established on property, plant and equipment assets.

As at 31 December 2023, the Company had no 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 (as at 31 December 2022: PLN 0 thousand).

15. Intangible assets

Accounting rules

Intangible assets

Intangible assets include: computer software, licences and other intangible assets. Intangible assets are measured at purchase price or cost to manufacture, less accumulated amortisation and accumulated impairment.

Amortisation is calculated on a straight-line basis, using the following estimated period of use:

- for server licences and software 2 – 10 years,
- for work station licences and software and anti-virus software 2 – 10 years,
- for other intangible assets 2 – 10 years.

Costs of R&D work

The costs of research works are recognised in profit or loss in the period in which they are incurred.

The costs of development works that meet the capitalisation criteria described below, like intangible assets, are measured at purchase price or cost to manufacture, less accumulated amortisation and accumulated impairment. Amortisation is calculated on a straight-line basis, using estimated period of use between 2 and 7 years.

Capitalisation criteria:

- the technical capability to complete the intangible asset so that it is fit for use or sale,
- intention to complete the intangible asset and use or sell it,
- ability to use or sell the intangible asset,
- the way in which this intangible asset will produce future economic benefits. The economic entity should provide the existence of a market for products that are created using the intangible asset or for the intangible asset itself or - if the asset is to be used by the entity - the usefulness of this intangible asset,
- the availability of appropriate technical, financial and other means intended to complete the development works and use or sell the intangible asset,
- the ability to reliably determine expenditures on development works that can be attributed to the intangible asset.

Significant judgements and estimates

Economic life and residual value

The amount of amortisation changes is determined on the basis of expected period of use for intangible assets. Periods of economic life are verified at least once every financial year. The verification conducted this year resulted in changes to amortisation periods.

Each year, the Company verifies the correctness of periods of use for intangible assets. Each change of depreciation period requires agreement and necessitates an adjustment to the depreciation charges in subsequent financial years.

At each balance sheet date ending a financial year, impairment assessments are carried out for intangible assets in accordance with IAS 36. If grounds for impairment are identified, impairment tests are carried out in compliance with IAS 36.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

Intangible assets

For the financial year ended 31 December 2023:

	Computer software, licences, concessions, patents
Gross value	
As at 1 January 2023	**11 758**
Purchase	-
As at 31 December 2023	**11 758**
Accumulated amortisation/depreciation	
As at 1 January 2023	**(9 301)**
Depreciation/amortisation	(806)
As at 31 December 2023	**(10 107)**
Net value at 1 January 2023	**2 457**
Net value at 31 December 2023	**1 651**

No collateral is established on intangible assets. No intangible assets were produced internally in 2023.

For the financial year ended 31 December 2022:

	Computer software, licences, concessions, patents
Gross value	
As at 1 January 2022	**11 813**
Transfers	(90)
Purchase	35
As at 31 December 2022	**11 758**
Accumulated amortisation/depreciation	
As at 1 January 2022	**(8 428)**
Depreciation/amortisation	(873)
As at 31 December 2022	**(9 301)**
Net value at 1 January 2021	**3 385**
Net value at 31 December 2022	**2 457**

No collateral has been established on intangible assets.

16. Right-of-use assets

Accounting rules

A contract contains a lease if:

a) it concerns an identified asset that is explicitly specified in the contract (e.g. using an inventory number or indication of a specific floor of a building) or indirectly specified when it is made available to the customer; and
b) the lessee receives essential all of the economic benefits from such assets during the period of use, i.e. both basic benefits and the benefits derived from it; and
c) the lessee has the right to specify the method in which it uses the identified asset.

As lessee, the Company recognises leases in its financial statements as:

a) right-of-use assets at purchase price;
   - covering the value of the lease liability plus payments made on or before the contract date, initial direct costs, an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories,
   - less any lease incentives received.
b) lease liabilities constituting the sum of the present value of lease payments and the present value of payments expected at the end of the lease term.

Subsequent to initial recognition, the Company measures the right-of-use assets at purchase price less depreciation and impairment. The depreciation period is set as:

a) if the lease transfers ownership of the underlying asset to the lessee or if the lessee is certain that it will exercise a purchase option, the depreciation period is from the commencement date to the end of the useful life of the underlying asset, or
b) the depreciation period starts from the commencement date to the earlier of:
   - the end of the useful life of the right-of-use asset, or
   - the end of the lease term.

The present value of future lease payments is calculated using a discount rate. The Company applies a residual interest rate, i.e. a rate that ENEA S.A. would be required to pay based on a similar lease contract or, if not possible to determine, an interest rate at the commencement date that ENEA S.A. would have to use to make a loan necessary to purchase the given asset for a similar period and with similar collateral. ENEA S.A. uses an interest rate equal to 6-month WIBOR from the last day of the year preceding the financial year, plus margin. The discount rate will be updated once a year, at the end of the year, and will apply in the following period for new leases entered into.

The Company sets the lease term, i.e. irrevocable lease term, together with:

a) term for an option to extend the lease if the Company is sufficiently certain that it will exercise this right; and
b) term for an option to terminate the lease if it is sufficiently certain that the Company will not exercise that right.

In most of its leases, the Company uses a lease period in accordance with the contractual period. For leases executed for an indefinite period, the Company determines the minimum contractual period for both of the parties. If the Company is unable to determine how long it intends to use the asset and such an estimate could be treated as a lease term in the case of contracts with an undefined period, the Company assumes that the irrevocable contractual period will be the termination period for that contract.

In the case of rights to perpetual usufruct of land, the lease term is the same as the term for the right to perpetual usufruct.

In subsequent periods, the lease liability is measured taking into account:

a) interest charged (unwind of discount),
b) lease payments made,
c) reflection of the re-evaluation of contract, changes in the contract or changes in the nature of variable payments that are fixed in substance.

The liability in a given period will constitute the difference between the present value of lease payments and the sum of lease payments for the given period. The interest part of a lease payment is directly recognised in the statement of profit and loss.

For multi-element contracts, the Company recognises lease components separately from non-lease components. The Company allocates contractual remuneration to all components, using individual sales prices in the case of lease components and aggregated individual sales prices in the case of non-lease components.

The Company applies a practical expedient and does not apply the lease model in reference to:

a) short-term leases (contracts with a term of up to 12 months and without the right to purchase the asset),
b) the leasing of low-value assets, the initial value of which does not exceed PLN 10 thousand (even if the value of such assets is significant after aggregation) and assets that are not largely depended on or tied to other assets specified in the contract.

This exemption does not apply in situations where the Company transfers the asset under a sub-lease or expects to transfers it. If the Company decides to use this expedient, it recognises lease payments as cost on a straight-line basis throughout the lease term.

Significant judgements and estimates

Discount rate

The way in which the discount rate is determined is described above in accounting rules.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

Right-of-use assets

For the financial year ended 31 December 2023:

	Right to perpetual usufruct of land	Buildings	Means of transport	Other	Total
Gross value					
As at 1 January 2023	**28 775**	**12 929**	**-**	**13**	**41 717**
Purchase*	15 014	-	-	-	15 014
Transferred under a finance sub-lease	-	(111)	-	-	(111)
Liquidation	(60)	(2 251)	-	(13)	(2 324)
Sale	(294)	-	-	-	(294)
Other	2 555	4 515	1 358	14	8 442
As at 31 December 2023	**45 990**	**15 082**	**1 358**	**14**	**62 444**
Accumulated amortisation/depreciation					
As at 1 January 2023	**(1 714)**	**(4 194)**	**-**	**(9)**	**(5 917)**
Depreciation/amortisation	(491)	(2 862)	(58)	(14)	(3 425)
Liquidation	5	1 975	-	13	1 993
Sale	10	-	-	-	10
Transferred under a finance sub-lease	-	49	-	-	49
As at 31 December 2023	**(2 190)**	**(5 032)**	**(58)**	**(10)**	**(7 290)**
Net value at 1 January 2023	**27 061**	**8 735**	**-**	**4**	**35 800**
Net value at 31 December 2023	**43 800**	**10 050**	**1 300**	**4**	**55 154**

** conclusion of new agreements*

For the financial year ended 31 December 2022:

	Right to perpetual usufruct of land	Buildings	Means of transport	Other	Total
Gross value					
As at 1 January 2022	**27 613**	**15 766**	**896**	**16**	**44 291**
Purchase*	1 073	101	-	13	1 187
Transferred under a finance sub-lease	-	(259)	-	-	(259)
Liquidation	(15)	(165)	(896)	(16)	(1 092)
Other	104	(2 514)	-	-	(2 410)
As at 31 December 2022	**28 775**	**12 929**	**-**	**13**	**41 717**
Accumulated amortisation/depreciation					
As at 1 January 2022	**(1 327)**	**(1 395)**	**(896)**	**(13)**	**(3 631)**
Depreciation/amortisation	(388)	(2 978)	(44)	(13)	(3 423)
Liquidation	1	156	940	16	1 113
Other	-	23	-	1	24
As at 31 December 2022	**(1 714)**	**(4 194)**	**-**	**(9)**	**(5 917)**
Net value at 1 January 2021	**26 286**	**14 371**	**-**	**3**	**40 660**
Net value at 31 December 2022	**27 061**	**8 735**	**-**	**4**	**35 800**

** conclusion of new agreements*

The Company uses finance sub-leases to transfer assets - office space. These contracts are executed with Group companies, and ENEA S.A. recognises interest income in the present period's result.

17. Investment properties

Accounting rules

Investment properties are maintained in order to generate income from rent, growth in value or both. The Company selected the purchase price model at initial recognition.

Investments in properties are amortised on a straight-line basis. Amortisation begins in the month following the month in which the investment in property is accepted for use.

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Income from renting investment properties is recognised in profit or loss on a straight-line basis throughout the contract term.

Significant judgements and estimates

Key assumptions regarding verifying the economic life of investment properties are described in an explanatory note concerning property, plant and equipment (note 14), and key assumptions concerning impairment are described in a note in the section of these financial statements relating to the impairment of non-financial assets.

Investment properties

	As at 31 December 2023	31 December 2022
Gross value		
As at 1 January	**19 322**	**19 322**
Transfers*	(11 939)	-
As at 31 December	**7 383**	**19 322**
Accumulated amortisation/depreciation		
As at 1 January	**(7 216)**	**(6 666)**
Depreciation/amortisation	(468)	(550)
Transfers*	5 018	-
As at 31 December	**(2 666)**	**(7 216)**
Net value		
As at 1 January	**12 106**	**12 656**
As at 31 December	**4 717**	**12 106**

** concerns an office building used for own purposes.*

No collateral was established on investment properties.

Presented below are revenue and costs related to investment properties:

	Year ended 31 December 2023	31 December 2022
Income from investment properties	750	1 063
Operating costs related to income-generating investment properties	(911)	(1 089)

18. Investments in subsidiaries, associates and jointly controlled entities

Accounting rules

Accounting rules concerning investments in subsidiaries, associates and jointly controlled entities are presented in note entitled Group composition (note 2).

Impairment of non-financial assets

The Company's assets are analysed in terms of impairment whenever indications of possible impairment are identified.

An impairment loss is recognised in the amount by which the asset's balance sheet value exceeds its recoverable value. The recoverable value is determined as the higher of the following two amounts: fair value less cost to sell or usable value (i.e. estimated present value of future cash flows that are expected to be obtained from further use of the asset or cash generating unit). For impairment analysis purposes, assets are grouped at the lowest level where it is possible to identify separate cash flows (cash generating units).

All impairment losses are recognised in profit or loss. Impairment losses may be reversed in subsequent periods if events occur that justify a lack of or change in impairment.

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Significant judgements and estimates

Impairment tests are conducted based on a number of assumptions, some of which are beyond ENEA S.A.'s control. The key assumptions mainly concern price trajectories for electricity, energy origin certificates, the capacity market and discount rates. Significant changes in these assumptions have an impact on impairment test results and, in consequence, on the Company's financial position and financial results.

Change in investments in subsidiaries, associates and jointly controlled entities

	Year ended 31 December 2023	Year ended 31 December 2022
As at 1 January	**10 603 939**	**9 531 789**
Purchase of investments	457 449	52 857
Sale of investments	(394)	(302 761)
Change in impairment	(1 853 002)*	1 368 897
Other changes	-	(46 843)
As at 31 December	**9 207 992**	**10 603 939**

** in the statement of comprehensive income an increase in impairment of PLN 1 654 666 thousand was presented, the remaining amount of the increase in impairment in the amount of PLN 198 336 thousand was recognised on a non-deductible basis and relates to the conversion of a loan granted to Elektrownia Ostrołęka Sp. z o.o. and written down to zero in previous years, into shares in that company*

The purchase mainly concerns shares in Elektrownia Ostrołęka Sp. z o.o., ENEA Nowa Energia Sp. z o.o.

ENEA ELKOGAZ Sp. z o.o.

15 March 2023	Resolution increasing share capital by PLN 10 000 thousand, from PLN 19 000 thousand to PLN 29 000 thousand, by issuing 100 000 new shares with a nominal value of PLN 100.00 each.	Extraordinary General Meeting
26 July 2023	Resolution increasing share capital by PLN 10 000 thousand, from PLN 29 000 thousand to PLN 39 000 thousand, by issuing 100 000 new shares with a nominal value of PLN 100.00 each.	Extraordinary General Meeting
6 December 2023	Resolution increasing share capital by PLN 15 000 thousand, from PLN 39 000 thousand to PLN 54 000 thousand, by issuing 150 000 new shares with a nominal value of PLN 100.00 each.	Extraordinary General Meeting

Polimex – Mostostal S.A.

30 March 2023	The Company submitted a demand to exercise its call option and made a bank transfer for 187 500 Polimex - Mostostal S.A. shares.	-
March 2023	ENEA S.A. sold 187 500 Polimex – Mostostal S.A. shares that it had previously held, thus decreasing its stake in that company's share capital from 16.23% to 16.15%.	-
29 June 2023	The Company submitted a demand to exercise its call option and made a bank transfer for 125 500 Polimex - Mostostal S.A. shares.	-
28 September 2023	The Company submitted a demand to exercise its call option and made a bank transfer for 187 500 Polimex - Mostostal S.A. shares.	-
24 November 2023	The Company submitted a demand to exercise its call option and made a bank transfer for 125 500 Polimex - Mostostal S.A. shares.	-

ENEA Trading Sp. z o.o.

28 June 2023	Resolution increasing share capital by PLN 1 000 thousand, from PLN 61 205 thousand to PLN 61 206 thousand, by issuing 1 new share with a nominal value of PLN 1 thousand.	Extraordinary General Meeting

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Elektrownia Ostrołęka Sp. z o.o.		
27 April 2023	Resolution increasing share capital by PLN 100.00 thousand, from PLN 912 482 100.00 thousand to PLN 912 482 200.00 thousand, by issuing 2 new shares with a nominal value of PLN 50.00 each.	Extraordinary General Meeting
EN101 Sp. z o.o.		
5 July 2023	Resolution increasing share capital by PLN 3 430 thousand, from PLN 70 thousand to PLN 3 500 thousand, by issuing 4 900 new shares with a nominal value of PLN 700.00 each.	Extraordinary General Meeting
EN102 Sp. z o.o.		
5 July 2023	Resolution increasing share capital by PLN 3 531 thousand, from PLN 70 thousand to PLN 3 601 thousand, by issuing 5 044 new shares with a nominal value of PLN 700.00 each.	Extraordinary General Meeting
EN103 Sp. z o.o.		
5 July 2023	Resolution increasing share capital by PLN 148 thousand, from PLN 70 thousand to PLN 218 thousand, by issuing 211 new shares with a nominal value of PLN 700.00 each.	Extraordinary General Meeting
EN201 Sp. z o.o.		
5 July 2023	Resolution increasing share capital by PLN 2 509 thousand, from PLN 70 thousand to PLN 2 579 thousand, by issuing 3 584 new shares with a nominal value of PLN 700.00 each.	Extraordinary General Meeting
EN202 Sp. z o.o.		
5 July 2023	Resolution increasing share capital by PLN 3 223 thousand, from PLN 70 thousand to PLN 3 293 thousand, by issuing 4 604 new shares with a nominal value of PLN 700.00 each.	Extraordinary General Meeting
EN203 Sp. z o.o.		
5 July 2023	Resolution increasing share capital by PLN 535 thousand, from PLN 70 thousand to PLN 605 thousand, by issuing 764 new shares with a nominal value of PLN 700.00 each.	Extraordinary General Meeting
Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o.		
6 July 2023	Resolution increasing share capital by PLN 6 000 thousand, from PLN 6 583 thousand to PLN 12 583 thousand, by issuing 12 000 new shares with a nominal value of PLN 500.00 each. ENEA S.A. purchased 11 992 shares with a nominal value of PLN 5 996 thousand.	Extraordinary General Meeting
ENEA Innowacje Sp. z o.o.		
2 August 2023	Resolution increasing share capital by PLN 12 000 thousand, from PLN 38 710 thousand to PLN 50 710 thousand, by issuing 120 000 new shares with a nominal value of PLN 100.00 each.	Extraordinary General Meeting
PRO-WIND Sp. z o.o.		
23 August 2023	ENEA S.A. purchased 100% shares in PRO-WIND Sp. z o.o. for PLN 25 029 thousand.	-
PV Tykocin Sp. z o.o.		
23 August 2023	ENEA S.A. purchased 100% shares in PV Tykocin Sp. z o.o. for PLN 3 119 thousand.	

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ENEA Nowa Energia Sp. z o.o.

1 September 2023	Resolution increasing share capital by PLN 118 500 thousand, from PLN 52 648 thousand to PLN 171 148 thousand, by issuing 2 370 000 new shares with a nominal value of PLN 50 each.	Extraordinary General Meeting

PV Genowefa Sp. z o.o. (formerly PAD RES Genowefa Sp. z o.o.)

20 September 2023	ENEA S.A. purchased 100% of shares in PV Genowefa Sp. z o.o. (formerly PAD RES Genowefa Sp. z o.o.) for EUR 10 204 thousand.	
12 December 2023	Resolution increasing share capital by PLN 2 500 thousand, from PLN 5 thousand to PLN 2 505 thousand, by issuing 50 000 new shares with a nominal value of PLN 50.00 each.	Extraordinary General Meeting

Impairment of investments

	As at	
	31 December 2023	31 December 2022
As at 1 January	**3 424 875**	**4 793 772**
Created	2 414 260	-
Used	-	(302 104)
Reversed	(561 258)	
Reversed	-	(1 066 793)
As at 31 December	**5 277 877**	**3 424 875**

As at 30 June 2023, The Management Board of ENEA S.A., in reference to the conclusion of an agreement on cooperation in the spin-off of coal assets and their integration within the National Agency for Energy Security ("NABE") and the signing of documents containing a summary of the conditions of the transaction of the purchase by the State Treasury of 100% of shares of ENEA Wytwarzanie Sp. z o.o. and ENEA Elektrownia Połaniec S.A., decided to update the value of shares in the above companies to the amount of the submitted proposal in accordance with the information provided in current report 30/2023 of 15 July 2023.

The recoverable value of equity, calculated as above, is as follows:

– at ENEA Wytwarzanie Sp. z o.o. PLN 2 479 000 thousand (book value: PLN 1 959 742 thousand),

– at ENEA Elektrownia Połaniec S.A. PLN 632 000 thousand (book value: PLN 1 268 087 thousand).

In connection with this, as at 30 June 2023, it was found necessary to reverse impairment losses recognised in previous years on shares in ENEA Wytwarzanie Sp. z o.o. in the amount of PLN 519 258 thousand and to recognise an impairment loss on shares in ENEA Elektrownia Połaniec S.A. in the amount of PLN 636 087 thousand.

ENEA Innowacje Sp. z o.o. initially as ENEA Innovation Sp. z o.o. was established on 29 September 2015 to carry out innovation activities within ENEA Group. Given that the company, despite having a portfolio of several innovative projects in its area of acquisition interest until 31 December 2023, has not yet finalised any of them, and guided by the principle of prudent valuation, ENEA S.A. decided to write down the value of shares in ENEA Innowacje Sp. z o.o. in the amount of PLN 50 710 thousand. As at 31 December 2023, the value of the shares of ENEA Innowacje Sp. z o.o. in the separate statement of financial position of ENEA S.A. was zero.

Impairment test of stakes in ENEA Wytwarzanie Sp. z o.o., ENEA Ciepło Sp. z o.o., Miejska Energetyka Cieplna Piła Sp. z o.o., Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. and ENEA Elektrownia Połaniec S.A.

As at 31 December 2023, in connection with the information and analyses in its possession concerning, inter alia, the change in market prices of CO_2 emission allowances, electricity, certificates of origin of energy and forecasts of macroeconomic indicators, the Company carried out impairment tests of shares and stocks of ENEA Wytwarzanie Sp. z o.o, ENEA Ciepło Sp. z o.o., Miejska Energetyka Cieplna Piła Sp. z o.o., Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. and ENEA Elektrownia Połaniec S.A.

The calculation of the recoverable amount of the shares results from the sum of the value in use of the individual cash-generating units (CGUs) included in the above companies less the financial liabilities incurred. CGUs' useful values were specified using the discounted cash flows method for periods longer than five years. The projection's time frame results from a combination of economic lifetime of each CGU and the long-term impact of new and announced legal regulations.

The recoverable value of equity, calculated as above, is as follows:

– at ENEA Wytwarzanie Sp. z o.o. PLN 1 054 807 thousand (book value PLN 2 479 000 thousand)

- at ENEA Ciepło Sp. z o.o. PLN 623 832 thousand (book value PLN 647 322 thousand)
- at ENEA Elektrownia Połaniec S.A. PLN 1 145 156 thousand (book value: PLN 632 000 thousand)
- at Miejska Energetyka Cieplna Piła Sp. z o.o. PLN 155 647 thousand (book value: PLN 28 644 thousand)
- at Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. PLN 24 744 thousand (book value PLN 8 325 thousand)

Taking into account a decline in the recoverable amount for ENEA Wytwarzanie Sp. z o.o. and ENEA Ciepło Sp. z o.o. in relation to its book value covered by impairment, it was found necessary to recognise the following impairment losses: ENEA Wytwarzanie Sp. z o.o. for PLN 1 424 193 thousand and ENEA Ciepło Sp. z o.o. for PLN 23 490 thousand.

The surroundings of the ENEA Group, are characterised by the volatility of macroeconomic, market and regulatory conditions. The assumptions used to estimate the value in use of the assets are the result of the best knowledge held by the Company at the time the analyses were prepared.

2022 saw a reversal of the recoverable value of shares in ENEA Wytwarzanie Sp. z o.o., due to a favourable market situation both in terms of electricity generation from conventional sources and building satisfactory CDS margins. Furthermore, in the valuation of the recoverable value of the shares in 2022, repayment of the debt of ENEA Wytwarzanie Sp. z o.o. had a positive impact by reducing the company's net debt, which contributed to the reversal of the value of the shares in 2022. 2023 was a dynamic year in terms of the development of new RES sources and power generation mainly due to favourable weather conditions. Legislative provisions also changed, abolishing the exchange obligation reducing liquidity on the Polish Power Exchange, and the Energy Price Freeze Act, which introduced the obligation for generating companies to make contributions to the Price Difference Payment Fund. The impact of large RES generation (increased supply) and the aforementioned legislative changes resulted in a major reduction in electricity prices, while maintaining high hard coal prices and a relatively high level of CO2 emission allowance prices (a visible gradual collapse in the correlation of CO2 emission prices with the price of energy). Assumptions adopted for impairment testing taking into account the above indicated impairment of the recoverable value of shares in ENEA Wytwarzanie Sp. z o.o.

ENEA Group, as an active and conscious participant in the energy transition, has adopted ENEA Group's Climate Policy. The main purpose of the document is to determine the impact of ENEA Group's activities on the natural environment and to indicate courses of action and management mechanisms ensuring responsible business activity of ENEA Group with respect for the natural resources of our planet.

In July 2021 the European Commission published the Fit for 55 legislative package, the aim of which is to achieve a 55% reduction in greenhouse gas emissions in the EU (previously 40%) by 2030 compared to 1990. The effect of the above measures should be, inter alia, an increase in the level of CO2 emission allowance prices, which has in fact already occurred since 2021, compounded by the effects of the coronavirus pandemic and the war in Ukraine (inter alia, broken supply chains, increased fuel prices, etc.). Issues arising from climate restrictions are included in the assumptions adopted for impairment testing to the best knowledge of ENEA Group, which has built competence centres for forecasting macroeconomic and price assumptions to estimate the effects of the above regulations. ENEA Group adopts the assumptions developed by the competence centres, which take into account the current regulatory and market situation, using forecasts from independent financial institutions and forecasting centres.

At the same time, in the face of the instability of RES sources (which depend on environmental factors), generating facilities based on coal or transitional fuel such as natural gas will still be needed in the electricity system for balancing purposes. In its power generation potential, ENEA Group has high-efficiency coal-fired installations (such as unit 11 in the Kozienice Power Plant), the emissions of which are lower than those of worn-out low-efficiency coal-fired installations (200MW class units) with continuously degrading profitability. Currently and in the near future, the indicated generating units are already undergoing or will undergo reactivation procedures based on adaptation of biomass combustion - "greening" of coal assets (concerns the "greening" project at ENEA Elektrownia Połaniec S.A.).

It is assumed that in the following years biomass and renewable energy will be used to generate electricity and heat in the currently used, new and modernised units at ENEA Group, with a downward trend in the demand for coal fuel.

These regulations forcing specific technological changes mean that a decrease in the volume of production from conventional sources is anticipated, with an increase in investment outlays for the implementation of zero- (wind and solar farms) and low-emission projects (biomass units or modernisation of coal units with an increased share of biomass combustion).

It should be noted that all forecasts adopted for the purpose of testing possible impairment of assets at ENEA Group are based on assumptions concerning future market circumstances and events, the adoption of which for the purpose of developing financial projections for individual CGUs was, in the opinion of ENEA Group, reasonable at the time of preparing the forecasts. Actual future market trends may differ - sometimes significantly - from the projections presented.

The key assumptions adopted for the purposes of impairment testing of non-financial non-current assets are the result of the best knowledge and experience of the Company and its subsidiaries with regard to the generation of electricity from various sources, taking into account the product specifics of individual CGUs and events that have taken place or are planned in the future within ENEA Group.

The main assumptions made for the impairment testing of non-financial non-current assets, which are the basis for estimating the impairment of shares in the next step, are set out below:

- the assets have been tested within six cash-generating units, namely CGU Elektrownie Systemowe Kozienice, CGU Elektrownie Systemowe Połaniec, CGU Zielony Blok, CGU Białystok, CGU Oborniki and CGU Piła,

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- the main price paths, based on forecasts prepared by ENEA Power&Gas Trading Sp. z o.o. (a company operating as ENEA Group's competence centre for wholesale trade of electricity, property rights, emission allowances and fuels, and drafting price forecasts for long-term projections), taking into account the specific nature of products and knowledge about existing contracts:
  - wholesale "base" prices for electricity: for 2024-2050: prices are expected to decline from 609.64 PLN/MWh in 2023 to 508.92 PLN/MWh in 2050 [fixed prices 2023],
  - CO_2 emission allowances: the forecast expects an increase in the prices of CO_2 allowances by an average of 1.9% per year, from 84.62 EUR/t in 2024 until 2030. Between 2031 and 2045, prices are expected to grow further, by approx. 1.0% per year, followed by a constant price until 2050 [fixed prices 2023],
  - coal: a decline in the price of coal is expected until 2029 by a yearly average of 5.4%, from 19.94 PLN/GJ until 2024. From 2030, a constant price is expected until the end of 2050 [fixed prices 2023],
  - biomass: decline in the average price of biomass is expected at ENEA Group, from 45 PLN/GJ in 2024 to 43.77 PLN/GJ in 2028, followed by a stabilisation until the end of 2050 [fixed prices 2023].
  - natural gas: prices are expected to sharply decline from 2024, from 253 PLN/MWh, by approx. 39.5% to 2030, followed by a stabilisation until 2050 [fixed prices 2023],
- quantity of CO_2 emission allowances received for free for 2021-2025 in accordance with a derogation application (pursuant to art. 10c sec. 5 Directive 2003/87/EC of the European Parliament and of the Council),
- revenue related to maintaining generation capacities from 2021 pursuant to the Act on the Capacity Market, based on previously won auctions,
- inflation, taking into account the National Bank of Poland's long-run inflation target of 2.5%, without taking into account the permitted fluctuations of +/- 1pp,
- nominal discount rate 8.64% [discount rate before tax is 9.80%]. The Company used a risk premium for the following CGUs:
  1. CGU Zielony Blok - 0.5%. Discount rate taking into account company-specific risk premium was 8.84% [discount rate taking into account company-specific risk premium before tax is 10.01%],
  2. CGU Elektrownie Systemowe Kozienice and Elektrownie Systemowe Połaniec - 2%. Discount rate taking into account company-specific risk premium was 9.45% [discount rate taking into account company-specific risk premium before tax is 10.61%],
  3. CGUs Białystok, Piła and Oborniki - 1%. Discount rate taking into account company-specific risk premium was 9.05% [discount rate taking into account company-specific risk premium before tax is 10.21%],
- growth rate in residual period - 0%.

The sensitivity analysis shows that significant factors having impact on the estimated recoverable values of CGUs include: discount rates, inflation, electricity prices and CO_2 emission allowance prices, and hard coal prices. Future financial results and thus the recoverable amounts of CGUs will also be driven by the prices of energy origin certificates, heat and biomass prices.

The following table shows the value impact of selected factors on the total recoverable value (output value) of CGUs:

Impact of change in discount rate (starting point depending on CGU)

Change in assumptions	-0.5pp	Output value	+0.5pp
Change in recoverable value	**66 991**	**3 004 186**	**(58 727)**
ENEA Ciepło Sp. z o.o.	147 789	623 832	(128 576)
MEC Piła Sp. z o.o.	6 642	155 647	(6 098)
PEC Oborniki Sp. z o.o.	838	24 744	(813)
ENEA Wytwarzanie Sp. z o.o.	(68 733)	1 054 807	59 046
ENEA Elektrownia Połaniec S.A.	(19 545)	1 145 156	17 714

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Impact of changes in inflation from 2025 (starting point 4.20% for 2025, 3.1% in 2026 and 2.5% in subsequent years)

Change in assumptions	-0.5pp	Output value	+0.5pp
Change in recoverable value	**(86 360)**	**3 004 186**	**87 062**
ENEA Ciepło Sp. z o.o.	(117 879)	623 832	129 129
MEC Piła Sp. z o.o.	852	155 647	(3 191)
PEC Oborniki Sp. z o.o.	(697)	24 744	723
ENEA Wytwarzanie Sp. z o.o.	66 872	1 054 807	(75 832)
ENEA Elektrownia Połaniec S.A.	(35 508)	1 145 156	36 233

Impact of changes in electricity prices from 2025

Change in assumptions	-1.0%	Output value	+1.0%
Change in recoverable value	**(970 549)**	**3 004 186**	**963 526**
ENEA Ciepło Sp. z o.o.	(25 162)	623 832	25 160
MEC Piła Sp. z o.o.	(6 260)	155 647	6 260
PEC Oborniki Sp. z o.o.	100	24 744	(98)
ENEA Wytwarzanie Sp. z o.o.	(569 239)	1 054 807	563 782
ENEA Elektrownia Połaniec S.A.	(369 988)	1 145 156	368 422

Impact of change in price of CO2 emission allowances from 2025

Change in assumptions	-1.0%	Output value	+1.0%
Change in recoverable value	**424 220**	**3 004 186**	**(425 726)**
ENEA Ciepło Sp. z o.o.	4 759	623 832	(4 770)
MEC Piła Sp. z o.o.	1 616	155 647	(1 616)
PEC Oborniki Sp. z o.o.	-	24 744	-
ENEA Wytwarzanie Sp. z o.o.	313 316	1 054 807	(314 811)
ENEA Elektrownia Połaniec S.A.	104 529	1 145 156	(104 529)

Impact of changes in hard coal prices from 2025

Change in assumptions	-1.0%	Output value	+1.0%
Change in recoverable value	**194 033**	**3 004 186**	**(194 022)**
ENEA Ciepło Sp. z o.o.	1 870	623 832	(1 872)
MEC Piła Sp. z o.o.	731	155 647	(731)
PEC Oborniki Sp. z o.o.	36	24 744	(22)
ENEA Wytwarzanie Sp. z o.o.	136 786	1 054 807	(136 787)
ENEA Elektrownia Połaniec S.A.	54 610	1 145 156	(54 610)

Valuation of recoverable value of stake in LWB S.A.

In connection with the identified indications of potential impairment of non-financial fixed assets by Lubelski Węgiel "Bogdanka" S.A. (LWB S.A.) resulting from the fact that the company's current market capitalisation has remained at a low level for a long period of time, ENEA S.A. carried out an impairment test of its stake in LWB S.A.

A letter of intent for the acquisition of shares in Lubelski Węgiel "Bogdanka" S.A. by the State Treasury expired at the end of December 2023. However, the company maintains ENEA Group's long-term decarbonisation strategy. Thus, from the Company's viewpoint, the determination of the value of the LWB S.A. stake based on a valuation independent of the value of the shares resulting from the value in use subsequently adjusted for net debt calculated by LWB Group for the purpose of preparing LWB Group and LWB S.A. statements continues.

From the point of view of ENEA S.A. as well as ENEA Group, a single recoverable amount estimated as the fair value resulting from the valuation using the discounted cash flow method on the basis prepared by LWB S.A. and subsequently modified by ENEA S.A. was adopted for the impairment testing of the LWB S.A. shareholding and CGU Mining (the modification is intended to align the assumptions between the generation companies and LWB S.A. and to introduce the same long-term price trajectories used in the impairment test of shares from ENEA S.A.'s perspective) financial projections in 2024- 2051. An internal estimate of the value was made using the discounted dividend method, the multiplier method, and the results were compared with the valuation resulting from the market value estimate report for LWB shares (report prepared as of 11 September 2023 by Pekao Investment Banking, which is the basis for the impairment losses as at 30 June 2023). In the opinion of the Management Board, a valuation based on the discounted cash flow method was considered to be reasonable and to meet the requirements of due diligence. The valuation carried out in this way showed the value of the stake in LWB S.A. at PLN 1 408 593 thousand, resulting in the necessity to recognise an impairment loss on the stake in LWB S.A. in the amount of PLN 77 123 thousand.

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The value of the stake in Lubelski Węgiel Bogdanka S.A. obtained according to the above approach was determined with the following assumptions:

- given the links between the various divisions and the mine's organisational scheme, all of LWB S.A.'s assets were considered as one CGU;
- the model used to estimate the discounted cash flows (including the resulting cash flows and the value of the assets under test) was prepared as at 31 December 2023, in line with the consistent pricing assumptions used at ENEA Group for impairment testing in both CGU Generation and CGU Mining;
- forecast period from 2024 to 2051 - was estimated on the basis of LWB S.A.'s extractable coal resources as of the balance sheet date (available to be mined using the existing infrastructure as of the balance sheet date, mainly concerning shafts). From 2034 on, the average annual extraction level gradually decreases due to the expected decrease in demand for thermal coal (coal-fired generating units are planned to be successively phased out due to their age and as a result of decarbonisation pressures), then after 2044, the decrease in the average annual extraction level is much greater, as a result of the depletion of the deposits in the Bogdanka field and the use of only the currently available deposits and infrastructure;
- average level of coal production and sales volumes during the forecast period is in line with the announced "Strategy for the development of LW Bogdanka Group for 2023-2030 with an outlook to 2040" and amounts to approx. 10.1 million tonnes in 2026-2030 and 9.1 million tonnes in 2031-2040;
- coal prices in 2024 based on contracts that had been signed as of the date of the analysis; in 2025-2049 it was adopted based on studies carried out for ENEA Group purposes;
- the valuation model is expressed in real (constant) prices excluding the effects of inflation;
- real wage growth was assumed for the entire forecast period at a level that reflects the Group's best possible estimate as at the test date;
- the discount rate was the real weighted average cost of capital (WACC) of 7.32% throughout the entire forecast period, estimated based on the latest economic data (using a risk-free rate of 5.95% and a beta of 1.05);
- an average annual level of investment expenditures in the entire forecast period of PLN 610 633 thousand, including on average PLN 801 365 thousand in 2024-2035.

The sensitivity analysis carried out indicates that the significant factors affecting the recoverable value estimates include the discount rate, coal prices and wages.

The following table shows the impact of selected factors on the total recoverable value (starting value) of equity:

Impact of change in discount rate (starting point 7.32%)

Change in assumptions	-0.5pp	Output value	+0.5pp
Change in recoverable value	**34 694**	**1 408 593**	**(33 881)**

Impact of changes in hard coal prices from 2025

Change in assumptions	-1.0%	Output value	1.0%
Change in recoverable value	**(285 142)**	**1 408 593**	**284 158**

Impact of change in real wages from 2025

Change in assumptions	-1.0%	Output value	1.0%
Change in recoverable value	**82 903**	**1 408 593**	**(82 904)**

Implementation of project to build Elektrownia Ostrołęka C

At 31 December 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, effective from 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 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 losses on the loan were offset against the impairment loss on the newly acquired shareholding of Elektrownia Ostrołęka Sp. z o.o.

The share capital increase was registered at the National Court Register on 4 December 2023.

Due to the conclusion of an agreement with ENERGA S.A. for the sale by ENEA S.A. of all shares held in Elektrownia Ostrołęka Sp. z o.o. (detailed description in note 44), the Company released an impairment loss of PLN 42 000 thousand on the stake in this company.

19. Inventories

Accounting rules

Components of inventory are measured at the purchase price, which includes the purchase price plus costs, especially the cost to transport it to storage or the cost to manufacture, not exceeding the net sales price less impairment of inventory.

Inventory distribution is determined using the weighted average purchase price approach.

The Company's inventory includes energy origin certificates purchased for redemption, for further sale.

Energy origin certificates - these are confirmations that energy is produced from renewable energy sources (energy from wind, water, sun, biomass, etc. - green certificates, energy from agriculture biogas - blue certificates). They are issued by the URE President at the request of an energy enterprise that produces energy from renewable sources and in cogeneration.

Energy efficiency certificates, i.e. white certificates, serve as confirmation for declared energy savings resulting from activities intended to improve energy efficiency in three areas: increase energy savings by end customers, increase energy savings for own purposes and reduce losses of electricity, heat or natural gas in transmission and distribution. The URE President conducts tenders for white certificates in these categories. They are issued by the URE President at the request of the tender winner.

Property rights arising from energy origin certificates and energy efficiency certificates arise when energy origin certificates and energy efficiency certificates are entered into registers maintained by Towarowa Giełda Energii S.A. (TGE S.A.). These rights are disposable and constitute an exchange-traded commodity. These rights are transferred when an appropriate entry is made in the energy origin certificate register or energy efficiency certificate register. Property rights expire when they are redeemed.

Purchased origin certificates are measured at the purchase price, less any impairment.
In accordance with the Energy Law and the Act on Energy Efficiency, an energy enterprise involved in trade of energy and sales of energy to end customers is required to:

a) obtain energy origin certificates and energy efficiency certificates and submit them to the URE President for redemption or
b) pay substitute fees.

The Company is required to obtain and present for redemption the following:

a) energy origin certificates corresponding to the quantities specified in the Energy Law, as a percent of total energy sales to end customers,
b) energy efficiency certificates in quantities expressed in tonnes of oil equivalent (toe), no larger than 3% of division of the amount of revenue from electricity sales to end customers in a given year in which this obligation is performed by the unit substitute fee. The amount of revenue from electricity sales to end customers in a given settlement year is decreased by the amounts and costs referred to in art. 12 sec. 4 of the Act on Energy Efficiency.

The size of the obligation in specific settlement years is specified in regulations to the Act on Energy Efficiency.

The deadline for performing the obligation to redeem energy origin certificates and energy efficiency certificates or paying substitute fees for each year results from relevant legislation.

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The Company submits to the URE President energy origin certificates and energy efficiency certificates for redemption in monthly cycles in order to perform its obligation for the given year. In accounting books, redemptions of energy origin certificates and energy efficiency certificates are recognised as costs based on a decision from the URE President concerning redemption, using the weighted average purchase price method.

If at the balance sheet date there is an insufficient quantity of certificates required to perform the obligations imposed by the Energy Law and the Act on Energy Efficiency, the Company creates provisions for redemption of energy origin certificates and energy efficiency certificates or payment of substitute fees.

Significant judgements and estimates

Determining impairment of inventory requires net realisable values to be estimated based on the most up-to-date sales prices at the time when these estimates are made.

Inventories

	As at	
	31 December 2023	31 December 2022
Energy origin certificates	18 124	67 044
Goods	514	384
Total	**18 638**	**67 428**

No collateral is established on inventory.

Energy origin certificates

	Year ended	
	31 December 2023	31 December 2022
Net value at the beginning of period	**67 044**	**135 083**
Purchase	344 386	747 431
Depreciation	(393 306)	(815 470)
Net value at the end of period	**18 124**	**67 044**

Costs connected with redeeming energy origin certificates are presented in profit or loss in the following item: Purchase of electricity and gas for sales purposes

20. Trade and other receivables

Accounting rules

Trade and other receivables

Trade receivables are initially recognised at the transaction price and subsequently measured at amortised cost using effective interest rates, less impairment. If there is no difference between the initial value and the amount (amounts) at maturity (maturities) (payment), interest charged using the effective rate does not apply.

Impairment of receivables is determined using an expected credit loss model. Expected credit losses take into account the counterparty's previous default events as well as potential estimated credit losses. An impairment loss is recognised as cost in the statement of comprehensive income at the end of each reporting period.

Significant judgements and estimates

Impairment of trade and other receivables

Impairment of receivables is determined on the basis of expected credit losses. Expected credit losses take into account the counterparty's previous default events as well as potential estimated credit losses. Potential credit losses are estimated taking into account the type, age, and stage of recovery, with the following stages used: current receivable, overdue receivable prior to court, receivable in court or enforcement proceeding, receivable in bankruptcy or court arrangement. Receivables are written off as costs based on existing internal regulations, taking into account provisions of the Act on corporate income tax.

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Trade and other receivables

	As at	
	31 December 2023	31 December 2022
Current trade and other receivables		
Trade receivables	3 085 367	2 087 632
Tax liabilities (excluding income tax)	-	73 251
Compensations	933 973	-
Other receivables	172 880	138 827
Advances	1 056	414 667
Gross current trade and other receivables	**4 193 276**	**2 714 377**
Minus: impairment of receivables	(67 676)	(55 862)
Net current trade and other receivables	**4 125 600**	**2 658 515**

In the item: Other receivables the most significant value is represented by paid deposits and collateral (in total PLN 129 758 thousand).

The increase in trade receivables at 31 December 2023 was mainly driven by the reinstatement of 23% VAT for the sale of electricity and gaseous fuels and an increase in revenue from the sale of electricity.

Impairment losses are mainly recognised on trade receivables.

21. Company as finance or operating lessor / sublessor

Accounting rules

As lessor, the Company classifies leases as finance leases or operating leases.

ENEA S.A. recognises operating lease revenue on a straight-line basis throughout the lease term.

In a finance lease, the Company (as lessor) ceases to recognise the leased asset as property, plant and equipment and recognises finance lease receivables in an amount equal to the net lease investment. The recognition of finance income reflects a fixed periodic rate of return in the net lease investment by the lessor as part of a finance lease. Lease payments for a given reporting period decrease the gross lease investment, reducing both the principal receivable and the amount of unrealised finance income.

As an indirect lessor, the Company recognises the main lease contract and the sub-lease contract as two separate contracts.
The measurement of the head lease, i.e. measurement of the right-of-use assets and the lease liability, is in accordance with the measurement methodology for standard leases. The Company (indirect lessor) classifies a sublease as a finance lease or an operating lease in reference to the right-of-use resulting from the head lease.

Subleases the term of which constitutes a major part of the head lease term are classified as finance leases. Otherwise, the sublease is an operating lease.

Throughout the term of the sublease, the Company (indirect lessor) recognises both interest income from the sublease and interest costs on the head lease, which are presented separately.

The Company (indirect lessor) recognises sublease receivables in an amount equal to the sum of minimum lease payments due to the sublessor resulting from a finance sublease, discounted using the sublease interest rate. Based on the adopted interest rate, the fixed lease payment resulting from the contract is split into principal and interest. The principal portion reduces the amount of sublease receivable, while the interest portion is recognised in profit or loss.

When the Company executes a sublease contract that is an operating lease, the Company (indirect lessor) continues to recognise in the statement of financial position a lease liability and right-of-use assets.

As lessor, the Company does not have the option to use a practical expedient in the form of separating lease and non-lease components. The Company must allocate the total contractual consideration to lease and non-lease components based on the unit sale prices for specific components. Unit sale prices may be derived from price lists based on which the Company prepares its offerings. IFRS 15 *Revenue from Contracts with Customers* applies to non-lease components.

General information on ENEA S.A. as lessor

ENEA S.A. mainly acts as lessor in ENEA Smart contracts. These contracts are classified as finance leases and the Company recognises interest income on these.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

21.1. Company as finance lessor / sublessor

Reconciling undiscounted contract lease payments with net lease investment

	As at 31 December 2023	As at 31 December 2022
Undiscounted contract lease payments	**4 287**	**3 123**
Unrealised finance income (discount effect)	(1 927)	(821)
Other	(7)	(6)
Discounted contract lease payments (net lease investment)	**2 353**	**2 296**

Undiscounted contract payments on finance leases (this division applies to the period left until contract expiry)

	As at 31 December 2023	As at 31 December 2022
Under one year	2 463	1 661
From one to five years	1 824	1 462
Value of undiscounted contract payments on finance leases	**4 287**	**3 123**

Income from finance leases

	Year ended 31 December 2023	Year ended 31 December 2022
Interest income from finance leases	**1 140**	**439**

21.2. Company as operating lessor / sublessor

Undiscounted contract payments on operating leases (this division applies to the period left until contract expiry)

	As at 31 December 2023	As at 31 December 2022
Under one year	1 481	764
From one to five years	6 951	2 882
Over five years	336	-
Value of undiscounted contract payments on operating leases	**8 768**	**3 646**

Income from operating leases

	Year ended 31 December 2023	Year ended 31 December 2022
Income from operating leases	**2 058**	**236**

22. Assets and liabilities arising from contracts with customers

Accounting rules

In its statement of financial position, the Company recognises a contract asset that is the Company's right to remuneration in exchange for goods or services that the Company transfers to the customer. An asset is recognised if the Company satisfies its obligation by transferring goods or services to the customer before the customer pays or before the payment deadline.

The Company recognised in its statement of financial position a contract liability consisting of an obligation for the Company to provide goods or services to the customer in exchange for which the Company received remuneration (or is due to receive remuneration) from the customer.

If the customer paid remuneration or the Company has the right to an unconditional amount of remuneration (i.e. a receivable), then prior to the transfer of goods or services to the customer the Company treats the contract as a contract liability when payment is made or becomes due (depending on which is sooner).

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Significant judgements and estimates

Uninvoiced revenue from sales at the end of financial period

Unsettled energy sales values are estimated on the basis of estimated electricity consumption in the period from the most recent meter reading to the end of financial year (note 8).

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	**300 206**	**46 108**
Change in non-invoices receivables	147 309	-
Change in impairment	(91)	-
Adjustments, prepayments	-	222
As at 31 December 2022	**447 424**	**46 330**
Change in non-invoices receivables	(26 819)	-
Adjustments, prepayments	-	56 534
As at 31 December 2023	**420 605**	**102 864**

The customer contract asset balance primarily includes unbilled electricity sales, while the customer contract liability balance primarily includes liabilities arising from sales adjustments related to, among other things, the Act of 7 October 2022 on special measures to protect electricity consumers in 2023 due to the electricity market situation, the Act of 27 October 2022 on emergency measures to limit the level of electricity prices and support certain consumers in 2023, and with the Regulation of the Minister of Climate and Environment of 9 September 2023 introducing the so-called "electricity bonus" and prepayments.

23. Cash and cash equivalents

Accounting rules

Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts, on-demand bank deposits, other highly liquid short-term investments with initial maturity of up to three months.

Cash on hand is measured at nominal value on every balance sheet date. Cash in bank accounts, on-demand bank deposits, other highly liquid short-term investments with initial maturity of up to three months are measured at amortised cost on each balance sheet date (at nominal/initial value plus interest accrued until the balance sheet date, adjusted by expected credit losses).

Restricted cash, including cash serving as collateral for settlements with the clearing-house IRGiT, is included in cash and cash equivalents.

Significant judgements and estimates

In accordance with ENEA S.A.'s credit risk assessment rules and the provisions of IFRS 9 as regards impairment tests for cash and cash equivalents as at 31 December 2023; the Company sees potential impact as negligible.

Presentation of deposits at clearinghouse IRGiT

These are funds constituting collateral for settlements with the clearing-house IRGiT, and they are analysed in terms of the possibility to free them up without incurring a substantial loss.

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Cash and cash equivalents

	As at 31 December 2023	31 December 2022
Cash at bank account	**208 271**	**240 296**
including split payment	121 227	11 637
Other cash	**5 084**	**148 434**
- Deposits	11	-
- Other	5 073	5 660
- Cash pooling	-	142 774
Total cash and cash equivalents	**213 355**	**388 730**
cash pooling	(324 968)	-
Cash recognised in the statement of cash flows	**(111 613)**	**388 730**

Restricted cash related to split payment - VAT as at 31 December 2023 was PLN 121 227 thousand (PLN 11 637 thousand as at 31 December 2022), and deposit at IRGiT as at 31 December 2023 was PLN 1 507 thousand (PLN 1 434 thousand as at 31 December 2022). No collateral is established on cash. In the separate statement of cash flows, the Company adjusts the cash balance by the value of cash pooling liabilities.

24. Equity

Accounting rules

Share capital

The Company's share capital is presented in the amount specified and entered in the National Court Register, adjusted appropriately to include the effects of hyperinflation and accounting for divisions, mergers and acquisitions. A share capital increase that is paid up as of the end of the reporting period but is awaiting registration at the National Court Register is also presented as share capital.

Equity

As at 31 December 2023

Share series	Number of shares	Nominal value per share (in PLN)	Book value
Series A	295 987 473	1	295 988
Series B	41 638 955	1	41 639
Series C	103 816 150	1	103 816
Series D	88 288 515	1	88 288
Total number of shares	**529 731 093**		
Total share capital			**529 731**
Share capital (nominal amount)*			529 731
Capital from settlement of merger			38 810
Share capital from restatement of hyperinflation			107 765
Total share capital			**676 306**
Share premium			4 343 879
Revaluation reserve - measurement of hedging instruments			55 249
Reserve capital and other capitals			8 864 165
Retained earnings			(1 608 115)
Total equity			**12 331 484**

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As at 31 December 2022

Share series	Number of shares	Nominal value per share (in PLN)	Book value
Series A	295 987 473	1	295 988
Series B	41 638 955	1	41 639
Series C	103 816 150	1	103 816
Series D	88 288 515	1	88 288
Total number of shares	**529 731 093**		
Total share capital			**529 731**
Share capital (nominal amount)*			529 731
Capital from settlement of merger			38 810
Share capital from restatement of hyperinflation			107 765
Total share capital			**676 306**
Share premium			4 343 879
Revaluation reserve - measurement of hedging instruments			186 075
Reserve capital and other capitals			6 416 141
Retained earnings			2 448 358
Total equity			**14 070 759**

**Share capital fully paid-up.*

25. Dividend/distribution of earnings

Accounting rules

Dividend payments to shareholders are recognise as a liability in the Company's financial statements in the period in which they were approved.

Dividend income is recognised when the right to receive payment is obtained. Dividend income is presented in the statement of comprehensive income below operating profit.

A decision on the coverage of loss for 2023 will be made by shareholders at the 2024 Ordinary General Meeting. The Management Board will present a recommendation regarding the means of covering this loss in the second quarter of 2024.

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.

26. Capital management policy

The main assumption of ENEA S.A.'s management of sources of financing is to achieve an optimal structure of liabilities in order to ensure sources of financing for the Company's operating and investment activities, a credit rating at a stable level and a reduction in the cost of financing its activities. Activities undertaken in this area intend to ensure ENEA S.A.'s financial security and satisfactory value for its shareholders.

The Company aims to increase capital effectiveness while retaining it at a safe level. ENEA S.A. monitors the effectiveness and stability of its capital using the debt ratio as well as ROE and ROA.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

The achieved level of selected indicators for the Company during the reporting periods under review is indicated below.

	31 December 2023	31 December 2022
ROE	-13,0%	17,4%
Net profit (loss) for the reporting period / Equity		
ROA		
Net profit (loss) for the reporting period / Total assets	**-7,0%**	**11,4**

27. Debt-related liabilities

Accounting rules

Financial liabilities, including credit facilities, loans and debt securities

At initial recognition, **all credit facilities, loans and debt instruments are** recognised at fair value less capital-raising costs.

Subsequent to initial recognition, credit, loan and debt instrument liabilities are measured at amortised cost using the effective interest rate approach. In determining the amortised cost, costs related to obtaining credit or loan and discount or bonuses related to the liability are taken into account.

Financial liabilities that include credit facilities, loans and debt securities are classified at initial recognition as:

- financial liabilities at fair value through profit or loss,
- financial assets at amortised cost.

Accounting rules for **financial liabilities** are described in greater detail in the section concerning financial instruments in the note devoted to financial instruments and fair value 31), whereas lease liabilities are described in the note concerning right-of-use assets 16).

Credit facilities, loans and debt securities

	As at	
	31 December 2023	31 December 2022
Bank credit	3 567 884	1 279 820
Bonds	627 212	2 782 472
Long-term	**4 195 096**	**4 062 292**
Bank credit	896 107	555 544
Bonds	2 173 414	181 839
Short-term	**3 069 521**	**737 383**
Total	**7 264 617**	**4 799 675**

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 programmes 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.

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Credit facilities and loans

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

No.	Company	Lender	Contract date	Total contract amount	Debt at 31 December 2023 (principal)	Debt at 31 December 2022 (principal)	Interest	Final repayment deadline
1.	ENEA S.A.	EIB	18 October 2012 (A) and 19 June 2013 (B)	1 425 000	637 304	762 717	Fixed interest rate or WIBOR 6M + margin	17 June 2030
2.	ENEA S.A.	EIB	29 May 2015 (C)	946 000	644 500	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	2 500 000	-	WIBOR 6M + margin	27 January 2028
4.	ENEA S.A.	EIB	22 December 2023	1 000 000	-	-	Fixed or floating interest rate + margin	18 years since tranche release
5.	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
6.	ENEA S.A.	Bank Pekao S.A.	28 January 2014, Annex 3 of 28 December 2022	150 000	-	92 920	WIBOR 1M + margin	31 December 2024
7.	ENEA S.A.	PKO BP S.A.	3 October 2022 Annex 3 of 7 December 2023	500 000	-	-	WIBOR 1M + margin for PLN or EURIBOR 1M+margin for EUR	31 December 2024
8.	ENEA S.A.	BGK S.A.	7 September 2022 Annex 4 of 25 July 2023	1 250 000	645 085	-	WIBOR 1M + margin	28 July 2025
	Total			**8 271 000**	**4 426 889**	**1 821 773**		
Transaction costs and effect of measurement using effective interest rate					37 102	13 591		
	Total			**8 271 000**	**4 463 991**	**1 835 364**		

On 27 January 2023, ENEA S.A. signed a financing agreement with a syndicate of banks consisting of: Powszechna 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.

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ENEA S.A. also has revolving and working capital loans which, together with Loan B, were subject to utilisation to varying degrees through 2023.

On 22 December 2023, ENEA S.A. entered into an investment loan agreement with the European Investment Bank (EIB) for PLN 1 000 000 thousand. The funding will be entirely allocated to investments in the distribution area in line with ENEA Group's Development Strategy to 2030 with an outlook to 2040." The investments being co-financed by the EIB in the development and modernisation of the distribution network will cover the period 2023-2025 and will be implemented in north-western Poland. The funds made available by the EIB can be used in either PLN or EUR and their interest rate will be calculated on the basis of a variable interest rate appropriate to the relevant interest period and currency, plus a margin or a fixed interest rate. The availability period of the funds is 24 months from the date of the agreement and the final repayment date will be up to 18 years from the date of the last tranche.

Bond issue programs

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

No.	Bond issue program name	Program start date	Program amount	Value of outstanding bonds as at 31 December 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	480 000	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	304 448	380 558	WIBOR 6M + margin	Buy-back in tranches, last tranche due in September 2027
	Total		**6 700 000**	**2 784 448**	**2 940 558**		
Transaction costs and effect of measurement using effective interest rate				16 178	23 753		
	Total		**6 700 000**	**2 800 626**	**2 964 311**		

In the 12-month period ending 31 December 2023 ENEA S.A. did not execute new bond issue program agreements.

Interest rate hedges and currency hedges

These transactions are described in notes 34.4 and 34.5.

Financing terms - covenants

Financing agreements require ENEA S.A. and ENEA Group to maintain certain financial ratios.

In the 12-month period ending 31 December 2023 ENEA Group exceeded the debt ratio of its subsidiaries under its loan agreements with the European Investment Bank, as a result of which the company requested and obtained the bank's consent to temporarily relax the covenant conditions (waiver) with a horizon until June 2024.

At 31 December 2023, ENEA S.A. was not required to make any early repayments of financial debt.

Lease liabilities

	As at 31 December 2023			As at 31 December 2022		
	Lease liabilities	Interest	Total	Lease liabilities	Interest	Total
Under one year	3 902	1 862	5 764	2 710	806	3 516
From one to five years	9 645	4 494	14 139	8 690	4 785	13 475
Over five years	26 884	35 534	62 418	24 170	24 660	48 830
Total	**40 431**	**41 890**	**82 321**	**35 570**	**30 251**	**65 821**

Agreements that are subject to IFRS 16 are leases, rights to perpetual usufruct of land, tenancy agreements that meet the definition of a lease (office space in buildings, parking spaces). The Company sets the lease term, i.e. irrevocable lease term, together with:

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a) term for an option to extend the lease if the Company is sufficiently certain that it will exercise this right; and
b) term for an option to terminate the lease if it is sufficiently certain that the Company will not exercise that right.

In most of its leases, the Company uses a lease period in line with the contractual period. For leases executed for an indefinite period, the Company determines the minimum contractual period for both of the parties. If the Company is unable to determine how long it intends to use the asset and such an estimate could be treated as a lease term in the case of contracts with an indefinite period, the Company assumes that the irrevocable contractual period will be the termination period for that contract. In the case of rights to the perpetual usufruct of land, the Company sets the lease term in line with the period for which such rights are granted.

Finance lease costs

	Year ended 31 December 2023	Year ended 31 December 2022
Interest cost on lease liabilities	(1 418)	(846)
Cost of variable lease payments not recognised in measurement of lease liabilities	-	(3)
Total	**(1 418)**	**(849)**

The present value of future lease payments is calculated using the interest rate implicit in the lease. If the interest rate implicit in the lease is unknown, the Company applies a residual interest rate, i.e. a rate that it would be required to pay based on a similar lease or, if not possible to determine, an interest rate at the commencement date that ENEA S.A. would have to use to make a loan necessary to purchase the given asset for a similar period and with similar collateral.

The Company has the option to apply a practical expedient and not to apply the lease model in reference to:

a) short-term leases (contracts with a term of up to 12 months and without the right to purchase the asset),
b) the leasing of low-value assets, the initial value of which does not exceed PLN 10 thousand (even if the value of such assets is significant after aggregation).

If the Company decides to use this expedient, it recognises lease payments as cost on a straight-line basis throughout the lease term or using another approach that more closely reflects the Company's benefit. This exemption does not apply in situations where the Company transfers the asset under a sub-lease or expects to transfers it.

General information on the Company as lessee

The Company does not have significant future cash outflows that are not included in measurement of a finance liability and covenants imposed by lessors. ENEA S.A. was not a party to any leasebacks in 2023.

28. Trade and other payables

Accounting rules

Trade and other payables classified as financial liabilities are initially recognised at fair value that corresponds to nominal value, less transaction costs, and are subsequently measured at amortised cost using an effective interest rate approach.

Other liabilities not constituting financial liabilities are initially recognised at nominal value and are measured at the end of the reporting period in the amount of payment due.

	As at 31 December 2023	31 December 2022
Current trade and other payables, including:		
Trade payables	1 148 169	931 666
Advances for Compensations	-	202 199
Current tax liabilities (excluding income tax)	87 931	3 875
Liabilities concerning purchase of tangible and intangible assets	25	490
Trade payables	-	216 361
Liabilities towards other companies within the tax group	-	205 686
Other	5 332	6 754
Total	**1 241 457**	**1 567 031**

29. Employee benefit liabilities

Accounting rules

Short-term employee benefits

ENEA S.A. classifies the following as short-term employee benefits: monthly salary, annual bonus, right to discounts on electricity, short-term paid absences (remuneration for unused vacation time) together with social security contributions, Energy Professionals' Day awards.

The liability concerning (accumulated) short-term paid absences (pay for leave) is recognised even if the paid absences do not entitle to a cash equivalent. The Company determines the expected cost of accumulated paid absences as an additional amount that it expects to pay as a result of not exercising this entitlement as at the balance sheet date.

Other liabilities are measured in the amount due to be paid.

Long-term employee benefits

Pursuant to an agreement between employee representatives and the Company's representatives, the employees of ENEA S.A. are entitled to certain benefits other than remuneration for work. These benefits are financed entirely by the Company. Actuarial methods are used to estimate these liabilities.

Defined benefit plans

The Company classifies the following as defined benefit plans:

1) Retirement and disability severance payments

   Employees going into retirement (disability) are entitled to cash severance payments. The amount of these payments depends on seniority and the employee's remuneration.

2) Post-mortem payments

   If an employee dies in the course of work or while on disability pension following employment, the family is entitled to a post-mortem payment from the employer. The amount of this payment depends on seniority and the employee's remuneration.

3) Right to rebates in purchasing energy after retirement

   Retiring employees who have been employed at the Company for at least one year have the right to discounts in purchasing energy. Retirees have the right to a cash equivalent of 3 000 kWh x 80% of the electricity price and the variable component of the transmission fee and 100% of the fixed grid fee and instalment fee according to a one-zone tariff generally applicable to households. The cash equivalent is paid out twice a year in an amount constituting half the annual equivalent. The value of this equivalent is indexed by electricity price growth using a tariff generally applicable to households in the year preceding payment. If an employee dies, this right is transferred to the spouse if the spouse collects a family pension.

4) Contribution by the Company to the Company Social Benefit Fund for retirees covered by social services

   A contribution by the Company to the Company Social Benefit Fund for retirees covered by social services is made in an amount that is calculated on the basis of binding provisions of law.

Employee benefits are recognised in the statement of financial position under employee benefit liabilities, while changes in provisions are presented in the statement of comprehensive income.

Actuarial gains and losses are fully recognised in other comprehensive income.

Longevity bonus

Other long-term employee benefits at ENEA S.A. include longevity bonuses. The amount of these bonuses depends on seniority and the employee's remuneration. Actuarial gains and losses are fully recognised in present-period profit or loss.

Defined contribution plans

1) Social insurance contributions

   The social insurance system is based on a state programme under which the Company is obligated to pay contributions for employees' social insurance when they are due. The Company is not required, legally or customarily, to make future social insurance contributions. The Company recognises the cost of present-period contributions in present-period profit or loss as employee benefit cost.

2) Employee Pension Program

   In accordance with an appendix to the Collective Labour Agreement, the Company runs an Employee Pension Program in the form of group insurance for employees with a capital fund in accordance with rules specified in the Act and negotiated with the trade unions.

   The Employee Pension Program is available to the Company's employees after a year's employment regardless of the type of work contract.

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Employees join the Employee Pension Program on the following terms:

- insurance is in the form of group life insurance with insurance protection,
- the level of base contribution is 7% of the employee's remuneration,
- 90% of the base contribution goes to an investment contribution and 10% to insurance protection.

The Company covers the cost of contributions to the Employee Pension Program from present-period profit or loss as employee benefit cost.

Significant judgements and estimates

A valuation was adopted for employee benefit provisions based on the balance of liabilities at the end of the reporting period concerning expected future payments of benefits, which was calculated by an independent actuary using actuarial methods.

The following liabilities are estimated by the actuary using the Projected Unit Credit Method (the same method as that used in analysing the sensitivity of defined benefit plans):

- retirement and disability severance payments
- post-mortem payments
- right to discounts in purchasing energy after retirement
- contribution by the Company to the Company Social Benefit Fund for retirees covered by social services

This estimate is affected by the discount rate and long-term growth in wages. For calculation purposes, basic data was used for each Group employee individually, as at the end of the reporting period, (taking the employee's gender into account), from the following areas:

- age
- employment at the Company
- overall employment
- remuneration, constituting the basis for the size of longevity bonus and retirement severance payment.

Actuarial assumptions used in calculating these estimates are presented below.

Employee benefit liabilities

	As at	
	31 December 2023	31 December 2022
Remuneration and other liabilities	31 503	27 391
Retirement severance payments	2 726	2 150
Right to rebates in purchasing energy after retirement	50 557	44 694
Contribution to Company Social Benefits Fund for retired employees	4 488	4 377
Post-mortem payments	517	421
Longevity bonus	10 072	8 427
Total employee benefit liabilities	**99 863**	**87 460**
Long-term	*62 488*	*55 096*
Short-term	*37 375*	*32 364*

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Changes in the 12 months to 31 December 2023

	Retirement and disability severance payments	Right to rebates in purchasing energy after retirement	Contribution to Company Social Benefits Fund for retired employees	Post-mortem payments	Longevity bonus	Total
As at 1 January 2023	**2 150**	**44 694**	**4 377**	**421**	**8 427**	**60 069**
Costs recognised in profit or loss, including:	**370**	**2 904**	**305**	**73**	**2 651**	**6 303**
cost of present employment	251	217	45	48	1 075	1 636
cost of interest	119	2 687	260	25	490	3 581
net actuarial gains/losses arising from ex-post adjustment of assumptions	-	-	-	-	807	807
net actuarial gains/losses arising from adjustment of demographic assumptions	-	-	-	-	(209)	(209)
net actuarial gains/losses arising from change in financial assumptions	-	-	-	-	488	488
Costs recognised in other comprehensive income, including:	**310**	**6 253**	**216**	**23**	**-**	**6 802**
net actuarial gains/losses arising from ex-post adjustment of assumptions	126	(4 305)	(197)	6	-	(4 370)
net actuarial gains/losses arising from adjustment of demographic assumptions	(67)	(231)	(28)	(18)	-	(344)
net actuarial gains/losses arising from change in financial assumptions	251	10 789	441	35	-	11 516
Reduced liabilities concerning payout of benefits (negative value)	**(104)**	**(3 294)**	**(410)**	**-**	**(1 006)**	**(4 814)**
Total changes	**576**	**5 863**	**111**	**96**	**1 645**	**8 291**
As at 31 December 2023	**2 726**	**50 557**	**4 488**	**517**	**10 072**	**68 360**
Long-term	*2 256*	*46 839*	*4 058*	*473*	*8 862*	*62 488*
Short-term	*470*	*3 718*	*430*	*44*	*1 210*	*5 872*

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Changes in the 12 months to 31 December 2022

	Retirement and disability severance payments	Right to rebates in purchasing energy after retirement	Contribution to Company Social Benefits Fund for retired employees	Post-mortem payments	Longevity bonus	Total
As at 1 January 2022	**2 203**	**42 202**	**5 743**	**419**	**8 163**	**58 730**
Costs recognised in profit or loss, including:	**335**	**1 699**	**279**	**63**	**931**	**3 307**
cost of present employment	264	263	82	48	1 029	1 686
cost of interest	71	1 436	197	15	281	2 000
net actuarial gains/losses arising from ex-post adjustment of assumptions	-	-	-	-	734	734
net actuarial gains/losses arising from adjustment of demographic assumptions	-	-	-	-	-	-
net actuarial gains/losses arising from change in financial assumptions	-	-	-	-	(1 113)	(1 113)
Costs recognised in other comprehensive income, including:	**(363)**	**4 108**	**(1 237)**	**(61)**	**-**	**2 447**
net actuarial gains/losses arising from ex-post adjustment of assumptions	243	(2 352)	(60)	1	-	(2 168)
net actuarial gains/losses arising from adjustment of demographic assumptions	-	(1 164)	(178)	(3)	-	(1 345)
net actuarial gains/losses arising from change in financial assumptions	(606)	7 624	(999)	(59)	-	5 960
Reduced liabilities concerning payout of benefits (negative value)	**(25)**	**(3 315)**	**(408)**	**-**	**(667)**	**(4 415)**
Total changes	**(53)**	**2 492**	**(1 366)**	**2**	**264**	**1 339**
As at 31 December 2022	**2 150**	**44 694**	**4 377**	**421**	**8 427**	**60 069**
Long-term	*1 836*	*41 336*	*3 993*	*390*	*7 541*	*55 096*
Short-term	*314*	*3 358*	*384*	*31*	*886*	*4 973*

Actuarial assumptions

Assumptions	31 December 2023	31 December 2022
Estimated long-term annual growth in remuneration	2.61% in 2024, 4.1% in 2025, 3.1% in 2026, 2.5% in subsequent years.	13.3% in 2023, 7.75% in 2024, 3.1% in 2025, 2.5 in subsequent years.
Estimated growth in value of contribution to Company Social Benefits Fund	9.3% in 2025, 6.8% in 2026, 6.2% in 2027, 5.0% in 2028, 5.1% in 2029-2031, 5.0% in the remaining years of the forecast	28.1% in 2024, 11.9% in 2025, 7.6% in 2026 5.9% in 2027, 6.0% in 2028, 5.5% in 2029, 5.4% in the remaining years of the forecast
Discount rate	5.3%	6.5%
Value of cash equivalent for subsidised energy purchases	PLN 2 083.26	PLN 1 764.63
Growth in the value of cash equivalent for subsidised electricity purchases	0.0% in 2024, 101.2% in 2025, 0.7% in 2026, 0.9% in 2028, 1.0% in 2029, 1.1% in 2030 and 2.5% in subsequent years	34.4% in 2023, 64.9% in 2024, -0.8% in 2025, -0.7% in 2026-2028, -0.6% in 2029, and 2.5% in subsequent years
Average monthly remuneration used to calculate Company Social Benefit Fund liability	PLN 6 524.07	PLN 4 434.58

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Sensitivity analysis for defined benefit plans

Defined benefit plans:	Impact of changes in actuarial assumptions on level of defined benefit plan liabilities +1pp	-1pp
Discount rate	(4 317)	5 034
Expected remuneration growth rate	745	(640)
Average growth in the value of cash equivalent for subsidised electricity purchases	3 801	(3 331)

Maturity of defined benefit plan liabilities

Weighted average period of defined benefit programme liabilities (in years)	As at 31 December 2023	31 December 2022
Retirement and disability severance payments	15,1	14,8
Post-mortem payments	10,9	6,6
Right to rebates in purchasing energy after retirement	8,2	7,4
Contribution to Company Social Benefits Fund for retired employees	9,2	8,5

30. Provisions

Accounting rules

Provisions are created when the Company has a present obligation (legal or customarily expected) resulting from past events, and there is a likelihood that performing this obligation will result in an outflow of economic benefits and if the amount of this obligation can be reliably estimated.

Provisions for liabilities are measured at justified, reliably estimated values. Specific provisions are established for losses related to court cases against the Company. The amount of the provision constitutes the most accurate estimate of funds necessary to satisfy the claim as at the balance sheet date. The cost to create provisions is recognised in other operating costs.

Using a previously created provision for certain or highly likely future obligations is recognised when these obligations arise as a decrease of the provision.

In the event of a decrease or cessation of risk justifying the creation of a provision, an unused provision increases finance income or other operating revenue.

The Company creates provisions for non-contractual use of land only in relation to claims being pursued in court.

The Company also creates provisions for onerous contracts if the costs to comply with an obligation arising from a contract exceed the benefits (that are expected to be) received from that contract.

Provision for energy origin certificates and energy efficiency certificates

The Company establishes reserves in connection with the obligation to present energy certificates of origin and energy efficiency certificates for redemption or the need to pay substitute fees.

The basis for determining provisions for redemption of energy origin certificates for each instrument is the quantity of energy origin certificates constituting the difference between the quantity of certificates required for redemption in accordance with the Energy Law and the quantity of certificates redeemed as at the reporting date.

The basis for determining provisions for redemption of energy efficiency certificates is the quantity of certificates expressed in tonnes of oil equivalent constituting the difference between the quantity of certificates required for redemption under the Energy Law and the quantity of certificates redeemed as at the reporting date.

Provisions are measured as follows:

1) first, based on the purchase price for energy efficiency certificates held but not redeemed at the balance sheet date,

2) second, based on the purchase price resulting from the Company's sale agreements as regards the part of the certificates that the Company intends to receive first,

3) third, based on the weighted average price in session transactions executed on the property rights market managed by Towarowa Giełda Energii S.A. in the course of the month with the reporting date that is used to determine the amount of provision,

4) in the case of a lack of such transactions or a market shortage preventing the Company from purchasing a sufficient

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quantity of rights required to perform its obligation, the missing quantity of the provision is valued based on the unit substitute fee for the given financial year.

The provision for origin certificates will be performed in Q1-Q2 2024.

Significant judgements and estimates

Provision for non-contractual use of property

Provisions for non-contractual use of land concern claims by owners of properties for which the Company had no legal title. These claims in most cases involve a demand for payment of compensation for non-contractual use of land, establishing rent or in individual cases demands associated with a change of a facility's location (return of land to original condition).

Provision for other claims

This item includes provisions for claims that are unrelated to non-contractual use of land. It is not possible to estimate the deadline for outflow of economic benefits on account of the rest of the provisions.

Provision for claims concerning terminated agreements for the purchase of property rights

Recognising this provision requires the most accurate estimate of potential compensation for terminating contracts for the purchase of property rights (note 40.5).

Change in provisions for liabilities and other charges

For the financial year ended 31 December 2023:

	Provision for non-contractual use of land	Provision for other claims	Provision for energy origin certificates	Provision for onerous contracts	Total
As at 1 January 2023	**2 120**	**79 045**	**195 862**	**664 818**	**941 845**
Increase in existing provisions	27	13 052	131 876	623 673	768 628
Use of provisions	-	(1 453)	(171 944)	(368 296)	(541 693)
Reversal of unused provision	(365)	(277)	-	-	(642)
As at 31 December 2023	**1 782**	**90 367**	**155 794**	**920 195**	**1 168 138**
Long-term	-	-	-	*852 595*	*852 595*
Short-term	*1 782*	*90 367*	*155 794*	*67 600*	*315 543*

For the financial year ended 31 December 2022:

	Provision for non-contractual use of land	Provision for other claims	Provision for energy origin certificates	Provision for onerous contracts	Provision for settlement of investment	Total
As at 1 January 2022	**2 171**	**232 702**	**353 840**	**250 103**	**46 493**	**885 309**
Increase in existing provisions	21	22 652	180 606	500 468	-	703 747
Use of provisions	-	(174 785)	(338 584)	(85 753)	-	(599 122)
Reversal of unused provision	(72)	(1 524)	-	-	(46 493)	(48 089)
As at 31 December 2022	**2 120**	**79 045**	**195 862**	**664 818**	**-**	**941 845**
Long-term	-	-	-	*296 523*	-	*296 523*
Short-term	*2 120*	*79 045*	*195 862*	*368 295*	-	*645 322*

A description of material claims and conditional liabilities is presented in 40.

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 12-month period ending 31 December 2023 ENEA S.A. used the entire provision.

The Regulation of the Minister of Climate and Environment amending the Regulation on the manner of shaping and calculating tariffs and the manner of settlements in electricity trade entered into force on 9 September 2023. The regulation introduces a mechanism for reducing the dues owed by households to electricity trading companies for 2023. With that in mind, and acting in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Company has identified the need for a provision of PLN 263 998 thousand as of 30 September 2023 for onerous contracts for each household electricity consumption point, the settlement of which will cover the year 2023, assuming that one of the conditions set out in the regulation is met. As at 31 December 2023, the provision was fully utilised under the adjustment notes issued and the impact of this situation in these separate financial statements is reflected through a reduction in revenue from electricity sales.

Billing rules for prosumers are set by the Act of 20 February 2015 on Renewable Energy Sources (Polish Journal of Laws of 2015, item 478, as amended). The net-metering system assumes that, as part of the settlement of the discount on energy delivered by the prosumer to the grid, the Company covers the variable distribution charges for the prosumer (the prosumer is exempt from these), which in effect generates negative financial results for the Company. In accordance with the amendment to the Act on Renewable Energy Sources, prosumers who have notified the connection of their micro-installation to the distribution grid by 31 March 2022 have acquired the right to 15 years of energy billing under the support system (net-metering system). As of 31 December 2023, the Company had nearly 137 000 contracts concluded with prosumers. With this in mind and acting in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Company identified as at 31 December 2023 the need to increase the provision by PLN 623 672 thousand to a total of PLN 920 195 thousand. The increase in the provision is intended to reflect the impact of expected future losses incurred in connection with the performance of comprehensive contracts signed with prosumers.

Financial instruments and financial risk management

31. Financial instruments and fair value

Accounting rules

Financial assets

The Company classifies its financial instruments in the following categories:

- financial assets at fair value through profit or loss,
- equity instruments through other comprehensive income,
- financial assets at amortised cost,
- financial assets at fair value through other comprehensive income.

a) Financial assets at fair value through profit or loss include:

- financial assets held for trading (including derivative instruments for which no hedging policy is designated),
- financial assets voluntarily assigned to this category,
- financial assets that do not meet the definition of basic lending arrangement, including equity instruments such as shares, except instruments designated as equity instruments measured through other comprehensive income,
- financial assets that meet the definition of basic lending arrangement and are not held in accordance with a business model for the purpose of obtaining cash flows or in order to obtain cash flows and for sale.

Assets in this category are classified as current assets if they are held for trading or expected to be performed within 12 months from the balance sheet date.

b) Financial assets at amortised cost

Financial assets measured at amortised cost are financial assets that are held in accordance with a business model that aims to hold financial assets to generate contractual cash flows and whose contractual terms meet the criteria of basic lending arrangement.

c) Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are financial assets that are held in accordance with a business model that aims to both receive contractual cash flows and sell financial assets as well as whose contractual terms meet the criteria of basic lending arrangement.

d) Equity instruments through other comprehensive income

Equity instruments through other comprehensive income include investments in equity instruments that are voluntarily and irreversibly classified as such at initial recognition. Equity instruments that meet the definition of held for trading and meet the criteria for mandatory payment recognised by the acquiring company in a business combination may not be subject to this classification.

At initial recognition, the Company measures a financial asset that is subject to classification for the purposes of fair value measurement. Trade receivables without a financial component that are measured at transaction prices are an exception to this rule.

The fair value of financial assets not classified as at fair value through profit or loss is increased by transaction costs that may be directly assigned to the purchase/acquisition of these assets.

Financial assets at fair value through profit or loss are measured at fair value on every balance sheet date. Fair value determined as at the balance sheet date is not adjusted by transaction costs that would be necessary to perform the given item. Restatement to fair value for assets in this category is recognised in profit or loss. If a given item is removed from accounts, the Company determines the profit or loss on the disposal and recognises it in the period's result.

Financial assets at amortised cost are measured at amortised cost on every balance sheet date. The amortised cost of a financial asset is the amount at which the given financial asset is measured at initial recognition, decreased by repayment of principal and increased or decreased by accumulated depreciation, determined using the effective interest rate method, of any differences between the initial amount and the amount at maturity, and adjusted by any allowances for expected credit losses.

Financial assets at fair value through other comprehensive income are measured at fair value on every balance sheet date. Fair value determined as at the balance sheet date is not adjusted by transaction costs that would be necessary to perform the given item. Interest charged on such items and allowances for expected credit losses are recognised in the period's result, while other restatements to fair value are recognised as other comprehensive income.

Equity instruments through other comprehensive income are measured at fair value on every balance sheet date. Fair value determined as at the balance sheet date is not adjusted by transaction costs that would be necessary to perform the given item. Restatements to fair value are recognised as other comprehensive income.

Financial liabilities, including credit facilities, loans and debt securities

Financial liabilities comprising trade and other payables are recognised initially at fair value, less transaction costs incurred.

Financial liabilities that include credit facilities, loans and debt securities are classified at initial recognition as:

- financial liabilities at fair value through profit or loss,
- financial assets at amortised cost.

Financial liabilities at fair value through profit or loss include:

- financial liabilities that meet the definition of held for trading, including derivative instruments that are not used for hedge accounting,
- financial liabilities that are voluntarily designated by the Company as measured at fair value through profit or loss.

Financial liabilities at amortised cost include all financial liabilities that are subject to classification for the purposes of measurement that are not classified as financial liabilities at fair value through profit or loss.

At initial recognition, the Company measures a financial liability that is subject to classification for the purposes of fair value measurement.

The fair value of financial liabilities not classified as at fair value through profit or loss is decreased by transaction costs that may be directly assigned to the origination of the liability.

The balance sheet measurement of a financial liability and the recognition of restatements depend on the classification of the given item to the relevant category for measurement purposes:

- financial liabilities classified as financial liabilities at fair value through profit or loss are measured at each balance sheet at fair value; fair value determined at the balance sheet date is not adjusted for transaction costs that would have to be incurred to settle a given item; restatements to fair value are recognised in the period's financial result;
- financial liabilities at amortised cost are measured at amortised cost on every balance sheet date.

Significant judgements and estimates

Financial assets are analysed at the end of each reporting period in terms of expected credit losses and indications of impairment.

Individual financial instruments of significant value are assessed for impairment individually. Other financial assets are split into groups with similar credit risk.

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Financial instruments

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

	As at 31 December 2023		As at 31 December 2022	
	Book value	Fair value	Book value	Fair value
FINANCIAL ASSETS				
Long-term	**7 291 383**	**7 265 679**	**6 404 899**	**6 327 551**
Financial assets measured at fair value	68 657	68 657	156 482	156 482
Debt financial assets at amortised cost	7 221 701	7 197 022	6 247 346	6 171 069
Finance lease and sublease receivables	1 025	*	1 071	*
Short-term	**4 678 960**	**1 025 528**	**3 339 109**	**468 438**
Financial assets measured at fair value	68 437	68 437	154 314	154 314
Debt financial assets at amortised cost	957 091	957 091	314 124	314 124
Assets arising from contracts with customers	420 605	*	447 424	*
Trade receivables	3 018 144	*	2 033 292	*
Finance lease and sublease receivables	1 328	*	1 225	*
Cash and cash equivalents	213 355	*	388 730	*
TOTAL FINANCIAL ASSETS	**11 970 343**	**8 291 207**	**9 744 008**	**6 795 989**
FINANCIAL LIABILITIES				
Long-term	**4 231 625**	**4 153 926**	**4 095 152**	**3 988 843**
Credit facilities, loans and debt securities	4 195 096	4 153 926	4 062 292	3 988 843
Lease liabilities	36 529	*	32 860	*
Short-term	**4 649 449**	**3 069 521**	**1 718 580**	**737 383**
Credit facilities, loans and debt securities	3 069 521	3 069 521	737 383	737 383
Lease liabilities	3 902	*	2 710	*
Trade and other payables	1 148 194	*	932 157	*
Liabilities arising from contracts with customers	102 864	*	46 330	*
Other financial liabilities	324 968	*	-	*
TOTAL FINANCIAL LIABILITIES	**8 881 074**	**7 223 447**	**5 813 732**	**4 726 226**

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

Income and expenses recognised in profit or loss relating to credit, loans and debt securities and cash are presented in note 11, (interest income and expense, valuation at amortised cost of capital). Established and reversed (in profit or loss) impairment losses on trade and other receivables and on loans granted are presented in note 34.1. The impact of the valuation of IRS transactions on other comprehensive income is presented in note 33.

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	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**28 318**	**89 927**	**18 849**	**137 094**
Equity instruments at fair value through other comprehensive income	-	-	12 587	12 587
Call options (at fair value through profit or loss)	-	13 090	-	13 090
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	76 837	-	76 837
Interests at fair value through profit or loss	28 318	-	6 262	34 580
Debt financial assets at amortised cost	**-**	**8 154 113**	**-**	**8 154 113**
Total	**28 318**	**8 244 040**	**18 849**	**8 291 207**
Credit facilities, loans and debt securities	**-**	**(7 223 447)**	**-**	**(7 223 447)**
Total	**-**	**(7 223 447)**	**-**	**(7 223 447)**

	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**21 200**	**270 746**	**18 850**	**310 796**
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
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	-	252 902	-	252 902
Interests at fair value through profit or loss	21 200	-	6 263	27 463
Debt financial assets at amortised cost	**-**	**6 485 193**	**-**	**6 485 193**
Total	**21 200**	**6 755 939**	**18 850**	**6 795 989**
Credit facilities, loans and debt securities	**-**	**(4 726 226)**	**-**	**(4 726 226)**
Total	**-**	**(4 726 226)**	**-**	**(4 726 226)**

Financial assets and financial liabilities at fair value include:

- shares in unrelated entities, the stake in which is below 20%; this line as of 31 December 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 Company decided to qualify these interests as financial instruments through other comprehensive income; when the stake in ElectroMobility Poland S.A. was reclassified, it was measured at fair value and the measurement was recognised in the present-period financial result; 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;

Non-current debt financial assets at amortised cost cover purchased debt securities - bonds and loans maturing in over one year. Fair value is calculated for financial instruments that are based on a fixed rate of interest, based on current WIBOR.

Current debt financial assets at amortised cost cover purchased debt securities - bonds and loans maturing in under one year.

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.

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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 2023.

As at 31 December 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 12-month period ending 31 December 2023 ENEA S.A. submitted a demand to exercise call option no. 8, no. 9, no. 10 and no. 11, and made a transfer for 187 500 shares (call option 8), 125 000 shares (call option 9) and 187 500 shares (call option 10) and 125 000 shares (call option 11) 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%. 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%. 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%. As of 14 July 2023, as a result of the exercise of call option 9, ENEA S.A.'s stake in the company's share capital was 16.19%. An increase of Polimex Mostostal S.A.'s share capital by PLN 1 500 thousand, i.e. from PLN 483 238 thousand to PLN 484 738 thousand, by admitting 750 000 ordinary bearer shares series S with a nominal value of PLN 2.00 each, was registered on 5 October 2023. ENEA S.A.'s share in the company's share capital decreased from 16.19% to 16.14%. Since 13 October 2023, as a result of the exercise of call option 10, ENEA S.A.'s stake in the company's share capital increased from 16.14% to 16.22%. An increase of Polimex Mostostal S.A.'s share capital by PLN 1 000 thousand, i.e. from PLN 484 738 thousand to PLN 485 738 thousand, by admitting 500 000 ordinary bearer shares series S with a nominal value of PLN 2 each, was registered on 10 January 2024. ENEA S.A.'s share in the company's share capital decreased from 16.22% to 16.19%. On 23 January 2024, as a result of the exercise of call option 11, ENEA S.A.'s share in the company's share capital increased from 16.19% to 16.24%. At 31 December 2023, ENEA S.A. held a 16.22% stake in Polimex Mostostal S.A. A fair-value measurement of the call options was prepared using the Black-Scholes model. The book value of these options as at 31 December 2023 was PLN 13 090 thousand (at 31 December 2022: PLN 17 844 thousand).

32. Debt financial assets at amortised cost

Debt financial assets at amortised cost

	As at	
	31 December 2023	31 December 2022
Current debt financial assets at amortised cost		
Intra-group bonds	214 507	231 068
Loans granted	742 584	83 056
Total current debt financial assets at amortised cost	**957 091**	**314 124**
Non-current debt financial assets at amortised cost		
Intra-group bonds	1 077 095	1 280 101
Loans granted	6 144 606	4 967 245
Total non-current debt financial assets at amortised cost	**7 221 701**	**6 247 346**
Total	**8 178 792**	**6 561 470**

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Intra-group financing

ENEA Group has adopted a model for financing investments being implemented by ENEA S.A. through intra-group financing. ENEA S.A. raises long-term capital in financial markets through credit facilities or bond issues and subsequently distributes these within the Group based on intra-group bond issue program agreements or loan agreements. Moreover, ENEA S.A. provides financing to subsidiaries from internal funding.

Intra-group bonds

The following table presents on-going intra-group bond issue programs as at 31 December 2023 and 31 December 2022:

No.	Bond issuer	Contract date	Amount granted	Amount used	Outstanding bonds as at 31 December 2023 (principal)	Outstanding bonds as at 31 December 2022 (principal)	Interest	Final buy-back deadline
1.	ENEA Nowa Energia Sp. z o.o.	10 March 2011	26 000	26 000	-	12 000	WIBOR 6M + margin	31 March 2023
2.	ENEA Operator Sp. z o.o.	20 June 2013 amended through Annex 1 of 9 October 2014 and Annex 2 of 7 July 2015	1 425 000	1 425 000	637 304	762 717	Depending on the series: fixed interest rate or WIBOR 6M + margin	Depending on bond series' issue dates, however no later than by 17 June 2030
3.	ENEA Operator Sp. z o.o.	7 July 2015 amended through Annex 1 of 28 March 2017	946 000	946 000	644 500	722 500	Depending on the series: fixed interest rate or WIBOR 6M + margin	Depending on bond series' issue dates, however no later than by 15 December 2032
	Total				**1 281 804**	**1 497 217**		
Transaction costs and effect of measurement using effective interest rate					9 798	13 952		
	Total				**1 291 602**	**1 511 169**		

In the 12-month period ending 31 December 2023 ENEA S.A. did not execute new intra-group bond issue programme agreements concerning financing for ENEA Group companies.

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Loans

The following table presents loans issued by ENEA S.A. as at 31 December 2023 and 31 December 2022:

No.	Borrower	Contract date	Total contract amount	Debt at 31 December 2023	Debt at 31 December 2022	Interest	Final repayment deadline
1.	Elektrownia Ostrołęka Sp. z o.o.	30 September 2019	29 000	-	29 000	Fixed	11 January 2023
2.	Elektrownia Ostrołęka Sp. z o.o.	23 December 2019	170 000	-	170 000	Fixed	28 April 2023
3.	ENEA Wytwarzanie Sp. z o.o.	30 January 2020	2 200 000	1 782 034	1 782 034	WIBOR 6M + margin	20 December 2016
4.	ENEA Elektrownia Połaniec S.A.	28 February 2020	500 000	500 000	500 000	WIBOR 6M + margin	20 December 2026
5.	ENEA Operator Sp. z o.o.	12 March 2020	950 000	650 000	650 000	WIBOR 6M + margin	20 December 2024
6.	ENEA Operator Sp. z o.o.	22 June 2021	1 090 000	950 000	950 000	WIBOR 6M + margin	20 December 2026
7.	Miejska Energetyka Cieplna Piła Sp. z o.o.	24 June 2021	15 000	7 789	8 763	WIBOR 6M + margin	31 December 2031
8.	ENEA Operator Sp. z o.o.	29 July 2022	550 000	550 000	550 000	WIBOR 6M + margin	15 July 2028
9.	ENEA Operator Sp. z o.o.	13 September 2022	758 562	758 562	528 327	WIBOR 6M + margin	15 July 2028
10.	ENEA Operator Sp. z o.o.	14 June 2023	1 500 000	1 500 000	-	WIBOR 6M + margin	28 January 2028
11.	ENEA ELKOGAZ Sp. z o.o.	18 July 2023	20 000	20 000	-	WIBOR 6M + margin	30 June 2028
12.	PRO-WIND Sp. z o.o.	23 August 2023	17 500	16 743	-	WIBOR 3M + margin	31 March 2028
13.	PRO-WIND Sp. z o.o.	23 August 2023	2 649	2 649	-	Fixed	30 June 2039*
14.	PV Genowefa Sp. z o.o. (formerly: PAD RES Genowefa Sp. z o.o.)	20 September 2023	15 498	15 498	-	Fixed	25 January 2027
15.	PV Genowefa Sp. z o.o. (formerly: PAD RES Genowefa Sp. z o.o.)	20 September 2023	9 922	9 922	-	Fixed	31 December 2024
16.	ENEA Nowa Energia Sp. z o.o.	19 December 2023	200 000	50 000	-	WIBOR 6M + margin	31 December 2034
				6 813 197	**5 168 124**		
Transaction costs and effect of measurement using effective interest rate				74 075	80 513		
Impairment of loans				(82)	(198 336)		
	Total			**6 887 190**	**5 050 301**		

** In connection with the acquisition of PRO-WIND Sp. z o.o., subrogation agreements were concluded, on the basis of which ENEA S.A. entered into creditor rights for 10 fixed-interest loan agreements. The final repayment date for two of these for a total of PLN 270 thousand expired on 30 September 2023 and one for PLN 500 thousand expired on 31 December 2023. For the remaining seven, the repayment date is 30 June 2039.*

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 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 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 2023, ENEA S.A. executed the following agreements with ENEA Group companies and other companies in which it owns a stake:

1. loan agreement with ENEA Operator Sp. z o.o. executed in June 2023 for the amount of PLN 1 500 000 thousand, funds under the agreement have been fully utilised;
2. loan agreement with ENEA ELKOGAZ Sp. z o.o. executed in July 2023 for the amount of PLN 20 000 thousand, funds under the agreement have been fully utilised;
3. loan agreement with PRO-WIND Sp. z o.o. executed in August 2023 for PLN 17 500 thousand, with PLN 16 743 thousand utilised so far;
4. loan agreement with ENEA Nowa Energia Sp. z o.o. executed in December 2023 for PLN 200 000 thousand, with PLN 50 000 thousand utilised so far.

Furthermore, in 2023 ENEA S.A. signed annexes to agreements with the following ENEA Group companies:

1. annex to a loan agreement with ENEA Operator Sp. z o.o. of 13 September 2022, increasing the loan amount from PLN 750 000 thousand to PLN 758 562 thousand;
2. annex to a loan agreement with ENEA Wytwarzanie Sp. z o.o. of 30 January 2020, extending the loan repayment period to 20 December 2026;
3. annex to a loan agreement with ENEA Elektrownia Połaniec S.A. of 28 February 2020, extending the loan repayment period to 20 December 2026;

In connection with the acquisition of PV Genowefa Sp. z o.o. (formerly: PAD RES Genowefa Sp. z o.o.) and PRO-WIND Sp. z o.o., completed in 2023, ENEA S.A. pursuant to subrogation agreements entered into creditors rights in respect of these companies, relating to loans totalling PLN 28 069 thousand.

Impairment of financial assets at amortised cost (concerns loans granted together with interest) as at 31 December 2023 amounted to PLN 82 thousand (PLN 198 336 thousand as of 31 December 2022).

33. Hedge accounting

Accounting rules

Hedge accounting and derivative instruments

Derivative instruments that are used by the Company in order to hedge against specific risk, related to changes in interest rates and exchange rates, are measured at fair value. Derivative instruments are recognised as assets if their value is positive and as liabilities if their value is negative.

The fair value of currency contracts is determined by reference to current forward rates for contracts with the same maturity or based on valuation by independent entities. The fair value of interest rate swaps may be determined based on valuation by independent entities. The fair value of other derivative instruments is determined based on market data or valuation by independent institutions specialised in this type of valuation.

For some or all of its exposure to a particular risk, the Company may apply hedge accounting if the hedging instrument and the hedged item that create a hedging relationship are in line with risk management objectives and the hedging strategy.

The Company defines hedging relationships concerning various types of risk as fair value hedges or cash flow hedges.

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Hedging a risk that concerns likely future obligations is treated as a cash flow hedge.

When a hedging relationship is established, the Company documents the relation between the hedging instrument and the hedged item as well as risk management objectives and the strategy for implementing various hedging transactions.

Derivatives that are hedging instruments are recognised by the Company in accordance with rules concerning fair value or cash flow hedges.

If the Company identifies an ineffectiveness of a hedge that goes beyond the risk management objective and the hedging relationship continues to implement the risk management strategy and risk management objectives, the Company re-balances the hedging relationship.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and which might affect profit or loss. A forecast transaction is a transaction that is not based on a concluded binding agreement (expected future transaction).

For cash flow hedges, the Company:

- recognises the effective part of changes in the fair value of derivative instruments designated as cash flow hedges in the revaluation reserve,
- recognises the gain or loss related to the ineffective part in the current period's financial result.

If a hedge of a forecast transaction results in the recognition of a financial asset or financial liability, the related gains or losses that were recognised in the revaluation reserve are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. However, if the Company expects that all or a portion of an impairment loss recognised directly in equity will not be recovered in one or more future periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the Company reclassifies the associated gains and losses that were recognised directly in the revaluation reserve into the initial purchase cost or another book value in assets or liabilities.

If the Company discontinues a cash flow hedge, the cumulative gain or loss on a hedging instrument recognised in the revaluation reserve remains in it until the hedging transaction is exercised. If the hedging transaction will not be exercised (or is not expected to be exercised), cumulative net profit recognised in the revaluation reserve is immediately reclassified into profit or loss.

Cash flow hedging

The following table presents the impact of cash flow hedges' measurement on other comprehensive income:

	Year ended	
	31 December 2023	31 December 2022
Accumulated other comprehensive income related to the effective part of cash flow hedges as at 1 January, recognised in hedging reserve	**186 075**	**109 277**
- related to interest rate hedges	186 075	109 277
Measurement of hedging instruments as at balance sheet date, in part considered as effective hedge	**(130 826)**	**76 798**
- related to interest rate hedges	(130 826)	76 798
Accumulated other comprehensive income related to the effective part of cash flow hedges as at 31 December, recognised in hedging reserve	**55 249**	**186 075**
- related to interest rate hedges	55 249	186 075

ENEA S.A. executed IRS transactions to hedge cash flows against interest rate risk. Their value in accordance with the hedge accounting policy at the end of 2023 was PLN 2 971 647 thousand, down by PLN 161 644 thousand from 2022. This change resulted from settlements related to the expiry of derivative instruments and regular payments for hedged exposure. Maturities are different depending on the derivative, from 24 June 2024 to 16 September 2026. Their balance sheet value as of 31 December 2023 was PLN 76 837 thousand, with 55 249 thousand recognised in other comprehensive income and the ineffective part of the hedge recognised in the 2023 financial result being PLN (14 552) thousand. Bonds issued by ENEA S.A. and credit facilities from EIB are hedged with IRSs.

34. Financial risk management

Financial risk management rules

The Company's activities are subject to the following categories of risk associated with financial instruments:

- credit risk,
- financial liquidity risk,
- commodity risk,
- currency risk,
- interest rate risk.

This note contains information on the Company's exposure to each of the aforementioned types of risk and describes the objectives and policy with regard to managing risk and capital.

The Management Board of ENEA S.A. is responsible for setting out the risk management framework and rules.

Financial risk management is based on a formalised and integrated risk management process, described in dedicated risk management policies, procedures and methodologies.

Risk management is designed as a continuous process. ENEA S.A. continuously analyses risk in terms of external environmental impact and changes in its structures and activities. Based on this, it takes actions that are intended to limit risk or transfer it outside of the Company.

ENEA S.A. analyses the risks associated with the impact of climate change on the company (transition risks and physical risks) and whether the two are linked and how. Transition risks, also known as transformation risks, result from the transition to a low-carbon economy and can be divided as follows: legal and regulatory risks, technological risks, market risks, image risks. Physical risks arise from a changing climate, including extreme weather events (extreme temperatures previously unseen in the regions concerned, an increase in the frequency and intensity of strong and gusty winds) and those resulting from long-term climate change (e.g. the occurrence of milder winters in terms of precipitation, more frequent droughts and associated water restrictions, and increased risk of wildfires).

Climate-related risks can be transformed into new opportunities that contribute to offering new products or services to mitigate or adapt to climate change. Climate-related opportunities are those opportunities related to the impact of climate change on a business that can have a positive impact on the business. Climate change adaptation is understood as anticipating the effects of climate change and taking appropriate action to counteract or reduce the damage it may cause. Climate change mitigation, on the other hand, refers to efforts to reduce or prevent greenhouse gas emissions.

As one of the most important players in the energy market in Poland, jointly responsible for the country's energy security, the Group observes global trends and understands the challenge of climate change, and therefore strives to minimise carbon dioxide emissions along the entire value chain until climate neutrality is achieved in 2050. This fits in with the implementation of the European Union's climate targets and public expectations. In addition to moving away from the burning of fossil fuels, the development of renewable energy sources and increasing energy efficiency are the Group's most important courses of action towards climate neutrality.

ENEA Group carries out numerous measures to reduce its negative impact on the environment. These take the form of both large-scale infrastructure investments to reduce atmospheric emissions from production processes and smaller changes in day-to-day operations. Efforts are constantly being made to raise the environmental awareness of Employees. At the same time, pro-environmental education is carried out in the Group's surroundings and active nature conservation projects are implemented.

In 2023, ENEA Group adopted *ENEA Group's Climate Policy.* The Policy is a response to the challenges of transforming the electricity sector with a view to ensuring energy security in the context of the Group's efforts to limit global warming and its actions to adapt to climate change. ENEA Group’s Climate Policy, being a kind of a specification of ENEA Group’s Development Strategy to 2030 with an outlook to 2040, is aimed at determining ENEA Group's ambitions within the scope of limiting the impact on climate and indicating the management method within the scope of adaptation to the existing and projected climate changes. Implementation of the Policy will also fulfil the EU climate and energy policy and achieve the targets arising from the accepted international commitments related to the reduction of greenhouse gas emissions.

Detailed information on environmental issues and risks related to climate change is included in the Management Report on the operations of ENEA S.A. and ENEA Group in 2023, including in particular within the Statement on non-financial information, which is a separate part of this report. The Company has considered the impact of climate factors on the financial statements and has taken these factors into account in, among other things, the impairment testing of non-financial assets, the analysis of the value of jointly controlled companies, or the calculation of provisions for other liabilities and other charges.

34.1. Credit risk

Exposure to credit risk	Risk management
Credit risk is risk associated with the Company incurring financial losses as a result of a client or counterparty that is a party to a financial instrument failing to meet its contractual obligations. Credit risk is associated with a potential inability to collect	The Management Board implements a credit risk management policy at ENEA Group, pursuant to which exposure to credit risk is monitored on an on-going basis and activities intended to minimise it are undertaken. The key tool for managing credit risk is analysis of the credit-worthiness of ENEA S.A.'s most important

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receivables from counterparties.

Key factors having impact on the Company's credit risk:

- a large number of clients, which has an impact on the operational complexity of the risk mitigation process (assessment of counterparties' credit-worthiness) and the high cost of controlling the in-flow and recovery of receivables,
- legal conditions for doing business, which specify rules for shutting down electricity supplies as a result of non-payment or the obligation to connect entities to ENEA Operator's relevant distribution area, as well as the reserve seller or ex-officio vendor functions,
- regulations freezing end-user prices also for the reserve tariff, which may result in the ineffectiveness of the collateral requirement for customers in ENEA's DSO area.

counterparties, pursuant to which contractual terms with the counterparties are appropriately structured (payment terms, potential collateral, etc.).

The following table shows a structure of balance-sheet items depicting ENEA S.A.'s exposure to credit risk:

	Maximum exposure to credit risk* as at	
	31 December 2023	31 December 2022
Financial assets measured at fair value (without shares and equity instruments through other comprehensive income)	89 927	270 746
Debt financial assets at amortised cost	8 178 792	6 561 470
Assets arising from contracts with customers	420 605	447 424
Trade receivables	3 018 144	2 033 292
Finance lease and sublease receivables	2 353	2 296
Cash and cash equivalents	213 355	388 730
Credit risk	**11 923 176**	**9 703 958**

** These values correspond to book values.*

Credit risk associated with trade receivables

Failure to perform an obligation is understood as the occurrence of at least one of the following events or circumstances:

- debtor is more than 90 days late on a significant payment;
- the Company considers is as unlikely that the debtor will pay off its debt entirely (without taking into account amounts received from collateral or similar actions);

Events that indicate a low likelihood of the obligation being performed include: submission of bankruptcy application, instigation of arrangement proceedings for the debtor - as well as other events not directly resulting from legal actions, such as lack of cash or negative forecasts regarding the debtor's payment situation.

In line with internal regulations - the issue of receivables being concentrated in relation to the Company's end customers is also subject to monitoring. The size of ENEA S.A.'s sales portfolio means that despite the fact that there are entities within the portfolio with relatively large consumption, the share of a single entity does not exceed 5% of the entire portfolio's volume, therefore the level of concentration is not seen as significant. In light of the above, the Company does not use additional collateral relating solely to concentration. The use of collateral is dependent each time on the counterparty's financial standing.

Breakdown of customer contract assets and trade and other receivables, which are financial instruments, into credit risk rating grades:

	As at 31 December 2023		
	Lifetime ECL - without impairment	Lifetime ECL - with impairment	Total
Trade and other receivables			
Gross value	2 988 740	96 627	3 085 367
Impairment for expected credit losses (-)	(6 322)	(60 901)	(67 223)
Balance sheet value	**2 982 418**	**35 726**	**3 018 144**
Assets arising from contracts with customers			
Gross value	420 789	–	420 789
Impairment for expected credit losses (-)	(184)	–	(184)
Balance sheet value	**420 605**	**–**	**420 605**

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	As at 31 December 2022 Lifetime ECL - without impairment	Lifetime ECL - with impairment	Total
Trade and other receivables			
Gross value	2 007 980	79 652	2 087 632
Impairment for expected credit losses (-)	(2 237)	(52 103)	(54 340)
Balance sheet value	**2 005 743**	**27 549**	**2 033 292**
Assets arising from contracts with customers			
Gross value	447 608	–	447 608
Impairment for expected credit losses (-)	(184)	–	(184)
Balance sheet value	**447 424**	**–**	**447 424**

ECL impairment for trade and other receivables constituting financial instruments:

	Year ended 31 December 2023	31 December 2022
Impairment as of 1 January	**54 340**	**65 025**
Created	23 333	9 743
Reversed	(4 075)	(5 805)
Used	(6 375)	(14 623)
Impairment as of 31 December	**67 223**	**54 340**

In the 12-month period ended 31 December 2023, impairment of trade and other receivables increased by PLN 12 883 thousand (in the 12-month period ended 31 December 2022 impairment decreased by PLN 10 685 thousand). Impairment losses are mainly recognised on trade receivables. Impairment of other receivables is negligible.

The Company uses the expected credit loss model to estimate the impairment for trade receivables. In order to determine expected credit losses, ENEA S.A. 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*. In accordance with the Rules, in the year-closing procedure, receivables impairment is determined on the basis of data for 2023. Based on this data, impairment indicators are determined and used to estimate the amount of receivables impairment at the end of 2023. Therefore, the specified expected credit losses take into account objective indications of receivables impairment. The 1-year period adopted for the analysis, given the dynamically changing political and economic situation, gives the most realistic results for the period under study. Analysis in the Company is carried out by individual and business customers. For business customers, a portfolio approach is used as a rule, but an individual approach can be used if the need arises, i.e. if default risk is identified. The receivables portfolio is divided according to the activities carried out by the Company or the structure of their customers.

Gross value of trade and other receivables constituting financial instruments:

	Year ended 31 December 2023	31 December 2022
As at 1 January	**2 087 632**	**1 602 611**
Recognised	23 379 841	15 436 208
Repaid	(22 381 143)	(14 904 550)
Written-off	(10 562)	(17 638)
Other	9 599	(28 999)
As at 31 December	**3 085 367**	**2 087 632**

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

	As at 31 December 2023 Nominal value	Impairment	Book value
Individual customers			
Current	356 849	(856)	355 993
Overdue	201 995	(42 127)	159 868
0-30 days	89 756	(224)	89 532
31-90 days	27 833	(2 304)	25 529
91-180 days	13 395	(2 792)	10 603
over 180 days	71 011	(36 807)	34 204
Total trade and other receivables	**558 844**	**(42 983)**	**515 861**

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Assets arising from contracts with customers	**-**	**-**	**-**

Business customers

Current	2 417 674	(56)	2 417 618
Overdue	108 849	(24 184)	84 665
0-30 days	70 638	(1)	70 637
31-90 days	4 133	(275)	3 858
91-180 days	6 023	(3 568)	2 455
over 180 days	28 055	(20 340)	7 715
Total trade and other receivables	**2 526 523**	**(24 240)**	**2 502 283**
Assets arising from contracts with customers	**420 789**	**(184)**	**420 605**

Total individual and business customers

Current	2 774 523	(912)	2 773 611
Overdue	310 844	(66 311)	244 533
0-30 days	160 394	(225)	160 169
31-90 days	31 966	(2 579)	29 387
91-180 days	19 418	(6 360)	13 058
over 180 days	99 066	(57 147)	41 919
Total trade and other receivables	**3 085 367**	**(67 223)**	**3 018 144**
Assets arising from contracts with customers	**420 789**	**(184)**	**420 605**

	As at 31 December 2022		
	Nominal value	Impairment	Book value
Individual customers			
Current	282 354	(452)	281 902
Overdue	137 484	(31 263)	106 221
0-30 days	57 533	(96)	57 437
31-90 days	21 007	(1 361)	19 646
91-180 days	5 352	(1 085)	4 267
over 180 days	53 592	(28 721)	24 871
Total trade and other receivables	**419 838**	**(31 715)**	**388 123**
Assets arising from contracts with customers	**-**	**-**	**-**
Business customers			
Current	1 602 071	(163)	1 601 908
Overdue	65 723	(22 462)	43 261
0-30 days	26 749	(138)	26 611
31-90 days	6 811	(540)	6 271
91-180 days	1 875	(566)	1 309
over 180 days	30 288	(21 218)	9 070
Total trade and other receivables	**1 667 794**	**(22 625)**	**1 645 169**
Assets arising from contracts with customers	**447 608**	**(184)**	**447 424**
Total individual and business customers			
Current	1 884 425	(615)	1 883 810
Overdue	203 207	(53 725)	149 482
0-30 days	84 282	(234)	84 048
31-90 days	27 818	(1 901)	25 917
91-180 days	7 227	(1 651)	5 576
over 180 days	83 880	(49 939)	33 941
Total trade and other receivables	**2 087 632**	**(54 340)**	**2 033 292**
Assets arising from contracts with customers	**447 608**	**(184)**	**447 424**

As regards the sale of electricity, individual customers are those with tariff groups G and C1, and business customers are those with tariff groups C2, B and A. Lifetime ECLs without impairment - are calculated for receivables not subject to proceedings (court, bailiff, arrangement, bankruptcy). Lifetime impaired ECLs - are calculated for receivables subject to proceedings (court, bailiff, arrangement, bankruptcy).

Credit risk associated with trade receivables by market segment

Sale of electricity to retail clients	There is a substantial amount of overdue receivables in this segment - in percentage terms. Although these receivables - given their high dispersion in this general category and a relatively small value of each item - do not pose a major threat to the Company's finances, activities are undertaken to reduce

	these. Activities intended to streamline the debt recovery process are successively being undertaken and consist of new and updated instructions and rules for debt recovery as well as cooperation with specialised entities. Introducing harmonised debt collection rules, including soft debt recovery, makes it possible to shorten the cash recovery time and avoid long-term and often ineffective hard debt recovery, i.e. court enforcement. Cases that exceed a debt recovery limit are referred for court and enforcement proceedings; The vast majority of overdue receivables are within 30 days, which confirms the high efficiency of collection activities in this area.
Sale of electricity to business, key and strategic clients	The amounts of overdue receivables in this segment are much lower (in percentage terms) than in the case of individual customers. Given the above and due to a much smaller number of clients in these segments, debt collection rules are largely based on soft collection. Soft recovery activities are undertaken immediately after the payment deadline passes.
Other	The amounts of overdue receivables are negligible.

In the debt collection and recovery process, the Company works with specialised external entities that support it in hard debt collection activities. The Company monitors on an on-going basis the level of over-due receivables, recognises impairment losses and in justified cases raises legal claims.

Credit risk associated with cash and derivative instruments

As regards receivables from financial institutions, including cash deposited in bank accounts and deposits, as well as currency risk and interest risk hedging transactions, the safety for such transactions is governed by *"ENEA Group's liquidity and liquidity risk management policy"* and *"ENEA Group's currency risk and interest risk management policy."* ENEA S.A. only cooperates with partners meeting strict credit-worthiness criteria and having an established position on the banking market.

In accordance with the aforementioned policies and "ENEA Group's credit risk management policy," if a transaction partner has a rating issued by a reputable agency, the Company does not estimate an internal rating for this entity. In selecting banking counterparties, the Company analyses external credit ratings, which override all other criteria for evaluating the security of investments and settlements, and these values must be at investment grade.

Concentration of credit risk

As at 31 December 2023, the Company held the highest cash balances at:

1) PKO BP (Moody's A2): PLN 139 638 thousand (as at 31 December 2022: PLN 138 228 thousand),
2) Pekao S.A. (Fitch BBB): PLN 72 181 thousand (as at 31 December 2022: PLN 249 066 thousand).

The remaining cash of PLN 1 536 thousand (as at 31 December 2022: PLN 1 436 thousand) represents funds in other financial institutions, the IRGiT and cash on hand.

As regards financial investments, in order to limit concentration risk, diversification rules for invested cash are applied. In accordance with the aforementioned "ENEA Group's liquidity and liquidity risk management policy," a maximum permissible level of fund allocation to one transaction partner is set. Moreover, allocating excess cash of companies within the cash pooling structure is generally carried out by ENEA S.A., which serves as Pool Leader in the cash pooling mechanism. Companies require ENEA S.A.'s approval to investment free cash on their own.

Cash management at ENEA Group is carried out at ENEA S.A. level, making it possible to effectively manage cash surpluses and to limit external financing costs. The cash pooling service covers selected companies from ENEA Group.

In this service, the balances of participants' bank accounts are zeroed at the end of each day and subsequently any cash surpluses are transferred to the managing entity's (ENEA S.A.) bank account. The next day, cash balances are reversed and returned to the companies' bank accounts.

At 31 December 2023, cash pooling liabilities amounted to PLN 0 thousand (PLN 142 774 thousand at 31 December 2022) and is presented in line: Cash and cash equivalents.

At 31 December 2023, the balance of liabilities within cash pooling was PLN 324 968 thousand (PLN 0 thousand at 31 December 2022) and is presented in line: Other financial liabilities.

As regards managing current excess cash and as regards currency risk and interest risk hedging instruments, the Company works with six financial institutions on a day-to-day basis.

Credit risk associated with other financial assets

ENEA S.A.'s Risk Management Department carries out evaluations of significant long-term receivables and debt securities (including intra-group bonds and loans) as well as financial guarantees and liabilities concerning loans, and monitors significant credit risk and determines impairment for expected credit losses in accordance with ENEA Group's Methodology for determining expected credit losses for non-current debt assets and similar items. *In pursuit of this* *objective, a case-by-case assessment of individual counterparties or individual instruments is carried out using external credit ratings and, in the absence of external credit ratings, an internal credit rating system using, inter alia, the Altman model for emerging markets and elements of qualitative and forecasting assessment.*

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ENEA S.A. employs a three-step impairment assessment model, under which it identifies items for which:

- there has been no significant increase in credit risk,
- there has been significant increase in credit risk,
- there has been impairment.

A significant increase in credit risk is reflected in a downgrade of the rating of the counterparty concerned - as set out below:

- a downgrade within the investment grade, regardless of the degree of the downgrade (where the new rating remains within the investment grade) is not considered a significant increase in credit risk;
- a downgrade is considered significant when it is at least two positions within a non-investment grade level; also a downgrade from BBB- to BB by two positions is considered a significant increase in credit risk;
- a downgrade is considered significant when it is by at least one position within the speculative level; also a downgrade from B to C by one position is considered a significant increase in credit risk.

In assessing whether there has been a significant increase in credit risk in respect of individual items, the Company also takes into account the following considerations:

- items more than 30 days past due at the date of analysis/evaluation are considered to carry a significant increase in credit risk;
- the fact that a financial instrument has collateral does not automatically mean that the instrument has low credit risk; nor does the fact that a financial instrument has no collateral automatically mean that it has high credit risk.

A financial asset is considered to be impaired for credit risk if an event - one or more - has occurred that has a negative effect on the estimated future cash flows of that financial asset. Evidence of impairment of a financial asset due to credit risk includes observable data on the following events - especially:

- significant financial difficulties of the counterparty;
- breach of contract by the counterparty, such as an event of default or failure to make payment within the required timeframe;
- award to the counterparty - for economic or contractual reasons arising from the counterparty's financial difficulties - of facilities that the counterparty would not otherwise have obtained;
- it becomes probable that bankruptcy or other financial reorganisation of the counterparty will occur.

It may not be possible to identify a single clear-cut event, while the combined effect of several events may result in impairment of financial assets due to credit risk.

Items assigned to investment grade for which no arrears on significant payments occurred for longer than 30 days are treated as items with low credit risk (the counterparty has high short-term ability to meet its obligations as regards contractual cash flows, and adverse changes in economic and business conditions in the long term might - but do not have to - impair its ability to satisfy these obligations).

The following table shows asset categories for which expected credit losses are calculated, by rating:

	As at 31 December 2023	
	12-month ECL	Lifetime ECL for instruments where a significant increase in credit risk has been identified
Cash and cash equivalents	**213 355**	**-**
from AAA to BBB- (investment grade)	213 355	-
Unquoted bonds	**1 291 602**	**-**
from AAA to BBB- (investment grade)	1 291 602	-
Loans granted	**4 598 656**	**2 288 616**
from AAA to BBB- (investment grade)	4 529 637	-
from BB+ to B- (non-investment grade)	69 019	501 356
from CCC to D (non-investment grade)	-	1 787 260
Total gross value	**6 103 613**	**2 288 616**
Loans granted	(82)	-
Total impairment for expected credit losses	**(82)**	**-**
Cash and cash equivalents	213 355	-
Unquoted bonds	1 291 602	-
Loans granted	4 598 574	2 288 616
Total balance sheet value	**6 103 531**	**2 288 616**

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	As at 31 December 2022		
	12-month ECL	Lifetime ECL for instruments where a significant increase in credit risk has been identified	Lifetime ECL for instruments where impairment has been recognised
Cash and cash equivalents	**388 730**	**-**	**-**
from AAA to BBB- (investment grade)	388 730	-	-
Unquoted bonds	**1 511 170**	**-**	**-**
from AAA to BBB- (investment grade)	1 511 170	-	-
Loans granted	**2 720 032**	**2 288 264**	**240 341**
from AAA to BBB- (investment grade)	2 720 032	-	-
from BB+ to B- (non-investment grade)	-	501 324	-
from CCC to D (non-investment grade)	-	1 786 940	240 341
Total gross value	**4 619 932**	**2 288 264**	**240 341**
Loans granted	-	-	(198 336)
Total impairment for expected credit losses	**-**	**-**	**(198 336)**
Cash and cash equivalents	388 730	-	-
Unquoted bonds	1 511 170	-	-
Loans granted	2 720 032	2 288 264	42 005
Total balance sheet value	**4 619 932**	**2 288 264**	**42 005**

The table below shows the change in the allowance for expected credit losses in respect of loans granted:

	12-month ECL	Lifetime ECL for instruments where a significant increase in credit risk has been identified	Lifetime ECL for instruments where impairment has been recognised
As at 1 January 2022	**-**	**-**	**225 610**
Reversed	-	-	(27 274)
As at 31 December 2022	**-**	**-**	**198 336**
Created	82	-	-
Reversed	-	-	(198 336)
As at 31 December 2023	**82**	**-**	**-**

The table below shows the change in the gross value of loans granted:

	12-month ECL	Lifetime ECL for instruments where a significant increase in credit risk has been identified	Lifetime ECL for instruments where impairment has been recognised
As at 1 January 2022	**1 617 014**	**2 284 910**	**225 610**
Recognised	1 078 327	-	-
Repaid	(100 014)	(144 278)	-
Other	124 705	147 632	14 731
As at 31 December 2022	**2 720 032**	**2 288 264**	**240 341**
Purchase of subsidiaries	28 069*	-	-
Recognised	2 306 450	-	-
Repaid	(727 275)	(194 676)	(244 662)
Other	271 380	195 028	4 321
As at 31 December 2023	**4 598 656**	**2 288 616**	**-**

**nominal values, concerns loans acquired via subrogation agreements, details in note 32.*

34.2. Financial liquidity risk

Exposure to financial liquidity risk	Risk management
Financial liquidity risk is perceived as the risk that ENEA S.A. would have no ability to meet its payment obligations at maturity.	In its business, ENEA S.A. strives to ensure stable availability of cash allowing it to meet its payment liabilities on time. Activities addressed in "*ENEA Group's liquidity and liquidity risk management policy*" also include securing the ability to effectively respond to

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The aim of these activities is to reduce the likelihood of financial liquidity risk materialising by optimally using financial resources and available financing instruments.

liquidity crises, i.e. periods of increased demand for cash.

As intended, the measures taken should enable the business to continue operating in the event of a liquidity crisis for the period necessary to activate the contingency funding plan.

In the financial liquidity management process, the Company focuses on activities centred around an analysis of cash flows in the short- and long-term, optimisation of working capital components and monitoring the concentration of bank account balances. In order to ensure an appropriate level of security in unpredictable situations, the Company carries out cyclical scenario analyses and develops emergency financing plans intended to ensure the capacity to supplement cash shortages. The Company centrally manages financial surpluses. Allocating surpluses is mainly done with the use of term deposits. With a view toward limiting concentration risk, investments of excess cash are diversified in terms of financial institutions. ENEA S.A. works exclusively with renowned institutions having a stable position, as confirmed by ratings not below investment grade. Investment performance is monitored on an on-going basis.

Activities related to financial liquidity and liquidity risk management are coordinated by ENEA S.A. In order to secure funding for on-going operations and optimise the financial surplus management process, ENEA S.A. and ENEA Group companies use cash pooling. ENEA S.A. serves as Pool Leader. Additional instruments for the financing of on-going operations that secure funding for cash pooling system participants are ENEA S.A.'s overdraft facilities.

Instruments for the financing of on-going operations also include the Group's central mechanism for raising external funding by ENEA S.A., which is subsequently distributed by ENEA S.A. within the Group.

The Company's ongoing risk management in the aforementioned areas, as well as its market and financial position, allows us to conclude that liquidity risk in 2023 was monitored and controlled.

The Company manages liquidity risk also by maintaining open and unused credit lines, which amounted to PLN 2 754 915 thousand as at 31 December 2023.

The following table shows the maturities of the Company's financial liabilities:

As at 31 December 2023

	Trade and other payables	Liabilities arising from contracts with customers	Lease liabilities	Bank credit and bonds	Other financial liabilities	Total
Book value	**1 148 194**	**102 864**	**40 431**	**7 264 617**	**324 968**	**8 881 074**
Non-discounted contractual cash flows	**(1 148 194)**	**(102 864)**	**(82 321)**	**(8 580 207)**	**(324 968)**	**(10 238 554)**
up to 6 months	(1 148 194)	(102 864)	(3 437)	(3 127 972)	(324 968)	(4 707 435)
6-12 months	-	-	(2 327)	(354 649)	-	(356 976)
1-2 years	-	-	(5 760)	(981 512)	-	(987 272)
2-5 years	-	-	(8 379)	(3 777 992)	-	(3 786 371)
over 5 years	-	-	(62 418)	(338 082)	-	(400 500)

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As at 31 December 2022

	Trade and other payables	Liabilities arising from contracts with customers	Lease liabilities	Bank credit and bonds	Total
Book value	**932 157**	**46 330**	**35 570**	**4 799 675**	**5 813 732**
Non-discounted contractual cash flows	**(932 157)**	**(46 330)**	**(65 821)**	**(5 658 921)**	**(6 703 229)**
up to 6 months	(932 157)	(46 330)	(2 020)	(687 844)	(1 668 351)
6-12 months	-	-	(1 496)	(346 171)	(347 667)
1-2 years	-	-	(7 701)	(2 588 249)	(2 595 950)
2-5 years	-	-	(5 774)	(1 498 376)	(1 504 150)
over 5 years	-	-	(48 830)	(538 281)	(587 111)

34.3. Commodity risk

Exposure to commodity risk

Commodity risk is related to potential changes in the Company's revenue/cash flows occurring especially as a result of changes in commodity prices. The objective of commodity risk management is to maintain exposure to this risk at an acceptable level, set by limits, while optimising the return on trading activities.

A specific aspect of the Company's commodity risk is the fact that by acting as an energy enterprise operating as ex-officio seller the ENEA S.A. is required to submit electricity price tariffs for approval for the tariff group G. The Company purchases energy at market prices, while its tariff is calculated on the basis of costs deemed by the President of the Energy Regulatory Office (URE) as justified and taking into account margins (in trade) planned for the next tariff period.
In connection with the above, the Company in the tariff period has a limited ability to transfer adverse changes in costs onto the end recipients of electricity. ENEA S.A. may file an application with the URE President to amend the tariff only in the event of a major increase in costs for reasons outside of its control.

Risk management

Commodity risk management as regards prices consists of continuous monitoring of the size of open trading position (both in terms of hedging the retail sales volume as well as in proprietary trading) and measuring - using tools based on the value at risk concept - the level of risk resulting from possible changes in electricity price in relation to such an open position. The way to reduce risk in this case is to close a position that generates a potential loss that is higher than acceptable (higher than risk appetite). The management model in this case is based on a VaR limit system, which specifies the maximum allowed size of open position that carries the commodity (price) risk.

Managing commodity risk in volumetric terms consists of using the scenario method and optimising trading planning and controlling processes that allow to most accurately estimate the expected volumes of electricity and associated commodities that are the subject of trade.

Moreover, regardless of the above, ENEA S.A. uses management rules specified in the Company's strategic regulations (wholesale trade mode), setting out methods for optimising ENEA S.A.'s trading position, with the main aim to minimise the risk of taking action that is against market trends, while taking into account the effectiveness aspect of such actions (outperforming the market).

34.4. Currency risk

Exposure to currency risk

Currency risk is associated with potential changes in exchange rates that may in turn lead to changes in the Company's cash flows.

Risk management

Hedging is performed on the basis of "*ENEA Group's currency risk and interest rate risk management policy.*"

During the reporting period, a vast majority of cash flows related to ENEA S.A.'s operating and investing activities was in PLN.

Within its process of monitoring exposure to currency risk apart from the core activities of ENEA Group companies, in 2022-2023 risk associated with items indexed to the exchange rates of foreign currencies and their hedging wasn't identified at ENEA S.A.

In accordance with 'ENEA Group's currency risk and interest rate risk management policy,' hedging is each time based on a currency hedging strategy dedicated to the specific exposure and approved by ENEA Group's Risk Committee. In accordance with its rules, the Company hedges all of its currency exposure that it considers as material, i.e. which exceeds the exposure limit. ENEA S.A. applies hedge accounting in this area.

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FX forwards

In the 12-month period ended 31 December 2023 and in the 12-month period ended 31 December 2022, the Company did not execute FX forward transactions. As of 31 December 2023 and 31 December 2022, the Company did not identify or value FX Forward transactions.

34.5. Interest rate risk

Exposure to interest rate risk	Risk management
Interest rate risk is associated with a negative impact of changes in interest rates on the Company's financial situation. Exposure to interest rate risk is related to credit agreements and bond issue program agreements. Given the Company's existing financing arrangement model, interest rate risk is identified and managed (quantified, mitigated) by ENEA S.A. Financing is arranged based on variable interest, which is calculated in correlation with market rates (interbank). *Interest rate hedging is performed on the basis of "ENEA Group's currency risk and interest rate risk management policy."* In accordance with the aforementioned Policy - exposure to interest rate risk is identified solely on the basis of the liability side of planned cash flows, without taking into account the value of financial investments (which tend to have lower durations than financial liabilities) - although this only applies to non-current financial liabilities.	In accordance with "*ENEA Group's currency risk and interest rate risk management policy,"* hedging is each time based on an interest rate hedging strategy dedicated to the specific exposure and approved by ENEA Group's Risk Committee. The Company reduces interest rate risk by executing Interest Rate Swaps. The use of hedging instruments makes it possible to exchange a series of coupon payments in the same currency, calculated on an agreed nominal amount and for a specific period, although ENEA S.A. pays interest based on fixed rates, while the second side of the transaction (bank) pays interest based on variable rates. In order to maximise the hedge effectiveness, the hedging instrument's parameters are identical to the terms of the transaction being hedged (i.e. the underlying position). This eventually leads to an economic link forming between payments resulting from servicing external financing and the derivatives used to hedge them. With a close link between the hedged item and the hedging instrument, the main source of ineffectiveness of such links is improper performance of contracts by counterparties (based on which hedging transactions are executed) or earlier settlement of the hedged item.

On 25 October 2023, the Steering Committee of the National Working Group (NGR) issued a notice on changes in the expected Roadmap for benchmark reform, confirming that it has decided to revise the maximum timelines for the Roadmap, which assumes a bottom-up move by the financial sector away from the use of WIBOR in favour of newly concluded contracts and financial instruments using fixed interest rates or new risk-free-rate (RFR) benchmarks. The NGR Steering Committee indicated that the final timing of the conversion to RFR-type benchmarks, will be at the end of 2027, meaning that until the end of 2027 the Company is in a transition period where no benchmark rate adjustment will be required.

Irrespective of the above, ENEA S.A. has reviewed the balance sheet and identified the following financial instruments based on the WIBOR base rate in the tables below:

1. As at 31 December 2023, the Company held the following material financial liabilities:

Type	Reference rate	Nominal value at 31 December 2023
Bonds*	WIBOR 6M	2 784 448
Bank credit**	WIBOR 6M	2 414 490
Bank credit***	WIBOR 1M/6M	1 645 085
Total		**6 844 023**

** the bonds will be settled by the end of 2027, with the largest single redemption occurring in June 2024 in the amount of PLN 2 000 000 thousand; ENEA S.A.'s bonds are settled based on a floating interest rate, there are no instruments settled based on a fixed interest rate;*

*** ENEA S.A. also has long-term fixed-rate loans, the value of which as at 31 December 2023 was PLN 367 314 thousand,*

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**** working capital credit instruments.*

2. As at 31 December 2023, the Company held the following variable interest rate hedging derivatives:

Type	Reference rate	Value of instrument at 31 December 2023
IRS derivatives 2024-2026 amounting to 3 366 890*	WIBOR 6M	**76 837**

** all instruments will be settled by 2026, with 74% maturing in 2024.*

3. As at 31 December 2023, the Company held the following material financial assets based on a floating interest rate:

Type	Reference rate	Nominal value at 31 December 2023
Intra-group bonds*	WIBOR 6M	914 490
Intra-group loans**	WIBOR 3M/6M	6 785 128
Total		**7 699 618**

*** The Company also has fixed-rate intra-group bonds, the value of which as at 31 December 2023 was PLN 367 314 thousand, which together with the values listed in the table gives a nominal value of in the amount of PLN 1 281 804 thousand.*

*** In connection with the acquisition of PRO-WIND Sp. z o.o. and PV Genowefa Sp. z o.o. (formerly PAD RES GENOWEFA Sp. z o.o.) subrogation agreements were executed pursuant to which ENEA S.A. entered into the rights of creditor of fixed-interest loan agreements whose total nominal value as at 31 December 2023 amounted to PLN 28 069 thousand, which together with the values listed in the table gives a nominal value of PLN 6 813 197 thousand.*

By the end of 2027, ENEA S.A. will settle all derivatives (IRS) and redeem bonds, so for both these groups of financial instruments the Company has not identified the impact of the benchmark reform. The reform may have an impact on WIBOR-interest-bearing debt that will exist after 1 January 2028, but the amount is negligible. ENEA S.A.'s debt under loans bearing interest at WIBOR rates from 1 January 2028 will amount to PLN 1 236 thousand, with PLN 900 thousand to be repaid in January 2028. The real impact of the reform on borrowing relates to the value of PLN 336 thousand.

ENEA S.A. also anticipates that the reform of the benchmarks may have an impact on the assets, i.e. the intra-group bonds, in respect of the amount of PLN 336 thousand, as this will be their value from 1 January 2028, and on the intra-group loans, in respect of the amount outstanding after 1 January 2028 of 2 294 thousand.

In addition, ENEA S.A. has entered into *fallback* clauses with certain financing institutions that allow for a change in the reference index, if one is announced, which has the effect of reducing the risks for the Company in this regard.

In connection with this, as at 31 December 2023, the Company does not identify risks related to the reform of benchmarks for financial assets and liabilities based on floating interest rates.

As at 31 December 2023, the Company had credit and bond liabilities of PLN 7 264 617 thousand. In accordance with ENEA Group's Foreign Exchange and Interest Rate Risk Management Policy, only liabilities of a long-term nature are hedged, and these have been hedged by 60% (65% at 31 December 2022) with interest rate hedging transactions (IRS instruments).

The following table shows the Company's sensitivity to interest rate risk by presenting financial assets and liabilities by variable-rate and fixed-rate:

	As at	
	31 December 2023	31 December 2022
Fixed-rate instruments		
Financial assets	4 050 342	3 197 691
Financial liabilities	(1 659 180)	(1 440 559)
Impact of IRS hedge	(2 971 647)	(3 133 291)
Total	**(580 485)**	**(1 376 159)**

	As at	
	31 December 2023	31 December 2022
Variable-rate instruments		
Financial assets	7 782 907	6 235 521
Financial liabilities	(7 221 894)	(4 373 173)
Impact of IRS hedge	2 971 647	3 133 291
Total	**3 532 660**	**4 995 639**

Fixed-rate financial assets include cash in deposits, assets arising from contracts with customers, some intragroup bonds as well as trade receivables that are based on a fixed rate of penalty interest in case of overdue payment.

The Company's variable-rate financial assets include cash pooling receivables, while cash pooling liabilities are presented as variable-rate financial liabilities.

Interest rate swaps

In the 12-month period ending 31 December 2023 ENEA S.A. did not execute interest rate swaps. The total bond and credit exposure hedged with IRSs as at 31 December 2023 amounted to PLN 2 971 647 thousand. Moreover, ENEA S.A. has fixed-rate credit agreements totalling PLN 367 314 thousand. These transactions have material impact on the predictability of expense flows and finance costs. The Company presents the measurement of these instruments in the item: Financial assets measured at fair value. Derivative instruments are treated as cash flow hedges, which is why they are recognised and accounted for using hedge accounting rules.

As at 31 December 2023, financial assets at fair value concerning IRSs amounted to PLN 76 837 thousand (31 December 2022: PLN 252 902 thousand).

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The following table presents the impact of interest rate changes on the Company's financial result in reference to variable-rate instruments:

	As at 31 December 2023			As at 31 December 2022		
	Book value	Impact of interest rate risk on financial result (12-month period)		Book value	Impact of interest rate risk on financial result (12-month period)	
		+1pp	-1pp		+1pp	-1pp
Financial assets						
Debt financial assets at amortised cost	7 782 907	77 829	(77 829)	6 092 747	60 928	(60 928)
Cash and cash equivalents	-	-	-	142 774	1 428	(1 428)
Financial assets measured at fair value	76 837	-	-	252 902	-	-
Impact on result before tax		**77 829**	**(77 829)**		**62 356**	**(62 356)**
19% tax		(14 788)	14 788		(11 848)	11 848
Impact on result after tax		**63 041**	**(63 041)**		**50 508**	**(50 508)**
Financial liabilities						
Credit facilities, loans and debt securities	(6 896 926)	(68 969)	68 969	(4 373 173)	(43 732)	43 732
Other financial liabilities	(324 968)	(3 250)	3 250	-	-	-
Impact on result before tax		**(72 219)**	**72 219**		**(43 732)**	**43 732**
19% tax		13 722	(13 722)		8 309	(8 309)
Impact on result after tax		**(58 497)**	**58 497**		**(35 423)**	**35 423**
Total		**4 544**	**(4 544)**		**15 085**	**(15 085)**

Regulatory report

35. Disclosures under art. 44 of the Energy Law concerning specific types of activity

General rules for preparing regulatory financial information

In accordance with art. 44 of the Energy Law, the Company is required to prepare and disclose regulatory financial statements that contain a balance sheet (statement of financial position) and a statement of profit and loss for the reporting periods, separately for each type of economic activity.

The Company prepares regulatory financial information in accordance with the following rules:

Principle of causality	Asset and liability components are defined in accordance with their intended purpose and use for the purposes of specific types of activity or service. Defining revenue and costs is done in accordance with the principle of causality for revenue and costs within a given activity.

Principle of objectivity and non-discrimination	Assigning assets and liabilities, revenue and costs should be objective and aimed at the equal treatment of customers.

Principle of stability and comparability	Methods and rules used in preparing regulatory financial information should be consistent from year to year. If significant changes occur to rules for preparing financial statements, detailed accounting methods or rules, which have considerable impact on the reported financial information, comparative data for the previous year, in the part affected by such changes, is appropriately adjusted in order to ensure comparability.

Principle of transparency and consistency	The applied methods for preparing regulatory financial information should be transparent and internally consistent and, where applicable, consistent with the methods and rules used in other calculations for regulatory purposes and with the methods and rules for preparing financial statements.

Definitions of types of activity

The Company reports the following types of activity:

1. **Trade of gas fuels -** trade of gas fuels purchased from external suppliers and delivered to external clients;
2. **Other activity** - other activities, intra-group financing and activity related to Group management. Trade of electricity and trade of property rights are also classified by the Company as other activity.

Principle of allocation

Allocation of items in the statement of comprehensive income

The Company records costs by type and in multiple-step format using cost centres (CC).

The costs of core activities related to trade of electricity and gas fuels include CCs assigned directly to these activities and part of general administrative expenses appropriately allocated to the given CC. These costs are than split using by electricity and gas volume into trade of electricity (other activity) and trade of gas fuels. The remaining part of costs of operating activities is classified into other activity.

The following table shows the allocation of other items in the statement of comprehensive income:

Item in the statement of comprehensive income	Allocation key
Revenue from sales	specific identification method
Compensations	specific identification method
Lease income	directly to other activity
Other operating revenue	specific identification method or structure of revenue from sales in given financial year in given type of activity
Change in provision for onerous contracts	directly to other activity
Other operating costs	specific identification method or structure of revenue from sales in given financial year in given type of activity
Finance income, including:	
- interest on over-due receivables for electricity	structure of revenue from sales in given financial year in given type of activity or directly to other activity
- interest on financial instruments	directly to other activity
- other	structure of revenue from sales in given financial year in given type of activity
Finance costs, including:	
- interest on long-term financial liabilities	excluded from division - concerns invested capital
- other	specific identification method or structure of revenue from sales in given financial year in given type of activity
Impairment of interests in subsidiaries, associates and jointly controlled entities	directly to other activity
Impairment of financial assets at amortised cost	directly to other activity
Income tax	excluded from division
Other comprehensive income	excluded from division

Allocation of items in the statement of financial position

Item in the statement of financial position	Allocation key
Property, plant and equipment	depreciation cost structure
Perpetual usufruct of land	depreciation cost structure
Right-of-use assets	depreciation cost structure
Intangible assets	depreciation cost structure
Investment properties	directly to other activity
Investments in subsidiaries, associates and jointly controlled entities	directly to other activity
Deferred income tax assets	excluded from division
Financial assets measured at fair value	directly to other activity
Debt financial assets at amortised cost	directly to other activity
Costs related to the conclusion of agreements	directly to other activity
Available-for-sale financial assets	directly to other activity
Intra-group bonds	directly to other activity
Financial assets at fair value through profit or loss, including:	directly to other activity
- Derivative instruments	excluded from division

Trade and other receivables, including: - accrued expenses, settlements concerning property insurance and other receivables - settlements concerning income tax with other entities within tax group - VAT receivables	specific identification method directly to other activity excluded from division trade receivables and payables structures within specific activities
Inventory (including energy origin certificates)	directly to other activity
Assets arising from contracts with customers	specific identification method
Current income tax receivables	excluded from division
Cash and cash equivalents	attributed directly to other activity
Equity	excluded from division - element of employed capital
Credit, loans and debt securities (long-term instruments)	excluded from division - element of employed capital
Finance lease liabilities (long-term contracts)	excluded from division - element of employed capital
Employee benefit liabilities	wage cost structure
Financial liabilities measured at fair value	excluded from division
Trade and other payables, including: - other liabilities - excise duty liabilities - VAT liabilities	specific identification method wage cost structure excise duty cost structure structure of trade receivables and payables within specific segments of activity
Current income tax liabilities	excluded from division
Liabilities concerning the equivalent for rights to free purchase of shares	directly to other activity
Other financial liabilities	directly to other activity
Provisions for other liabilities and other charges	specific identification method

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Statement of comprehensive income for the period from 1 January 2023 to 31 December 2023

	Trade of gas fuels	Other activity	Excluded from division	Total
Revenue from sales	173 995	15 701 686	-	15 875 681
Excise duty	(1 090)	(80 908)	-	(81 998)
Net revenue from sales	**172 905**	**15 620 778**	**-**	**15 793 683**
Compensations	(18)	3 705 920	-	3 705 902
Lease income	-	2 058	-	2 058
Revenue from sales and other income	**172 887**	**19 328 756**	**-**	**19 501 643**
Other operating revenue	-	34 297	-	34 297
Change in provision for onerous contracts	-	(255 377)	-	(255 377)
Depreciation/amortisation	(42)	(5 775)	-	(5 817)
Employee benefit costs	(1 486)	(114 406)	-	(115 892)
Use of materials and raw materials and value of goods sold	(62)	(5 190)	-	(5 252)
Purchase of electricity and gas for sales purposes	(161 823)	(19 212 577)	-	(19 374 400)
Transmission services	-	(146 799)	-	(146 799)
Other third-party services	(3 058)	(317 288)	-	(320 346)
Taxes and fees	(174)	(4 637)	-	(4 811)
Other operating costs	(41)	(69 354)	-	(69 395)
Operating profit/(loss)	**6 201**	**(768 350)**	**-**	**(762 149)**
Finance costs	(802)	(100 016)	(330 077)	(430 895)
Finance income	549	720 039	-	720 588
Dividend income	-	490 262	-	490 262
Impairment of interests in subsidiaries, associates and jointly controlled entities	-	(1 654 666)	-	(1 654 666)
Impairment of financial assets at amortised cost	-	(82)	-	(82)
Profit/(loss) before tax	**5 948**	**(1 312 813)**	**(330 077)**	**(1 636 942)**
Income tax			34 002	34 002
Net profit/(loss) for the reporting period	**5 948**	**(1 312 813)**	**(296 075)**	**(1 602 940)**
Other comprehensive income			(136 335)	(136 335)
Comprehensive income for the reporting period			**(432 410)**	**(1 739 275)**

Statement of comprehensive income for the period from 1 January 2022 to 31 December 2022

	Trade of gas fuels	Other activity	Excluded from division	Total
Revenue from sales	313 662	12 133 849	-	12 447 511
Excise duty	(2 178)	(49 627)	-	(51 805)
Net revenue from sales	**311 484**	**12 084 222**	**-**	**12 395 706**
Compensations	595	27 993	-	28 588
Lease income	-	236	-	236
Revenue from sales and other income	**312 079**	**12 112 451**	**-**	**12 424 530**
Other operating revenue	31	18 977	-	19 008
Change in provision for onerous contracts	-	(414 715)	-	(414 715)
Depreciation/amortisation	(61)	(6 156)	-	(6 217)
Employee benefit costs	(1 701)	(93 148)	-	(94 849)
Use of materials and raw materials and value of goods sold	(65)	(4 381)	-	(4 446)
Purchase of electricity and gas for sales purposes	(326 435)	(11 211 363)	-	(11 537 798)
Transmission services	-	(79 634)	-	(79 634)
Other third-party services	(3 699)	(262 097)	-	(265 796)
Taxes and fees	(111)	(4 277)	-	(4 388)
Other operating costs	(73)	(103 080)	-	(103 153)
Operating loss	**(20 035)**	**(47 423)**	**-**	**(67 458)**
Finance costs	(378)	(95 302)	(190 559)	(286 239)
Finance income	298	539 921	-	540 219
Dividend income	-	995 713	-	995 713
Impairment of interests in subsidiaries, associates and jointly controlled entities	-	1 066 793	-	1 000 000
Impairment of financial assets at amortised cost	-	27 274	-	27 274
Profit/(loss) before tax	**(20 115)**	**2 486 976**	**(190 559)**	**2 276 302**
Income tax			171 722	171 722
Net profit/(loss) for the reporting period	**(20 115)**	**2 486 976**	**(18 837)**	**2 448 024**
Other comprehensive income			74 816	74 816
Comprehensive income for the reporting period			**55 979**	**2 522 840**

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Statement of financial position as at 31 December 2023

	Trade of gas fuels	Other activity	Excluded from division	Total
Total non-current assets	**645**	**16 593 376**	**104 410**	**16 698 431**
Property, plant and equipment	236	32 515	-	32 751
Right-of-use assets	397	54 757	-	55 154
Intangible assets	12	1 639	-	1 651
Investment properties	-	4 717	-	4 717
Investments in subsidiaries, associates and jointly controlled entities	-	9 207 992	-	9 207 992
Deferred income tax assets	-	-	95 792	95 792
Financial assets measured at fair value	-	60 039	8 618	68 657
Debt financial assets at amortised cost	-	7 221 701	-	7 221 701
Lease and sub-lease receivables	-	1 025	-	1 025
Costs related to the conclusion of agreements	-	8 991	-	8 991
Total current assets	**50 024**	**5 676 503**	**149 145**	**5 875 672**
Inventories	-	18 638	-	18 638
Trade and other receivables	50 024	4 049 724	25 852	4 125 600
Costs related to the conclusion of agreements	-	15 762	-	15 762
Assets arising from contracts with customers	-	420 605	-	420 605
Lease and sub-lease receivables	-	1 328	-	1 328
Current income tax receivables	-	-	54 856	54 856
Financial assets measured at fair value	-	-	68 437	68 437
Debt financial assets at amortised cost	-	957 091	-	957 091
Cash and cash equivalents	-	213 355	-	213 355
TOTAL ASSETS				**22 574 103**
Total non-current liabilities	**800**	**914 283**	**-**	**915 083**
Employee benefit liabilities	800	61 688	-	62 488
Provisions for other liabilities and other charges	-	852 595	-	852 595
Total current liabilities	**22 365**	**2 000 123**	**-**	**2 022 488**
Trade and other payables	20 952	1 220 505	-	1 241 457
Liabilities arising from contracts with customers	-	102 864	-	102 864
Employee benefit liabilities	479	36 896	-	37 375
Liabilities concerning cash equivalent for rights to free purchase of shares	-	281	-	281
Other financial liabilities	-	324 968	-	324 968
Provisions for other liabilities and other charges	934	314 609	-	315 543
Employed capital	**27 504**	**19 355 473**	**(19 382 977)**	**-**
Equity			12 331 484	12 331 484
Credit facilities, loans and debt securities			7 264 617	7 264 617
Finance lease liabilities			40 431	40 431
TOTAL EQUITY AND LIABILITIES				**22 574 103**

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Statement of financial position as at 31 December 2022

	Trade of gas fuels	Other activity	Excluded from division	Total
Total non-current assets	**629**	**16 994 183**	**259 961**	**17 254 773**
Property, plant and equipment	251	25 079	-	25 330
Right-of-use assets	354	35 446	-	35 800
Intangible assets	24	2 433	-	2 457
Investment properties	-	12 106	-	12 106
Investments in subsidiaries, associates and jointly controlled entities	-	10 603 939	-	10 603 939
Deferred income tax assets	-	-	161 272	161 272
Financial assets measured at fair value	-	57 793	98 689	156 482
Debt financial assets at amortised cost	-	6 247 346	-	6 247 346
Lease and sub-lease receivables	-	1 071	-	1 071
Costs related to the conclusion of agreements	-	8 970	-	8 970
Total current assets	**69 475**	**3 818 977**	**405 726**	**4 294 178**
Inventories	-	67 428	-	67 428
Trade and other receivables	69 475	2 589 040	-	2 658 515
Costs related to the conclusion of agreements	-	11 006	-	11 006
Assets arising from contracts with customers	-	447 424	-	447 424
Lease and sub-lease receivables	-	1 225	-	1 225
Current income tax receivables	-	-	251 412	251 412
Financial assets measured at fair value	-	-	154 314	154 314
Debt financial assets at amortised cost	-	314 124	-	314 124
Cash and cash equivalents	-	388 730	-	388 730
TOTAL ASSETS				**21 548 951**
Total non-current liabilities	**986**	**350 633**	**-**	**351 619**
Employee benefit liabilities	986	54 110	-	55 096
Provisions for other liabilities and other charges	-	296 523	-	296 523
Total current liabilities	**39 924**	**2 251 404**	**-**	**2 291 328**
Trade and other payables	37 549	1 529 482	-	1 567 031
Liabilities arising from contracts with customers	-	46 330	-	46 330
Employee benefit liabilities	579	31 785	-	32 364
Liabilities concerning cash equivalent for rights to free purchase of shares	-	281	-	281
Provisions for other liabilities and other charges	1 796	643 526	-	645 322
Employed capital	**29 194**	**18 211 123**	**(18 240 317)**	**-**
Equity			14 070 759	14 070 759
Credit facilities, loans and debt securities			4 799 675	4 799 675
Finance lease liabilities			35 570	35 570
TOTAL EQUITY AND LIABILITIES				**21 548 951**

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Other explanatory notes

36. Related-party transactions

The Company executes transactions with the following related parties:

- transactions with ENEA Group companies
- transactions between the Company and members of ENEA S.A.'s corporate bodies 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.

ENEA Group companies

	Year ended	
	31 December 2023	31 December 2022
Purchase value, including:	**21 864 462**	**13 234 568**
purchase of materials	930	558
purchase of services	2 876 274	2 315 248
purchase of energy	18 472 647	9 906 718
other (including gas)	514 611	1 012 044
Sale value, including:	**1 122 299**	**712 475**
sale of electricity	983 636	584 835
sale of services	43 072	64 709
other	95 591	62 931
Interest income, including:	**615 371**	**413 551**
on bonds	89 185	103 433
on loans	463 468	272 336
other	62 718	37 782
Dividend income	**490 168**	**994 550**

	As at	
	31 December 2023	31 December 2022
Receivables	1 661 688	1 211 614
Liabilities	2 480 519	1 531 640
Financial assets - bonds	1 291 602	1 511 169
Loans granted	6 887 190	5 008 297
Other financial liabilities	324 968	-

These transactions with Group companies are executed on market terms, which do not differ from the terms applied in transactions with other entities.

Transactions with members of the Group's corporate authorities

Item	Year ended			
	Company's Management Board		Company's Supervisory Board	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Remuneration under management contracts and consulting contracts	8 417*	6 428**	-	-
Remuneration under appointment to management or supervisory bodies	-	-	714	726
Total	**8 417**	**6 428**	**714**	**726**

** This remuneration includes bonuses for current and former Management Board Members for 2022, amounting to PLN 4 034 thousand, and a non-compete clause for former Management Board Members, amounting to PLN 660 thousand.*
*** This remuneration includes bonuses for current and former Management Board Members for 2021, amounting to PLN 2 136 thousand, and a non-compete clause for former Management Board Members, amounting to PLN 202 thousand.*

As at 31 December 2023, liabilities related to management contracts and consultancy contracts towards Management Board members amount to PLN 340 thousand (PLN 208 thousand as at 31 December 2022). As at 31 December 2023, a provision for Management Board bonuses amounted to PLN 3 722 thousand (PLN 4 080 thousand as at 31 December

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2022); these provisions are not included in the above table.The following table contains transactions concerning loans from the Company Social Benefit Fund:

Organ	As at 1 January 2023	Granted from	Repayment until	As at 31 December 2023
Company's Supervisory Board	17	-	(4)	13
Total	**17**	**-**	**(4)**	**13**

Organ	As at 1 January 2022	Granted from	Repayment until	As at 31 December 2022
Company's Supervisory Board	21	-	(4)	17
Total	**21**	**-**	**(4)**	**17**

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

Members of the Company's governing bodies and their close relatives did not execute significant transactions having an impact on the Company's results and financial situation.

Transactions with State Treasury related parties.

ENEA S.A. 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:

- purchase of electricity and property rights resulting from origin certificates for energy from renewable sources and energy produced in cogeneration with heat, from State Treasury subsidiaries and
- sale of electricity, distribution services and other associated fees that the Company provides for both state and local administration authorities (sale to end customers) and to the State Treasury's subsidiaries (wholesale and retail sale - to final customers).

These transactions are executed on market terms, and these terms do not differ from the terms applied in transactions with other entities. The Company 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 Company identified financial transactions with State Treasury's related parties, i.e. with banks serving as guarantors for bond issue programmes. These entities include: PKO BP S.A., Pekao S.A. and Bank Gospodarstwa Krajowego. Detailed information on bond issue programs is presented in note 27.

Among State Treasury subsidiaries, ENEA S.A.'s largest counterparty-customer by far is Grupa Azoty, with net sales in 2023 reaching PLN 904 327 thousand (PLN 419 628 thousand in net sales to Grupa Azoty in 2022). The largest counterparty-supplier is Polskie Sieci Elektroenergetyczne S.A., with net purchases in 2023 reaching PLN 217 305 thousand (in 2022, Polskie Sieci Elektroenergetyczne S.A. with PLN 267 553 thousand).

Transactions with jointly controlled entities and associates

The following table presents the key transactions with jointly controlled entities and associates:

	Year ended 31 December 2023		As at 31 December 2023	
	Sale	Purchases	Receivables	Liabilities
Associates	10 894	-	2 201	-

	Year ended 31 December 2022		As at 31 December 2022	
	Sale	Purchases	Receivables	Liabilities
Jointly controlled entities	150 456	-	-	-
Associates	18	-	-	-

The key transactions in 2023 related to the sale of electricity to Polimex - Mostostal S.A., whereas in 2022 it was the sale of electricity to Polska Grupa Górnicza S.A. The Company did not receive dividends from jointly controlled companies or associates in 2023 or the comparative period.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

37. Explanatory notes to the separate statement of cash flows

The following table shows a reconciliation of changes in working capital in the separate statement of cash flows and changes in the separate statement of financial position:

	Year ended 31 December 2023	31 December 2022
Change in trade and other receivables, assets arising from contracts with customers in the balance sheet	**(1 445 043)**	**(793 424)**
- PGK	231 514	-
- Other	3 058	(1 785)
Change in trade and other receivables in cash flow statement	**(1 210 471)**	**(795 209)**
Change in trade and other payables and liabilities arising from contracts with customers in the balance sheet	**(269 040)**	**739 244**
- investment commitments	-	(105)
- PGK	32	(303 016)
- Other	(220)	(4)
Change in trade and other payables in cash flow statement	**(269 228)**	**436 119**
Change in employee benefit liabilities on balance sheet	**12 403**	**5 067**
- Actuarial gains/losses recognised in other comprehensive income	(6 802)	(2 447)
- Other	-	(1)
Change in employee benefit liabilities in cash flow statement	**5 601**	**2 619**
Change in other provisions for liabilities and other charges in the balance sheet	**226 293**	**56 536**
- Reversal/recognition of provision for settlements with Elektrownia Ostrołęka	-	46 493
Change in other provisions for liabilities and other charges in cash flow statement	**226 293**	**103 029**

In the item: Purchase of financial assets in investing activities the Company reports loans issued to subsidiaries.

In the item: Sale of financial assets in investing activities ENEA S.A. reports loans repaid and intragroup bond buy-backs.

The following tables show a reconciliation of debt in the separate statement of financial position and in the separate statement of cash flows:

Reconciliation of bank credit and loans

	Year ended 31 December 2023	31 December 2022
As at 1 January	**1 835 364**	**1 689 812**
Credit and loans received	5 637 546	336 845
Repayment of credit and loans	(3 032 717)	(203 413)
Measurement and transaction costs	23 798	12 120
As at 31 December	**4 463 991**	**1 835 364**

Reconciliation of bonds

	Year ended 31 December 2023	31 December 2022
As at 1 January	**2 964 311**	**4 895 654**
Bond buy-back	(156 110)	(1 955 111)
Measurement and transaction costs	(7 575)	23 768
As at 31 December	**2 800 626**	**2 964 311**

38. Concession agreements for provision of public services

ENEA S.A.'s business activities mainly involve the sale of electricity.

In accordance with the Energy Law, the URE President is responsible for issuing concessions, regulating the activities of energy enterprises and approving tariffs, who by way of an administrative decision approves energy prices and rates as well as rules in the tariff. ENEA S.A. holds an electricity trade concession for the period from 26 November 1998 to 31 December 2025. On 12 September 2013, ENEA S.A. received a concession from the URE President for trade of gas fuels, valid until 31 December 2030.

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Subject to approval by the URE President are tariffs for electricity that cover activities which are not considered by the URE President as conducted under competitive conditions (in reference to which the URE President has not issued a decision exempting from the obligation to submit tariffs for approval).

In 2023, ENEA S.A. applied the "Tariff for electricity for consumers in G tariff groups," approved by the President of the URE, in force from 1 January 2023 to 31 December 2023, and the "Revised Tariff for electricity for consumers in G tariff groups." in force from 19 September 2023.

Tariffs for natural gas for households and sensitive customers (such as: housing communities and cooperatives, entities carrying out public benefit activities: schools, kindergartens, hospitals) are also subject to submission to the President of URE for approval. In 2023, due to the unstable situation on the international gas market, ENEA S.A. temporarily discontinued the provision of a comprehensive service to end users consuming gas fuel for household and small business purposes. Due to the above, ENEA S.A. did not apply to the President of the Energy Regulatory Office for approval of a tariff for high-methane natural gas in 2023.

On 15 December 2023, the President of the Energy Regulatory Office decided to approve ENEA S.A.'s tariff for electricity for customers in tariff group G for the period to 31 December 2024. This tariff entered into force on 1 January 2024.

39. Employment

	As at	
	31 December 2023	31 December 2022
White collar jobs	460	421
Total	**460**	**421**

The data contained in the table presents employment in full-time jobs. Management positions are classified as white collar jobs.

40. 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.

Separate financial statements in compliance with EU IFRS for the financial year ended 31 December 2023 in PLN 000s

40.1. Sureties and guarantees

The following table presents significant bank guarantees valid as of 31 December 2023 and 31 December 2022 under an agreement between ENEA S.A. and Bank PKO BP S.A. and Bank Gospodarstwa Krajowego (BGK) up to a limit specified in the agreement.

List of sureties issued as at 31 December 2023

Name of entity for which surety was issued	Total amount of liabilities covered by surety	Purpose of amounts covered by surety	Period for which surety was issued	Nature of links between the Company and entity incurring the liability
ENEA Trading Sp. z o.o.	PLN 3 400 000 thousand	collateral for ENEA Trading's liabilities towards PKO BP S.A.	31.12.2026	subsidiary
ENEA Trading Sp. z o.o.	PLN 1 180 500 thousand (USD 300 million)	collateral for ENEA Trading's liabilities towards J.P. Morgan SE	unlimited duration	subsidiary
ENEA Trading Sp. z o.o.	PLN 1 087 000 thousand (EUR 250 million)	collateral for ENEA Trading's liabilities towards Macquarie Bank Europe DAC	unlimited duration	subsidiary
ENEA Trading Sp. z o.o.	PLN 983 750 thousand (USD 250 million)	collateral for ENEA Trading's liabilities towards Citigroup Global Markets Europe AG	unlimited duration	subsidiary
ENEA Trading Sp. z o.o.	PLN 869 600 thousand (EUR 200 million)	collateral for ENEA Trading's liabilities towards Morgan Stanley Europe SE	unlimited duration	subsidiary
ENEA Trading Sp. z o.o.	PLN 739 160 thousand (EUR 170 million)	collateral for ENEA Trading's liabilities towards Goldman Sachs Paris	unlimited duration	subsidiary
ENEA Power&Gas Trading Sp. z o.o.	PLN 200 000 thousand	collateral for ENEA Power&Gas Trading's liabilities towards PKO BP	30.06.2027	subsidiary
Farma Wiatrowa Bejsce Sp. z o.o.	PLN 185 470 thousand (EUR 43 million)	collateral for Farma Wiatrowa Bejsce Sp. z o.o.'s liabilities towards OX2 Construction AB	31.07.2026	subsidiary
ENEA Trading Sp. z o.o.	PLN 73 916 thousand (EUR 17 million)	collateral for ENEA Trading's liabilities towards Axpo Polska Sp. z o.o.	31.12.2023	subsidiary

List of sureties issued as at 31 December 2022

Name of entity for which surety was issued	Total amount of liabilities covered by surety	Purpose of amounts covered by surety	Period for which surety was issued	Nature of links between the Company and entity incurring the liability
ENEA Elektrownia Połaniec S.A.	PLN 10 800 000 thousand	collateral for ENEA Elektrownia Połaniec S.A.'s liabilities towards IRGiT	30.04.2023	subsidiary
ENEA Trading Sp. z o.o.	PLN 3 400 000 thousand	collateral for ENEA Trading's liabilities towards PKO BP S.A.	31.12.2024	subsidiary
ENEA Trading Sp. z o.o.	PLN 1 320 540 thousand (USD 300 million)	collateral for ENEA Trading's liabilities towards J.P. Morgan SE	unlimited duration	subsidiary
ENEA Trading Sp. z o.o.	PLN 1 100 450 thousand (USD 250 million)	collateral for ENEA Trading's liabilities towards Citigroup Global Markets Europe AG	unlimited duration	subsidiary
ENEA Trading Sp. z o.o.	PLN 937 980 thousand (EUR 200 million)	collateral for ENEA Trading's liabilities towards Morgan Stanley Europe SE	unlimited duration	subsidiary
ENEA Trading Sp. z o.o.	PLN 328 293 thousand (EUR 70 million)	collateral for ENEA Trading's liabilities towards Macquarie Bank Europe DAC	unlimited duration	subsidiary
ENEA Trading Sp. z o.o.	PLN 79 728 thousand (EUR 17 million)	collateral for ENEA Trading's liabilities towards Axpo Polska Sp. z o.o.	31.12.2023	subsidiary

List of guarantees issued as at 31 December 2023

Guarantee issue date	Guarantee validity	Obliged entity	Entity for which the guarantee was issued	Bank - issuer	Guarantee amount in PLN 000s
12.08.2018	31.12.2023	ENEA Elektrownia Połaniec S.A.	Polskie Sieci Elektroenergetyczne	PKO BP S.A.	60 000
11.07.2023	31.12.2024	ENEA Wytwarzanie Sp. z o.o.	Polskie Sieci Energetyczne	BGK	40 000
02.04.2023	02.04.2025	ENEA Operator Sp. z o.o.	ELTEL Networks Energetyka S.A.	BGK	25 929
15.12.2023	31.03.2025	ENEA ELKOGAZ Sp. z o.o.	Gaz-System	BGK	4 920
01.04.2023	30.04.2024	ENEA S.A.	Telewizja Polska S.A.	BGK	2 442
19.10.2023	29.02.2024	ENEA S.A.	City of Łódź	BGK	1 960
16.07.2023	16.07.2025	ENEA S.A.	Vastint Poland Sp. z o.o.	BGK	1 229
Total bank guarantees					**136 480**

List of material guarantees issued as at 31 December 2022

Guarantee issue date	Guarantee validity	Obliged entity	Entity for which the guarantee was issued	Bank - issuer	Guarantee amount in PLN 000s
01.07.2022	01.07.2024	ENEA Elektrownia Połaniec	Izba Rozliczeniowa Giełd Towarowych S.A.	PKO BP S.A.	250 000
12.08.2018	31.12.2023	ENEA Elektrownia Połaniec	Polskie Sieci Elektroenergetyczne	PKO BP S.A.	60 000
04.08.2021	15.07.2023	ENEA S.A.	Vastint Poland Sp. z o.o.	PKO BP S.A.	1 045
Total bank guarantees					**311 045**

The value of other guarantees issued by the Company as at 31 December 2023 was PLN 3 474 thousand (PLN 11 891 thousand as at 31 December 2022).

40.2. On-going proceedings in courts of general competence

Proceedings initiated by the Company

Proceedings in courts of general competence initiated by ENEA S.A. concern receivables related to electricity supplies and receivables related to other matters, including illegal uptake of electricity, grid connections and other specialised services.

At 31 December 2023, a total of 26 857 cases initiated by the Company were in progress before courts of general competence, worth in aggregate PLN 737 738 thousand (31 December 2022: 21 070 cases worth PLN 70 109 thousand).

Proceedings against the Company

Proceedings against the Company are initiated by both natural persons and legal entities. They concern issues such as: compensation for electricity supply disruptions, compensation for the Company's use of properties on which power equipment is located as well as claims related to terminated contracts for the purchase of property rights (note 40.5).

At 31 December 2023, a total of 83 cases against the Company were in progress before courts of general competence, worth in aggregate PLN 366 788 thousand (31 December 2022: 81 cases worth PLN 367 789 thousand).

Provisions related to these court cases are presented in note 30.

40.3. Risk associated with legal status of properties used by ENEA S.A.

Risk associated with the legal status of properties used by the Company (currently used by ENEA Operator Sp. z o.o.) results from the fact that the Company 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 Company might be obligated to incur the costs of non-contractual use of property, which had taken place in previous years prior to the de-merger of ENEA Operator Sp. z o.o.

Unregulated legal status of properties previously used by the Company and currently in use by ENEA Operator Sp. z o.o. - grid infrastructure on such properties gives rise to a threat of claims involving a demand for payment of compensation for non-contractual use of land, establishing rent or in individual cases demands associated with a change of a facility's location (return of land to original condition).

The Company has a provision for court proceedings instigated against the Company by owners of properties on which transmission grids and associated equipment are located.

As at 31 December 2023, the Company had a provision for claims concerning non-contractual use of land amounting to PLN 1 782 thousand.

40.4. Cases concerning 2012 non-balancing

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

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

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

Given a lack of an amicable resolution in this case, ENEA S.A. brought lawsuits against:
- TAURON Polska Energia S.A. – lawsuit of 10 December 2015,
- TAURON Sprzedaż GZE Sp. z o.o. – lawsuit of 10 December 2015,
- PKP Energetyka S.A. (currently PGE Energetyka Kolejowa S.A.) – lawsuit of 28 December 2015,
- PGE Polska Grupa Energetyczna S.A. – lawsuit of 29 December 2015.

In the case ENEA S.A. vs. Tauron Polska Energia and others (file no. XIII GC 600/15/AM), on 23 March 2021 in its entirety and awarded the costs of proceedings in favour of the defendant and the co-defendants. The ruling along with justification in writing was delivered on 20 May 2021. On 10 June 2021, ENEA S.A. lodged an appeal to the Appeals Court in Katowice.

In the case ENEA S.A. vs. TAURON Sprzedaż GZE Sp. z o.o. (file no. X GC 546/15), on 21 December 2021 the District Court in Gliwice dismissed the claim in its entirety and awarded the costs of proceedings in favour of the defendant. The ruling along with a justification in writing was delivered on 3 March 2022. On 17 March 2022 ENEA S.A. lodged an appeal to the Appeals Court in Katowice.

In the case of ENEA S.A. vs. PKP Energetyka S.A. (file no. XX GC 1166) on 8 December 2023, the parties concluded a settlement and the court discontinued the proceedings. The ruling is final.

In a case against PGE Polska Grupa Energetyczna S.A. (file no. XVI GC 525/20, previous file no. XX GC 1163/15) - through a ruling of 7 January 2021 the court suspended the proceeding at the mutual request of the parties. Through a ruling of 19 November 2021, the court resumed the previously suspended proceeding. Through a ruling of 1 March 2022, the court suspended the proceeding at the mutual request of the parties. Through a motion of 28 August 2022, ENEA S.A.'s attorney requested that the proceeding be resumed. The court resumed the proceeding on 2 October 2022. On 28 October 2022, the attorney of ENEA S.A. requested a stay of proceedings. The parties agreed to enter into an agreement to end the dispute, in the execution of which, on 11 July 2023, at a court-appointed meeting, they entered into a court settlement ending the case. By order of 11 July 2023, the court discontinued the proceedings. The ruling is final.

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

40.5. 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. The Company 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 90 367 thousand, which mainly relates to disputes in the area of the PM OZE certificates and covers all monetary claims on this account as at 31 December 2023, the provision is presented in note 30.

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. The case has been assigned ref. no. I CSK 6369/22. On 20 February 2024, the Supreme Court issued a decision to accept the cassation appeal for examination.

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. Through a ruling of 27 July 2023, the District Court in Poznań dismissed the ruling of the District Court in Poznań of 30 November 2023 dismissing 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. The case has been assigned ref. no. I CSK 2015/23.

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 discontinue 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 as regards interest claims, and order the Company to pay PLN 115 thousand for proceeding costs. 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. The judgment in this respect is not final, for the rest the judgment is final. The case is in progress at the Court of Appeals in Poznań, 1st Civil and Intellectual Property Division, case no. I AGa 278/23. No hearing date has been set in the case.

41. Tax group

On 14 December 2022, the Director of the 1st Mazowiecki Tax Authority in Warsaw registered an agreement concerning the formation of a tax group for a period of three tax years from 1 January 2023 to 31 December 2025. The agreement was executed in the form of a notarial deed on 14 November 2022 between 4 ENEA Group companies: ENEA S.A., ENEA Operator sp. z o.o., ENEA Centrum Sp. z o.o. and ENEA Power&Gas Trading Sp. z o.o.

The tax group is represented by ENEA S.A.

The Act on corporate income tax treats a tax group as a separate payer of corporate income tax (CIT), meaning that companies within a tax group are not treated as separate entities for CIT purposes, while the tax group is treated as a whole.

Companies within the tax group must meet a number of requirements, including: sufficient capital, parent company's stake in companies within the tax group of at least 75%, subsidiaries not holding shares in any companies within the tax group, no tax arrears and execution of transactions on market terms only. Failing to meet these requirements would mean a dissolution for the tax group and loss of taxpayer status. From dissolution, each company within the tax group would become a separate CIT payer.

42. Letter of intent regarding Lubelski Węgiel BOGDANKA S.A.

On 18 June 2022 the Management Board of ENEA S.A. signed a letter of intent with the State Treasury regarding the potential acquisition by the State Treasury of 21 962 189 shares in Lubelski Węgiel BOGDANKA S.A. (LWB), constituting 64.57% of shares in LWB's capital (Transaction). The Company and the State Treasury have undertaken to conduct in good faith any activities necessary to prepare and carry out the Transaction, consisting in the purchase by the State Treasury of all 21 962 189 LWB shares held by ENEA S.A. On 10 October 2023, the cooperation agreement between Enea S.A. and the State Treasury further clarified the principles of cooperation on the Transaction.

43. 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 2023, the Company carried out tasks related to the carve out of coal assets for the State Treasury.

The Company continued to implement the tasks related to the separation of coal assets to the State Treasury in the second

The Company 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 continued 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 a non-binding document 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 a document 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 conditions of the transaction of purchase by the State Treasury of all shares of ENEA Wytwarzanie Sp. z o.o. and ENEA Elektrownia Połaniec S.A. held by ENEA S.A. together with their subsidiaries in order to establish NABE. A resolution approving the signing of these documents was adopted by the Management Board of ENEA S.A. the same morning.

On 17 August 2023 the Sejm passed a law on financial guarantees for NABE obligations, to which the Senate has tabled amendments which, due to the parliamentary calendar, were not considered by the previous-term Sejm. As of today, the new government administration's plans for a possible continuation of the coal asset spin-off concept are unknown. Work related to this has been suspended at ENEA Group and may be resumed once a new or modified government concept emerges.

44. Events after the reporting period

On 25 January 2024, the Company entered into another investment loan agreement with the European Investment Bank (EIB) for PLN 1 000 000 thousand. The funding will be entirely allocated to investments in the distribution area in line with "ENEA Group's Development Strategy to 2030 with an outlook to 2040." The investments being co-financed by the EIB in the development and modernisation of the distribution network will cover the period 2023-2025 and will be implemented in north-western Poland. The funds made available by the EIB can be used in either PLN or EUR and their interest rate will be calculated on the basis of a variable interest rate appropriate to the relevant interest period and currency, plus a margin or a fixed interest rate. The availability period of the funds is 24 months from the date of the agreement and the final repayment date will be up to 18 years from the date of the last tranche.

On 26 January 2024, a conditional agreement was signed with ENERGA S.A. for the sale by ENEA S.A. of all of its shares in Elektrownia Ostrołęka Sp. z o.o. (SPV), for a total price of PLN 42 000 thousand. The condition for performing the sale agreement was that the National Support Centre for Agriculture (KOWR) did not exercise its right of pre-emption to purchase the shares. Due to the fulfilment of this condition, on 4 April 2024, an agreement was signed between ENEA S.A. and ENERGA S.A. on the transfer of shares in Elektrownia Ostrołęka Sp. z o.o., pursuant to which the legal title to the shares sold by the Company to ENERGA S.A. was transferred on 4 April 2024. In connection with this, the Company reversed an impairment loss on its shares in the SPV in the amount of PLN 42 000 thousand (description in note 18).

On 19 February 2024, ENEA S.A. entered into a revolving credit agreement with Bank Polska Kasa Opieki S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. for a maximum amount of PLN 1 000 000 thousand. The Company will be able to use the funds granted under the loan to finance and re-finance expenditures incurred in connection with the acquisition, development, expansion, financing, construction, modernisation, maintenance or commissioning of generating units using renewable sources for the production of electricity. The credit facility will not be used to finance the construction, acquisition or expansion of coal-fired power plants or other coal-related activities. The interest rate of the financing obtained will depend on the realisation of sustainable development indicators, i.e. the CO_2 emission reduction indicator and the indicator of increasing the share of renewable energy sources in the generation structure of ENEA Group.

On 7 March 2024, ENEA S.A. entered into an agreement with Bank Polska Kasa Opieki S.A. for a multi-currency credit facility of a maximum amount of PLN 250 000 thousand. The Company will be able to use the funds granted under the credit facility to finance its current operations. The funds made available by Pekao S.A. can be used in PLN or EUR, and their interest rate is based on WIBOR 1M or EURIBOR 1M, plus a margin.