ENEA Group Consolidated financial statements

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

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

These consolidated 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 Robert Kiereta

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

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

Poznań, 17 April 2024

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Revenue from sales	8	44 103 116	30 128 349
Excise duty		(82 164)	(52 091)
Net revenue from sales		**44 020 952**	**30 076 258**
Compensations	8	4 145 799	28 588
Revenue from operating leases and subleases		16 668	13 006
Revenue from sales and other income		**48 183 419**	**30 117 852**
Other operating revenue	10	266 337	215 329
Change in provision for onerous contracts	33	213 922	(414 715)
Depreciation/amortisation	9	(1 651 920)	(1 584 991)
Employee benefit costs	9	(3 092 964)	(2 495 720)
Use of materials and raw materials and value of goods sold	9	(13 133 590)	(10 462 627)
Purchase of electricity and gas for sales purposes	9	(20 073 377)	(12 393 958)
Transmission services	9	(665 649)	(472 792)
Other third-party services	9	(1 235 779)	(1 057 113)
Taxes and fees	9	(3 719 780)	(541 573)
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		(62 038)	(51 256)
Impairment losses on non-financial non-current assets	14	(3 690 243)	(56 763)
Other operating costs	10	(382 659)	(223 433)
Operating profit		**955 679**	**578 240**
Finance costs	11	(486 445)	(276 630)
Finance income	11	222 548	220 929
Losses on currency derivative instruments not used in hedge accounting	38.4	(1 247 125)	(347 053)
Dividend income		93	1 163
Reversal of impairment of financial assets at amortised cost		–	27 274
Share of profit of associates and jointly controlled entities	18	9 522	71 463
Reversal of impairment of investment in associates and jointly controlled entities		37 679	–
(Loss)/profit before tax		**(508 049)**	**275 386**
Income tax	12	65 426	(156 466)
Net (loss)/profit for the reporting period		**(442 623)**	**118 920**
Other comprehensive income			
Subject to reclassification to profit or loss:			
- measurement of hedging instruments	35	(161 104)	94 875
- income tax		30 609	(18 020)
Not subject to reclassification to profit or loss:			
- restatement of defined benefit plan		(125 940)	9 356
- income tax		23 929	(1 778)
Net other comprehensive income		**(232 506)**	**84 433**
Comprehensive income for the reporting period		**(675 129)**	**203 353**
Including net (loss)/profit:			
attributable to shareholders of the Parent		(704 308)	45 304
attributable to non-controlling interests		261 685	73 616
Including comprehensive income:			
attributable to shareholders of the Parent		(935 740)	129 875
attributable to non-controlling interests		260 611	73 478
Net (loss)/profit attributable to shareholders of the Parent		(704 308)	45 304
Weighted average number of ordinary shares		529 731 093	501 430 391
Net (loss)/profit attributable to the Parent's shareholders, per share (in PLN per share)	**13**	**(1.33)**	**0.09**
Diluted (loss)/profit per share (in PLN per share)		**(1.33)**	**0.09**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2023	As at 31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	14	18 261 023	20 154 134
Right-of-use assets	16	840 307	827 430
Intangible assets	15	337 662	351 922
Investment properties	17	21 279	18 042
Investments in associates and jointly controlled entities	18	216 140	163 317
Deferred income tax assets	12	1 703 670	1 315 108
Financial assets measured at fair value	35	75 032	161 391
Trade and other receivables	22	6 647	12 213
Costs related to the conclusion of agreements		8 991	8 970
Finance lease and sublease receivables	23.1	979	1 168
Funds in the Mine Decommissioning Fund		165 248	147 925
Total non-current assets		**21 636 978**	**23 161 620**
Current assets			
CO_2 emission allowances	19	3 731 418	4 093 130
Inventories	20	1 954 315	1 979 850
Trade and other receivables	22	6 776 525	5 260 383
Costs related to the conclusion of agreements		15 762	11 006
Assets arising from contracts with customers	24	528 106	623 900
Finance lease and sublease receivables	23.1	1 303	1 304
Current income tax receivables		1 295 694	315 513
Financial assets measured at fair value	35	144 511	382 546
Debt financial assets at amortised cost	36	–	42 004
Cash and cash equivalents	25	3 026 133	1 563 716
Total current assets		**17 473 767**	**14 273 352**
Total assets		**39 110 745**	**37 434 972**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2023	As at 31 December 2022
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent			
Share capital		676 306	676 306
Share premium		3 348 670	3 348 670
Revaluation reserve - measurement of hedging instruments		55 249	185 744
Retained earnings		9 858 705	10 663 950
Total equity attributable to shareholders of the parent		**13 938 930**	**14 874 670**
Non-controlling interests	27	1 500 669	1 271 441
Total equity	**26**	**15 439 599**	**16 146 111**
LIABILITIES			
Non-current liabilities			
Credit facilities, loans and debt securities	30	4 288 396	4 087 307
Trade and other payables	31	21 014	32 265
Liabilities arising from contracts with customers	24	25 468	15 822
Lease liabilities	30	658 778	625 120
Accounting for subsidies and road lighting modernisation services	34	615 527	493 904
Deferred income tax provision	12	607 024	536 255
Employee benefit liabilities	32	1 158 329	962 783
Financial liabilities measured at fair value	35	196 018	249
Provisions for other liabilities and other charges	33	1 132 534	946 088
Total non-current liabilities		**8 703 088**	**7 699 793**
Current liabilities			
Credit facilities, loans and debt securities	30	3 090 033	750 273
Trade and other payables	31	3 270 646	5 165 576
Liabilities arising from contracts with customers	24	589 721	348 590
Lease liabilities	30	36 154	31 338
Accounting for subsidies and road lighting modernisation services	34	26 044	20 381
Current income tax liabilities		18 155	12 706
Employee benefit liabilities	32	762 370	577 479
Liabilities concerning the equivalent for rights to free purchase of shares		281	281
Financial liabilities measured at fair value	35	314 659	494 596
Provisions for other liabilities and other charges	33	6 859 995	6 187 848
Total current liabilities		**14 968 058**	**13 589 068**
Total liabilities		**23 671 146**	**21 288 861**
TOTAL EQUITY AND LIABILITIES		**39 110 745**	**37 434 972**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the parent							
	Share capital (nominal amount)	Reserve for revaluation and merger accounting	Total share capital	Share premium	Revaluation reserve - measurement of hedging instruments	Retained earnings	Non-controlling interests	Total equity
As at 1 January 2022	**441 443**	**146 575**	**588 018**	**2 692 784**	**108 917**	**10 636 605**	**1 175 576**	**15 201 900**
Net profit for the reporting period	–	–	–	–	–	45 304	73 616	118 920
Net other comprehensive income	–	–	–	–	76 855	7 716	(138)	84 433
Net comprehensive income recognised in the period	**–**	**–**	**–**	**–**	**76 855**	**53 020**	**73 478**	**203 353**
Dividends	–	–	–	–	–	–	(30 129)	(30 129)
Issue of ordinary shares	88 288	–	88 288	662 164	–	–	–	750 452
Cost of issue of ordinary shares	–	–	–	(6 278)	–	–	–	(6 278)
Change in non-controlling interests in subsidiaries	–	–	–	–	–	(25 675)	52 516	26 841
Other	–	–	–	–	(28)	–	–	(28)
As at 31 December 2022	**529 731**	**146 575**	**676 306**	**3 348 670**	**185 744**	**10 663 950**	**1 271 441**	**16 146 111**
Net loss for the reporting period	–	–	–	–	–	(704 308)	261 685	(442 623)
Net other comprehensive income	–	–	–	–	(130 495)	(100 937)	(1 074)	(232 506)
Net comprehensive income recognised in the period	**–**	**–**	**–**	**–**	**(130 495)**	**(805 245)**	**260 611**	**(675 129)**
Dividends	–	–	–	–	–	–	(31 387)	(31 387)
Other	–	–	–	–	–	–	4	4
As at 31 December 2023	**529 731**	**146 575**	**676 306**	**3 348 670**	**55 249**	**9 858 705**	**1 500 669**	**15 439 599**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Cash flows from operating activities			
Net (loss)/profit for the reporting period		(442 623)	118 920
Adjustments:			
Income tax in profit or loss	12	(65 426)	156 466
Depreciation/amortisation	9	1 651 920	1 584 991
Loss on change, sale and liquidation of property, plant and equipment and right-of-use assets		62 038	51 256
Impairment losses on non-financial non-current assets		3 690 243	56 763
Loss/(gain) on sale of financial assets		15 315	(15 508)
Interest income		(90 545)	(108 132)
Dividend income		(93)	(1 163)
Interest costs		293 289	208 622
Loss on measurement of financial instruments		158 809	421 698
Reversal of impairment of financial assets at amortised cost		–	(27 274)
Share of profit of associates and jointly controlled entities		(9 522)	(71 463)
Reversal of impairment of investment in associates and jointly controlled entities		(37 679)	–
Other adjustments		(100 898)	(47 356)
Total adjustments		**5 567 451**	**2 208 900**
Paid income tax		(1 221 551)	(386 734)
Changes in working capital:			
CO_2 emission allowances	40	361 712	(1 233 152)
Inventories	40	45 286	(865 572)
Trade and other receivables	40	(1 433 593)	(2 101 174)
Trade and other payables	40	(1 872 942)	648 308
Employee benefit liabilities	40	255 693	72 146
Accounting for subsidies and road lighting modernisation services	40	123 836	117 070
Provisions for other liabilities and charges	40	863 135	2 647 457
Total changes in working capital		**(1 656 873)**	**(714 917)**
Net cash flows from operating activities		**2 246 404**	**1 226 169**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(2 936 010)	(2 586 902)
Proceeds from sale of tangible and intangible assets		48 006	41 333
Purchase of financial assets	40	–	(250 265)
Proceeds from sale of financial assets	40	37 383	279 149
Purchase of subsidiaries		(81 172)	–
Purchase of associates and jointly controlled entities		(1 340)	(1 009)
Sale of associates and jointly controlled entities		394	1 000
Received dividends		93	1 163
Outflows concerning funds at Mine Decommissioning Fund bank account		(17 323)	(254)
Received interest		87 357	29 623
Other inflows from investing activities		6 640	524
Net cash flows from investing activities		**(2 855 972)**	**(2 485 638)**
Cash flows from financing activities			
Credit and loans received		5 637 546	338 720
Repayment of credit and loans		(3 052 176)	(217 420)
Bond buy-back		(156 110)	(1 955 111)
Dividends paid		(31 387)	(30 129)
Repayment of lease liabilities		(34 087)	(26 483)
Proceeds from share issue		–	750 452
Interest paid		(291 967)	(181 342)
Expenses related to share issue		–	(6 278)
Other inflows/(outflows) from financing activities		166	(2 777)
Net cash flows from financing activities		**2 071 985**	**(1 330 368)**
Total net cash flows		**1 462 417**	**(2 589 837)**
Cash at the beginning of reporting period	25	1 563 716	4 153 553
Cash at the end of reporting period	**25**	**3 026 133**	**1 563 716**
including restricted cash		1 236 286	511 540

Consolidated 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 the Parent

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

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

The Parent's name and other identifying data did not change in the 12-month period ended 31 December 2023.

As at 31 December 2023, the Parent'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 Parent's duration is indefinite.

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

The Group's consolidated 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 and consolidation rules

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

ENEA Group's principal business activities are as follows:

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

- distribution of heat (Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. w Obornikach, Miejska Energetyka Cieplna Piła Sp. z o.o., ENEA Ciepło Sp. z o.o.);
- mining and enriching of hard coal (LW Bogdanka S.A.)

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 the Group. They are deconsolidated on the date control ceases.

As regards acquisitions of companies that are not under joint control, the cost of the acquisition is determined as the fair value of acquired assets, issued equity instruments and liabilities incurred or assumed as at the exchange date. Identifiable acquired assets and liabilities and conditional liabilities from a merger are initially measured at fair value as of the acquisition date, regardless of the size of non-controlling interests.

The Group measures non-controlling interests proportionately to its share of the fair value of acquired net assets. In subsequent periods, the value of non-controlling interests covers the initially recognised value adjusted by changes in the subsidiary's equity in proportion to the stake held. Comprehensive income is allocated to non-controlling interests even if this creates a negative value for these interests. Goodwill is determined in accordance with the accounting policy (note 15).

In the case of a negative value, the Group reviews the fair values of each component of acquired net assets. If as a result of such a review the value continues to be negative, it is immediately recognised in the present period profit or loss.

Transactions, settlements and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also subject to elimination unless the transaction provides evidence for impairment of the given asset. The accounting rules applied by subsidiaries were adjusted wherever necessary to ensure compliance with the Group's accounting rules.

Associates and jointly controlled entities

Associates are all entities in respect of which the Group exerts significant influence but does not have control, which typically means holding 20-50% of voting rights. Investments in associates are accounted for using the equity method and initially recognised at cost. The excess of purchase price over fair value of an associate's identifiable net assets as at the acquisition date is recognised as goodwill. Goodwill is included in the investment's balance sheet value, while goodwill impairment is measured for the entire value of the investment. Any excess of the Group's stake in the fair value of identifiable net assets, liabilities and conditional liabilities over the acquisition cost after revaluation is immediately recognised in current-period profit or loss.

Jointly controlled entities are all entities in respect of which the Group exercises, through contractual arrangements, control jointly with other entities. Investments in jointly controlled entities are accounted for using the equity method identically as investments in associates.

The Group's share of the financial results of associates and/or jointly controlled entities from the acquisition date is recognised in current-period profit or loss, while its share in changes in other comprehensive income generated from the acquisition date - in other comprehensive income. The balance sheet value of an investment is adjusted by total changes in equity from the acquisition date. If the Group's share of the losses of an associate or a jointly controlled entity is equal to or greater than the Group's stake in this associate or jointly controlled entity, including any potential unsecured receivables, the Group ceases to recognise further losses, unless it assumed the given associate's or jointly controlled entity's obligations or made a payment on its behalf. The Group analyses impairment of investments in associates and jointly controlled entities, and impairment losses are recognised in the financial result of the present year.

Unrealised gains on transactions between the Group and its associates or jointly controlled entities are eliminated proportionately to the Group's stake in associates or jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment for the given asset. The accounting rules applied by associates or jointly controlled entities are adjusted as necessary to ensure consistency with the Group's accounting rules.

Mergers and acquisitions

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

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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.

	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%[7,13,26]	-
19.	EN102 Sp. z o.o.	generation	Poznań	100%[14,26]	100%
20.	EN103 Sp. z o.o.	generation	Poznań	100%[15,26]	100%
21.	EN201 Sp. z o.o.	generation	Poznań	100%[16,26]	100%
22.	EN202 Sp. z o.o.	generation	Poznań	100%[7,17,26]	-
23.	EN203 Sp. z o.o.	generation	Poznań	100%[18,26]	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%[4,22,26]	100%[4]
35.	ENEBIOGAZ 2 Sp. z o.o.	generation	Radom	100%[4,22,26]	100%[4]
36.	Farma Wiatrowa Bejsce Sp. z o.o.	generation	Radom	100%[4,24]	-

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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%
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., based in Warsaw, 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. 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 2.00 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 is 16.22%. On 24 November 2023 the Company made a bank transfer payment for 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,

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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. 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 in the National Court Register on 31 January 2024. 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 in 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.

[26] - due to immateriality, this company is not included in these consolidated financial statements.

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

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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 Mrs. Monika Starecka - 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 three months counting from the date of the delegation.

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 consolidated financial statements:

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

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	Mariusz Damasiewicz		Łukasz Ciołko	
Member of the Supervisory Board	Aneta Kordowska		Mariusz Damasiewicz	
Member of the Supervisory Board	Tomasz Lis		Aneta Kordowska	
Member of the Supervisory Board	Paweł Łącki		Tomasz Lis	
Member of the Supervisory Board	Mariusz Romańczuk		Paweł Łącki	
Member of the Supervisory Board	-		Mariusz Romańczuk	
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 consolidated 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 consolidated 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 Parent's Management Board used its best knowledge as to the application of standards and interpretations as well as methods and rules for the measurement of items in ENEA Group's consolidated 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 unless stated otherwise.

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

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

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

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

Preparing consolidated financial statements in accordance with EU IFRS requires the Management Board to make certain assumptions and estimates that have an impact on the adopted accounting rules and the amounts shown in consolidated 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 estimated values presented in previous financial years do not have a material impact on the present interim period. The key areas where the Management Board's estimates have considerable impact on consolidated financial statements are presented in the following explanatory notes:

Notes describing significant estimates and assumptions

Notes describing significant estimates and assumptions	Note
Impairment of non-financial assets	chapter (without a number)
Tax	12
Property, plant and equipment	14
Intangible assets and goodwill	15
Right-of-use assets	16
Investment properties	17
CO_2 emission allowances	19
Inventories	20
Energy origin certificates	21
Trade and other receivables	22
Assets and liabilities arising from contracts with customers	24
Cash and cash equivalents	25
Employee benefit liabilities	32
Provisions	33
Financial instruments and fair value	35

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 sale or contribution of assets between an investor and its associates or joint ventures	-

The Group intends to apply them for the periods for which they will be in force for the first time.

The Group's companies are currently analysing the impact of the New Standards, amendments of Standards and Interpretations on their 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

No significant changes have yet been identified by the Group 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 Group's annual consolidated 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;

The Group has identified no impact on its financial statements from implementing the aforementioned amendments to Standards and Interpretations, except for amendments to IAS 1, which the Group took into account in preparing these consolidated financial statements.

7. Functional currency and transactions in foreign currencies

Accounting rules

Functional currency and presentation currency

Items in the financial statements of individual Group entities are measured in the main currency of the economic setting in which the entity operates (in the functional currency). Consolidated financial statements are presented in PLN, which is the functional and presentation currency for all of the Group's entities. Items in financial statements are rounded to full thousands of zlotys (PLN 000s), unless otherwise stated.

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.

Operating segments

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

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

Segment revenue is revenue generated from sales to external customers and transactions with other segments that can be directly attributed to the given segment. In 2023, within the mining segment, external customers whose shares in the Group's external sales exceeded 10% included: Grupa Azoty Zakłady Azotowe "Puławy" (46.0%). Segment costs include the cost of sales to external customers and costs of transactions with other segments within the Group that result from the operating activities of a given segment and can be directly attributed to the given segment. Market prices are applied to inter-segment transactions, which makes it possible for units to generate margins sufficient to independently operate on the market.

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

Information on geographic segments

The Group's activities in 2023 and 2022 were in one geographic segment, i.e. in Poland, and all of its assets were located in Poland.

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

Segment results:

Segment results for the period from 1 January to 31 December 2023 are as follows:

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	16 516 858	4 999 307	21 861 003	484 236	159 548	–	44 020 952
Inter-segment sales	8 117 147	70 788	4 304 184	3 444 718	488 841	(16 425 678)	–
Total net revenue from sales	**24 634 005**	**5 070 095**	**26 165 187**	**3 928 954**	**648 389**	**(16 425 678)**	**44 020 952**
Compensations	3 705 902	439 897	–	–	–	–	4 145 799
Revenue from operating leases and subleases	–	–	891	10 335	5 740	(298)	16 668
Revenue from sales and other income	**28 339 907**	**5 509 992**	**26 166 078**	**3 939 289**	**654 129**	**(16 425 976)**	**48 183 419**
Total costs	(28 372 220)	(4 425 377)	(25 452 528)	(4 273 630)	(602 984)	16 054 632	(47 072 107)
Segment result	**(32 313)**	**1 084 615**	**713 550**	**(334 341)**	**51 145**	**(371 344)**	**1 111 312**
Depreciation/amortisation	(2 463)	(737 236)	(475 121)	(387 341)	(74 870)		
Impairment losses on non-financial non-current assets	–	–	(2 416 813)	(1 273 430)	–		
Segment result - EBITDA	**(29 850)**	**1 821 851**	**3 605 484**	**1 326 430**	**126 015**		
% of revenue from sales and other income	**(0.1%)**	**33.1%**	**13.8%**	**33.7%**	**19.3%**		
Unallocated costs at Group level (administrative expenses)							(155 633)
Operating profit							**955 679**
Finance costs							(486 445)
Finance income							222 548
Losses on currency derivative instruments not used in hedge accounting							(1 247 125)
Dividend income							93
Share of results of associates and jointly controlled entities							9 522
Reversal of impairment of investment in associates and jointly controlled entities							37 679
Gross loss							**(508 049)**
Income tax							65 426
Net loss							**(442 623)**
Share of profit attributable to non-controlling interests							**261 685**

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Segment results:

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

	TRADE	DISTRIBUTION	GENERATION	MINING	OTHER ACTIVITY	EXCLUSIONS	TOTAL
Net revenue from sales	12 224 500	3 577 602	13 404 364	733 531	136 261	–	30 076 258
Inter-segment sales	5 184 355	37 199	1 243 515	1 710 337	461 866	(8 637 272)	–
Total net revenue from sales	**17 408 855**	**3 614 801**	**14 647 879**	**2 443 868**	**598 127**	**(8 637 272)**	**30 076 258**
Compensations	28 588	–	–	–	–	–	28 588
Revenue from operating leases and subleases	–	–	976	7 816	4 371	(157)	13 006
Revenue from sales and other income	**17 437 443**	**3 614 801**	**14 648 855**	**2 451 684**	**602 498**	**(8 637 429)**	**30 117 852**
Total costs	(17 516 155)	(2 999 088)	(14 831 792)	(2 220 874)	(543 413)	8 679 711	(29 431 611)
Segment result	**(78 712)**	**615 713**	**(182 937)**	**230 810**	**59 085**	**42 282**	**686 241**
Depreciation/amortisation	(2 712)	(712 983)	(447 564)	(368 609)	(75 530)		
Impairment losses on non-financial non-current assets	–	–	(45 582)	(11 181)	–		
Segment result - EBITDA	**(76 000)**	**1 328 696**	**310 209**	**610 600**	**134 615**		
% of revenue from sales and other income	**(0.4%)**	**36.8%**	**2.1%**	**24.9%**	**22.3%**		
Unallocated costs at Group level (administrative expenses)							(108 001)
Operating profit							**578 240**
Finance costs							(276 630)
Finance income							220 929
Losses on currency derivative instruments not used in hedge accounting							(347 053)
Dividend income							1 163
Reversal of impairment of financial assets at amortised cost							27 274
Share of results of associates and jointly controlled entities							71 463
Gross profit							**275 386**
Income tax							(156 466)
Net profit							**118 920**
Share of profit attributable to non-controlling interests							**73 616**

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Other information concerning segments as at 31 December 2023 and for the 12-month period ending on that day is as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 229	12 279 007	3 900 541	2 355 130	382 001	(688 935)	18 241 973
Trade and other receivables	4 367 808	705 253	499 612	591 524	216 674	(3 665 773)	6 715 098
Costs related to the conclusion of agreements	24 753	-	-	-	-	-	24 753
Assets arising from contracts with customers	207 065	345 551	243	-	7 222	(31 975)	528 106
Total	**4 613 855**	**13 329 811**	**8 400 396**	**2 946 654**	**605 897**	**(4 386 683)**	**25 509 930**
ASSETS excluded from segments							13 600 815
- including property, plant and equipment							19 050
- including trade and other receivables							68 074
TOTAL ASSETS							**39 110 745**
Trade and other payables	963 953	881 160	1 856 141	459 940	160 551	(1 031 911)	3 289 834
Liabilities arising from contracts with customers	2 768 701	510 098	-	526	1 701	(2 665 837)	615 189
Total	**3 732 654**	**1 391 258**	**1 856 141**	**460 466**	**162 252**	**(3 697 748)**	**3 905 023**
Equity and liabilities excluded from segments							35 205 722
- including trade and other payables							1 826
TOTAL EQUITY AND LIABILITIES							**39 110 745**
For the year ended 31 December 2023							
Investment expenditures on property, plant and equipment and intangible assets	183	1 953 045	580 379	767 698	101 245	(123 965)	3 278 585
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							-
Depreciation/amortisation	2 463	737 236	475 121	387 341	74 870	(27 917)	1 649 114
Amortisation excluded from segments							2 806
Recognition/(reversal/use) of impairment losses on receivables	12 890	3 884	56 813	(948)	(1 294)	83	71 428
Recognition of impairment losses on non-financial non-current assets	-	-	2 416 813	1 273 430	-	-	3 690 243

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Other information concerning segments as at 31 December 2022 and for the 12-month period ending on that day is as follows:

	Trade	Distribution	Generation	Mining	Other activity	Exclusions	Total
Property, plant and equipment	14 662	11 060 021	5 970 151	3 325 252	364 887	(592 243)	20 142 730
Trade and other receivables	3 698 292	387 543	1 716 479	211 920	215 888	(959 712)	5 270 410
Costs related to the conclusion of agreements	19 976	-	-	-	-	-	19 976
Assets arising from contracts with customers	331 002	313 195	1 443	-	8 833	(30 573)	623 900
Total	**4 063 932**	**11 760 759**	**7 688 073**	**3 537 172**	**589 608**	**(1 582 528)**	**26 057 016**
ASSETS excluded from segments							11 377 956
- including property, plant and equipment							11 404
- including trade and other receivables							2 186
TOTAL ASSETS							**37 434 972**
Trade and other payables	561 770	577 575	2 190 098	301 712	367 427	(541 621)	3 456 961
Liabilities arising from contracts with customers	494 199	316 700	797	392	988	(448 664)	364 412
Total	**1 055 969**	**894 275**	**2 190 895**	**302 104**	**368 415**	**(990 285)**	**3 821 373**
Equity and liabilities excluded from segments							33 613 599
- including trade and other payables							1 740 880
TOTAL EQUITY AND LIABILITIES							**37 434 972**
For the year ended 31 December 2022							
Investment expenditures on property, plant and equipment and intangible assets	219	1 443 763	486 750	594 175	82 986	(74 687)	2 533 206
Investment expenditures on property, plant and equipment and intangible assets excluded from segments							-
Depreciation/amortisation	2 712	712 983	447 564	368 609	75 530	(25 470)	1 581 928
Amortisation excluded from segments							3 063
Use/reversal of impairment losses on receivables	(8 785)	(4 743)	(2 353)	(895)	(365)	(120)	(17 261)
Recognition of impairment losses on non-financial non-current assets	-	-	45 582	11 181	-	-	56 763

Impairment of non-financial assets

Accounting rules

The Group's assets that are subject to depreciation are analysed in terms of impairment whenever indications of 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). Cash generating units are never larger than operating segments.

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

Significant judgements and estimates

Recoverable value of tangible and intangible assets

Cash generating units are tested for impairment using a variety of assumptions, some of which are beyond the Group's control. Significant changes in these estimates have an impact on impairment test results and, in consequence, on the Group's financial position and financial results, described further below.

As at 31 December 2023, in connection with information and analyses concerning changes in the market prices of CO_2 emission allowances, electricity, energy origin certificates and forecasts for macroeconomic indicators, ENEA Group carried out impairment tests for property, plant and equipment in areas involved in the generation of electricity and heat, among others. Based on these tests, the necessity to recognise the events described below was identified.

Based on this analysis, impairment losses worth a total of PLN 1 570 298 thousand were recognised on non-financial non-current assets at Elektrownia Kozienice owned by ENEA Wytwarzanie, at Elektrownia Połaniec owned by ENEA Elektrownia Połaniec amounting to PLN 742 326 thousand and at ENEA Ciepło amounting to PLN 88 708 thousand. The impairment loss reduced the Group's net result by PLN 1 945 079 thousand.

Presented below are the results of these impairment tests:

CGU [PLN 000s]	Recoverable value	Book value
CGU Elektrownie Systemowe Kozienice – ENEA Wytwarzanie's generating assets at Świerże Górne	2 856 651	4 426 949
CGU Elektrownie Systemowe Połaniec – ENEA Elektrownia Połaniec generating assets (coal-based sources)	663 447	1 405 773
CGU Zielony Blok – ENEA Elektrownia Połaniec generating assets (biomass unit)	1 007 656	317 754
CGU Białystok – ENEA Ciepło's generating assets	656 960	745 668
CGU Piła – the generating assets of Miejska Energetyka Cieplna in Piła	166 461	150 128
CGU Oborniki – the generating assets of Przedsiębiorstwo Energetyki Cieplnej in Oborniki	26 970	16 706

The recoverable value of each cash generating unit (CGU) was estimated on the basis of useful value using the discounted cash flows approach based on financial projections.

In 2022, the value in use of ENEA Group's generating assets remained above their carrying value, which was due to a favourable market situation both in terms of conventional generation and building satisfactory CDS margins. 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 CO_2 emission allowance prices (a visible gradual collapse in the correlation of CO_2 emission prices with the price of energy). Assumptions adopted for impairment testing taking into account the above indicated impairment of generating assets based on hard coal combustion.

The following forecast periods were used for testing the CGUs:

- CGU Elektrownie Systemowe Kozienice – until 2047,

- CGU Elektrownie Systemowe Połaniec – until 2034,
- CGU Zielony Blok – until 2042,
- CGU Białystok – until 2046,
- CGU Piła – until 2046,
- CGU Oborniki – until 2047.

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

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 CO_2 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.

In the face of the instability of RES sources (which depend on environmental factors), generating installations operating on the basis of coal or transitional fuel such as natural gas will still be needed in the power system for balancing purposes. In its power generation potential, the ENEA CG has high-efficiency coal-fired installations (such as unit 11 in the Kozienice Power Plant), whose emissions are lower than those of worn-out low-efficiency coal-fired installations (200MW class units) with continuously deteriorating 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 in the 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.

Presented below are the key assumptions made for the purpose of impairment tests on non-financial non-current assets:

- assets were tested in six CGUs (tj. CGU Elektrownie Systemowe Kozienice, CGU Elektrownie Systemowe Połaniec, CGU Zielony Blok, CGU Białystok, CGU Oborniki and CGU Piła),
- the main price paths, based on forecasts prepared by ENEA Power and Gas Trading (a company operating as ENEA Group's competence centre for wholesale trade of electricity, emission allowances and fuels and preparing 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 2024 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%, from 84.62 EUR/t in 2024 to 2030. From 2031 to 2045, prices are expected to grow further, by approx. 1.0% and later at a fixed price until 2050 [fixed prices 2023],
  - coal: by 2029, the prices of coal are expected to decline by an average of 5.4%, from 19.94 PLN/GJ in 2024. From 2030, a fixed price is expected until the end of 2050 [fixed prices 2023],

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  - biomass: decline in the average price of biomass is expected at the Group, from 45 PLN/GJ in 2024 to 43.77 PLN/GJ in 2028, followed by a stabilisation of this price 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 price 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 inflation target of the National Bank of Poland at the central level of 2.5%, without taking into account the permissible swings by +/- 1 percentage point,
- nominal discount rate – 8.64% [discount rate before tax is 9.80%]. The Group 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, 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**	**5 378 148**	**(58 727)**
CGU Białystok	147 790	656 960	(128 576)
CGU Piła	6 642	166 461	(6 098)
CGU Oborniki	838	26 971	(813)
CGU Elektrownie Systemowe Kozienice	(68 733)	2 856 651	59 046
CGU Elektrownie Systemowe Połaniec	(39 392)	663 448	37 051
CGU Zielony Blok	19 847	1 007 656	(19 337)

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)**	**5 378 148**	**87 062**
CGU Białystok	(117 879)	656 960	129 128
CGU Piła	852	166 461	(3 191)
CGU Oborniki	(697)	26 971	723
CGU Elektrownie Systemowe Kozienice	66 872	2 856 651	(75 832)
CGU Elektrownie Systemowe Połaniec	(18 379)	663 448	18 758
CGU Zielony Blok	(17 129)	1 007 656	17 475

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Impact of changes in electricity prices (impact of changes from 2025)

Change in assumptions	-1.0%	Output value	+1.0%
Change in recoverable value	**(970 549)**	**5 378 148**	**963 526**
CGU Białystok	(25 161)	656 960	25 160
CGU Piła	(6 260)	166 461	6 260
CGU Oborniki	100	26 971	(98)
CGU Elektrownie Systemowe Kozienice	(569 239)	2 856 651	563 782
CGU Elektrownie Systemowe Połaniec	(296 006)	663 448	294 575
CGU Zielony Blok	(73 982)	1 007 656	73 847

Impact of change in price of CO_2 emission allowances (impact of changes from 2025)

Change in assumptions	-1.0%	Output value	+1.0%
Change in recoverable value	**424 220**	**5 378 148**	**(425 726)**
CGU Białystok	4 759	656 960	(4 770)
CGU Piła	1 616	166 461	(1 616)
CGU Oborniki	-	26 971	-
CGU Elektrownie Systemowe Kozienice	313 316	2 856 651	(314 810)
CGU Elektrownie Systemowe Połaniec	104 529	663 448	(104 529)
CGU Zielony Blok	-	1 007 656	-

Impact of changes in hard coal prices (impact of changes from 2025)

Change in assumptions	-1.0%	Output value	+1.0%
Change in recoverable value	**194 033**	**5 378 148**	**(194 022)**
CGU Białystok	1 870	656 960	(1 872)
CGU Piła	731	166 461	(731)
CGU Oborniki	36	26 971	(22)
CGU Elektrownie Systemowe Kozienice	136 786	2 856 651	(136 786)
CGU Elektrownie Systemowe Połaniec	54 610	663 448	(54 610)
CGU Zielony Blok	-	1 007 656	-

Valuation of the recoverable value of CGU Mining (LWB) from ENEA Group's perspective

The Group carried out a periodic assessment of indications of possible impairment of non-current assets in the Mining segment (LWB), in line with guidelines specified in IAS 36 Impairment of Assets. This analysis is all the more important in a situation where businesses have to operate in variable, unusual and previously unseen conditions. In making this assessment for the purposes of the consolidated financial statements for 2023 the Group, based on an analysis of the present economic and market situation, notes that the current market capitalisation of LWB remains at a level that is lower than the balance sheet value of net assets. According to the Group, this situation mainly results from factors that are beyond its control such as political factors and the EU's climate policy, reduced trust in mining-sector companies and also in part because of low liquidity and low free float. The share price declined by approx. 32% in 2023.

Given the above, the Group was required to carry out impairment tests of non-current assets in the Mining segment also for 2023.

At the end of December 2023, a letter of intent for the acquisition of shares in Lubelski Węgiel "Bogdanka" S.A. by the State Treasury expired. However, the Group maintains its long-term decarbonisation strategy. Therefore, from the Group's perspective, the determination of the recoverable value of CGU Mining based on a valuation independent of the value in use calculated by CGU LWB is continued for the purposes of CGU LWB and the LWB S.A. report.

Due to the inability to determine fair values for a very large group of assets for which there is no active market and no comparable transactions, the recoverable values of these assets were determined by estimating their fair values using the discounted cash flow approach based on the Group's financial projections for 2024-2051. The Group also carried out valuations internally using the discounted dividend method, the multiplier method and compared the results with the valuation resulting from the report estimating the market value of the LWB shares (report prepared as of 11 September 2023 by Pekao Investment Banking, which is the basis for 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 reasonable and met due diligence requirements. The book value of LWB Group's net assets attributable to ENEA amounts to PLN 2 640 149 thousand, while the fair value estimated using the discounted cash flow method amounts to PLN 1 408 593 thousand, which implies the need to recognise an additional impairment loss on the value of CGU Mining in the consolidated financial statements of ENEA Group as at 31 December 2023 in the amount of PLN 482 741 thousand (the original impairment loss recognised in the condensed interim consolidated financial statements as at 30 June 2023 amounted to PLN 748 815 thousand, resulting in a total impairment loss recognised in 2023 of PLN 1 231 556 thousand).

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The fair value of CGU Mining obtained using the discounted cash flows method 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 in 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 2025-2029 it was adopted based ENEA Group studies;
- the model is expressed in real (fixed) prices, excluding the effects of inflation;
- real wage growth was assumed for the entire forecast period at a level that reflects the best possible estimate as at the test date;
- the after-tax and before-tax 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 shows that significant factors having impact on the estimated recoverable values include: discount rate and hard coal prices as well as wages. Below is a summary of the value impact of changes in selected factors on the recoverable amount (baseline):

Impact of change in discount rate (base value 7.32%)

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

Impact of change in hard coal prices from 2025

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

Real change in wages from 2025

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

Explanatory notes to the consolidated statement of comprehensive income

8. Revenue from sales

Accounting rules

Revenue recognition

The Group 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 Group as the Group performs,
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced (production in progress, for example), or
- the Group's performance does not create an asset with an alternative use to the Group and the Group 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 Group recognises revenue from the sale of the following product and service groups:

- services provided on a continuous basis - the amount of revenue depends on consumption (supply of electricity, thermal energy, natural gas, provision of distribution services): revenue is recognised when the Group transfers control over a portion of the service being provided; the Group recognises revenue in the amount of remuneration from a client, to which it is entitled, which directly corresponds to the value of service so far provided to the client - this value is the amount that the Group is authorised to invoice for; the category of services provided on a continuous basis also includes revenue from the Capacity Market;
- delivery of goods/services settled at a fixed moment in time (sale of property rights): revenue is recognised when control over the product/service is transferred; the transfer of control takes place when the goods are made available to the client or when service is provided;
- services provided on a continuous basis - the amount of revenue depends on the passage of time (sale of lighting services, process support services): revenue from the sale of services is recognised over time because these services are provided on a continuous basis and therefore a certain portion of such service is subject to transfer at every point in time when service is provided; due to the fact that the value of services rendered to the client does not differ between specific settlement periods, the Group recognises revenue from services provided on the basis of fixed monthly payments (depending on consumption);
- services provided on a continuous basis - based on the status of work (construction services): commitment to provide a service is satisfied over time because as a result of service being provided an asset is created or improved and control over this asset is with the client; revenue from the provision of service is recognised over time - using the overlay approach - cost approach, based on which the level of contract progress is determined by comparing the amount of costs incurred to perform the contract to the overall costs budgeted in the contract.

Revenue from sales is recognised in the net amount of remuneration when the Group acts as agent, i.e. its performance perform 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 Group's expectations - the Group will be entitled in exchange for the provision of goods or services by another entity. The fee or commission due for the Group may be a net amount that the Group retains after payment to another entity of consideration in exchange for goods or services provided by this entity. The Group recognises as revenue the Price difference amount and 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 Group in order to conclude an agreement with a customer that would not have been incurred by the Group 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.

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Connection fees

Revenue from connection fees is recognised on a one-off basis as revenue when connection works are completed.

Net revenue from sales

	Year ended 31 December 2023	31 December 2022
Revenue from the sale of electricity	36 600 312	23 843 479
Revenue from the sale of distribution services	4 753 288	3 316 703
Revenue from connection fees	149 517	90 883
Revenue from the sale of goods and materials	187 366	196 223
Revenue from the sale of other products and services	182 758	226 359
Revenue from origin certificates	29 196	2 760
Revenue from the sale of industrial heat	614 731	482 560
Revenue from the sale of coal	435 181	682 731
Revenue from the sale of gas	120 989	341 074
Revenue from Capacity Market	947 614	893 486
Total net revenue from sales	**44 020 952**	**30 076 258**

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

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

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

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

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

In the case of the quality fee, transition fee, capacity fee and renewables fee, ENEA Operator serves, as a rule, as entity collecting fees and providing this consideration to other market participants, e.g. to Polskie Sieci Elektroenergetyczne S.A. (PSE). These fees (quality fee, transition fee, capacity fee, renewables fee) constitute quasi-taxes collected on behalf of other entities. ENEA Operator acts as agent collecting fees for other energy market participants, including PSE. In consequence, revenue from the sale of distribution services is reduced by the amount of renewables fee, quality fee, capacity fee and transition fee collected. Costs related to the procurement of transmission services and costs related to invoices for renewables support and support for producers are subject to adjustment. The total amount of fees carried forward was as at 31 December 2023 PLN 1 336 820 thousand (as at 31 December 2022: PLN 1 060 476 thousand). The volume of revenue from the sale of electricity distribution services is based on documented sales, plus the re-estimation of uninvoiced sales of electricity distribution services in the period and minus the re-estimation of those sales from the previous period. Estimation of sales is made at the end of each month. Revenue for distribution services is recognised at the time the service is provided, based on the readings of the metering and billing systems, taking into account the re-estimation of consumption.

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

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

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	Year ended 31 December 2023	31 December 2022
Revenue from continuous services	43 036 934	28 877 302
Revenue from services provided at specified time	984 018	1 198 956
Total	**44 020 952**	**30 076 258**

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.

The Group recognised compensation revenue of PLN 4 145 799 thousand in the consolidated statement of comprehensive income for the period from 1 January to 31 December 2023 (value of compensation from Zarządca Rozliczeń S.A. PLN 4 200 716 thousand less carryover charges of PLN 54 899 thousand and less PLN 18 thousand from the final settlement of gas compensation for 2022). Of the compensation of PLN 4 200 716 thousand, the Group received an amount of PLN 3 212 459 thousand and recognised as receivables in the statement of financial position under trade and other receivables an amount of PLN 988 257 thousand.

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, out 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.

Pursuant to the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 in connection with the situation on the electricity market, ENEA Operator Sp. z o.o. has received compensation for the use of electricity prices referred to in art. 7 sec. 1 of the Act. The compensation constitutes the difference between the charges billed for electricity distribution services resulting from the 2023 tariff rates for electricity distribution services and the charges billed for electricity distribution services resulting from the 2022 tariff rates for electricity distribution services, up to the maximum limit referred to in the Act. In the 12-month period ending 31 December 2023 ENEA Operator Sp. z o.o. received PLN 327 194 thousand out of the PLN 439 897 thousand of compensation recognised in its statement of comprehensive income (amount of compensation from Zarządca Rozliczeń PLN 494 796 thousand, less fees of PLN 54 899 thousand). The remaining amount of PLN 167 602 thousand was due to be paid to the Company, as of 31 December 2023. Further, in accordance with art. 14 of the Act of 7 October 2022 on special solutions for the protection of electricity consumers in 2023 in connection with the situation on the electricity market, the Company received advance payments for January and February 2023 totalling PLN 113 318 thousand. In the statement of financial position, the difference between the advances received and the compensation due of PLN 54 284 thousand was recognised in trade and other payables.

9. Operating costs

Accounting rules

The Group 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.

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Costs by nature

	Year ended 31 December 2023	31 December 2022
Depreciation/amortisation	**(1 651 920)**	**(1 584 991)**
Employee benefit costs	**(3 092 964)**	**(2 495 720)**
- remuneration	(2 273 584)	(1 854 418)
- social insurance and other benefits	(819 380)	(641 302)
Use of materials and raw materials and value of goods and materials sold	**(13 133 590)**	**(10 462 627)**
- cost of CO_2 emissions	(6 643 244)	(5 614 526)
- use of materials and energy	(6 357 847)	(4 675 815)
- value of goods and materials sold	(132 499)	(172 286)
Value of purchased electricity and gas for sales purposes	**(20 073 377)**	**(12 393 958)**
Third-party services	**(1 901 428)**	**(1 529 905)**
- transmission services	(665 649)	(472 792)
- other third-party services	(1 235 779)	(1 057 113)
Taxes and fees	**(3 719 780)**	**(541 573)**
Total	**(43 573 059)**	**(29 008 774)**

The item "Taxes and charges" includes amounts relating to contributions to the Price Difference Payment Fund (PLN 3 214 370 thousand).

Employee benefit costs

	Year ended 31 December 2023	31 December 2022
Wage costs	**(2 273 584)**	**(1 854 418)**
- present wages	(2 129 532)	(1 752 120)
- longevity bonuses	(69 706)	(50 440)
- retirement and disability severance payments	(11 336)	(2 661)
- Other	(63 010)	(49 197)
Cost of social insurance and other benefits	**(819 380)**	**(641 302)**
- social security contributions (ZUS)	(463 773)	(370 874)
- contributions to Company Social Benefit Fund (ZFŚS)	(82 139)	(63 897)
- other social benefits	(126 560)	(119 105)
- other post-employment benefits	(28)	(11)
- Other	(146 880)	(87 415)
Total	**(3 092 964)**	**(2 495 720)**

The costs of longevity awards and retirement/disability severance payments as presented in the above note are actual costs. The most significant items in other social security costs relate to restorative meals and food vouchers (PLN 47 600 thousand) and subsidies for employee commuting tickets (PLN 11 008 thousand).

10. Other operating revenue and costs

Other operating revenue

	Year ended 31 December 2023	31 December 2022
Release of provision for compensation claims	-	12 446
Release of other provisions	1 492	39 016
Reimbursement of costs by insurer	2 562	14 584
Accounting for income from subsidies	21 481	12 922
Compensation, penalties, fines	45 364	27 633
Reversal of unused impairment losses	1 074	15 382
Property, plant and equipment received for free	97 963	44 278
Unrealised exchange differences - hedging operations	3 173	12 357
Changes in fair value of financial instruments	32 713	-
Other operating revenue	60 515	36 711
Total	**266 337**	**215 329**

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

Other operating costs

	Year ended 31 December 2023	Year ended 31 December 2022
Recognition of provision for compensation claims	(22 033)	(909)
Recognition of other provisions	(31 021)	(22 080)
Impairment of receivables	(72 712)	(3 411)
Write-off of impaired receivables	(25 026)	(21 926)
Impairment of inventory	(3 610)	(41)
Costs of court proceedings	(10 258)	(58 418)
Trade union costs	(2 818)	(2 304)
Compensation for non-contractual use of land	(448)	(972)
Exchange differences - hedging operations	(20 910)	(22 916)
Changes in fair value of financial instruments	(49 544)	(2 923)
Other operating costs	(144 279)	(87 533)
Total	**(382 659)**	**(223 433)**

The most significant items in other operating costs relate to fines, penalties and damages (PLN 26 596 thousand), donations (PLN 20 000 thousand), costs of removal of fortuitous damage (PLN 16 045 thousand) and shortages in deliveries and transport (PLN 14 358 thousand).

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, from bank accounts, which represent finance income and costs, is recognised in the operating activities of the consolidated statement of cash flows. Interest on long-term instruments (over 3 months) is recognised in investing activities in the consolidated statement of cash flows.

Finance income

	Year ended 31 December 2023	Year ended 31 December 2022
Interest income	**213 423**	**206 027**
- bank accounts and deposits	168 192	181 905
- other loans and receivables	27 368	22 901
- financial leases and sub-leases	1 132	437
- other	16 731	784
Exchange differences	**–**	**1 346**
Changes in fair value of financial instruments	**7 033**	**6 632**
Change in provision for land rehabilitation and disassembly of wind farms due to discount	**-**	**6 647**
Other finance income	**2 092**	**277**
Total	**222 548**	**220 929**

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Finance costs

	Year ended 31 December 2023	Year ended 31 December 2022
Interest costs	**(370 613)**	**(235 316)**
- cost of interest on loans and credit	(305 178)	(104 095)
- cost of interest on bonds	(181 704)	(182 073)
- Interest cost on lease liabilities	(22 795)	(17 342)
- impact of interest on IRS swaps	156 713	76 881
- other interest	(17 649)	(8 687)
Exchange differences	**(1 618)**	**(1 315)**
Cost of discount concerning employee benefits and provisions	**(76 546)**	**(40 774)**
Changes in fair value of financial instruments	**(23 172)**	**8 053**
Other finance costs	**(14 496)**	**(7 278)**
Total	**(486 445)**	**(276 630)**

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.

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

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.

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 Group 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 budgets of Group companies.

Income tax

	Year ended 31 December 2023	31 December 2022
current tax	(197 829)	(33 634)
deferred tax	263 255	(122 832)
Income tax	**65 426**	**(156 466)**

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

	Year ended 31 December 2023	31 December 2022
(Loss)/profit before tax	(508 049)	275 386
Tax calculated using the 19% rate	96 529	(52 324)
Non-deductible costs (permanent differences * 19%)	(30 263)	(20 710)
Non-taxable revenue (permanent differences * 19%)	3 715	8 689
Reversal of impairment loss - Elektrownia Ostrołęka	-	8 834
Tax losses not included in deferred tax due to lack of option to deduct in the future*	-	(67 750)
Other * 19%	(4 555)	(33 205)
Decrease of financial result due to income tax	**65 426**	**(156 466)**

*this amount will not be deductible in the future due to the expiry of the tax group agreement; these losses are not carried forward.

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Deferred income tax

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

	As at	
	31 December 2023	31 December 2022
Deferred income tax assets	2 852 793	2 599 239
Offset of deferred income tax assets and provision	(1 149 123)	(1 284 131)
Deferred income tax assets after offset	**1 703 670**	**1 315 108**
Deferred income tax provision	1 756 147	1 820 386
Offset of deferred income tax assets and provision	(1 149 123)	(1 284 131)
Deferred income tax provision after offset	**607 024**	**536 255**

Deferred income tax assets as at 31 December 2023 to be realised within 12 months amounted to PLN 892 425 thousand (PLN 1 224 960 thousand as at 31 December 2022), while those over 12 months PLN 1 960 368 thousand (PLN 1 374 279 thousand as at 31 December 2022).
Deferred income tax provision as at 31 December 2023 to be realised within 12 months amounted to PLN 465 110 thousand (PLN 602 089 thousand as at 31 December 2022), while those over 12 months PLN 1 291 037 thousand (PLN 1 218 297 thousand as at 31 December 2022).

As of 31 December 2023, there were no indications of the risk of a lack of recoverability of deferred income tax assets. According to the Group, the differences between the tax value and balance sheet value of tangible assets will be fully realised in the coming periods.

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

Deferred income tax assets:

	Employee benefit liabilities	Provision for the cost of energy origin certificates	Provision for storage, rehabilitation and CO_2 emission allowance purchases	Taxable costs after end of settlement period	Differences between balance sheet value and tax value of tangible assets	Impairment of non-financial tangible assets*	Liabilities concerning collateral for futures transactions to purchase CO_2 emission allowances	Other	Total
As at 1 January 2022	**238 925**	**70 845**	**546 687**	**3 197**	**67 400**	**990 702**	**539 688**	**410 413**	**2 867 857**
(Charge)/addition to profit or loss	(2 250)	(32 610)	(100 268)	253	(23 821)	8 811	(261 058)	144 055	(266 888)
Charge to other comprehensive income	(1 619)	-	-	-	-	-	-	(111)	(1 730)
As at 31 December 2022, using the 19% rate	**235 056**	**38 235**	**446 419**	**3 450**	**43 579**	**999 513**	**278 630**	**554 357**	**2 599 239**
As at 1 January 2023	**235 056**	**38 235**	**446 419**	**3 450**	**43 579**	**999 513**	**278 630**	**554 357**	**2 599 239**
(Charge)/addition to profit or loss	(2 106)	(8 748)	(358 750)	10 618	(13 783)	503 618	(58 473)	156 767	229 143
Recognised in other comprehensive income	23 339	-	-	-	-	-	-	1 072	24 411
As at 31 December 2023, using the 19% rate	**256 289**	**29 487**	**87 669**	**14 068**	**29 796**	**1 503 131**	**220 157**	**712 196**	**2 852 793**

** including property, plant and equipment, other intangible assets and perpetual usufruct of land.*

As at 31 December 2023, tax losses to be settled in future periods and recognised in the calculation of deferred tax assets amounted to PLN 104 167 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. The most significant items appearing in the 'Other' column relate to: lease liabilities of PLN 131 831 thousand, tax losses of PLN 104 167 thousand, a contribution to the Price Difference Payment Fund of PLN 57 021 thousand, provisions for onerous contracts of PLN 85 670 thousand, advances for connection fees of PLN 79 304 thousand and costs and revenues related to the sale of electricity of PLN 77 446 thousand, which will be accounted for in the tax bill in subsequent years.

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

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*	Asset related to mine liquidation	Collateral for futures transactions to purchase CO_2 emission allowances	Other	Total
As at 1 January 2022	**22 499**	**59 242**	**1 190 095**	**10 987**	**540 735**	**122 816**	**1 946 374**
Charge/(addition) to profit or loss	13 875	37 143	95 516	(1 801)	(263 142)	(25 647)	(144 056)
Charge to other comprehensive income	-	-	-	-	-	18 068	18 068
As at 31 December 2022, using the 19% rate	**36 374**	**96 385**	**1 285 611**	**9 186**	**277 593**	**115 237**	**1 820 386**
As at 1 January 2023	**36 374**	**96 385**	**1 285 611**	**9 186**	**277 593**	**115 237**	**1 820 386**
(Addition)/charge to profit or loss	(33 197)	14 519	57 782	233	(277 593)	204 144	(34 112)
Recognised in other comprehensive income	-	-	-	-	-	(30 127)	(30 127)
As at 31 December 2023, using the 19% rate	**3 177**	**110 904**	**1 343 393**	**9 419**	**-**	**289 254**	**1 756 147**

** The differences stem from fair-value measurements of tangible assets and differences in amortisation rates.*

Included under “other” is a change in the provision for compensation payable of PLN 177 156 thousand.

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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 Parent'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/(loss) per share

	Year ended	
	31 December 2023	31 December 2022
Net (loss)/profit attributable to shareholders of the Parent	(704 308)	45 304
Weighted average number of ordinary shares	529 731 093	501 430 391
Net (loss)/profit attributable to the Parent's shareholders, per share (in PLN per share)	**(1.33)**	**0.09**
Diluted (loss)/profit per share (in PLN per share)	**(1.33)**	**0.09**

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

Explanatory notes to the consolidated 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 Group 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.

Mine closure costs initially recognised in the value of tangible assets are subject to depreciation using the same method as the tangible assets they concern, starting from the moment a given tangible asset is put into service, over a period specified in the mine closure plan within the expected mine closure schedule.

Land is not subject to depreciation. Other tangible assets are depreciated on a straight-line basis throughout the period of use or using the natural method based on the longwall length (in the case of operational excavations). 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.

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.

Within its activities, the Group receives tangible assets for free, which are initially measured at fair value. Property, plant and equipment received for free, in the form of power infrastructure (connections, lighting grid) is recognised by the Group on a one-off basis in other operating revenue when it is received (except for the receipt of lighting infrastructure in exchange for services - in which case they are accounted for over time).

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 Group ceases to capitalise external financing costs when the asset is handed over for use. The Group 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 charges 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 in 2024 on the amount of depreciation will be PLN 29 350 thousand.

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).

Use periods for property, plant and equipment are as follows:

– buildings and structures	10 – 80 years
including power grids	33 years
– structures (operational excavations) natural method depreciation based on length of wall	
– technical equipment and machinery	2 – 50 years

– means of transport	3 – 30 years
– other property, plant and equipment	3 – 25 years

Estimating the useful life of mines and coal resources

The end of the lifecycle of the mine (LWB) is currently estimated to be 2051, and this did not change from the previous annual financial statements, for 2022. The actual deadline for mine closure might be different from the Group's estimates. This results from the calculation being based on the mine's estimated life-cycle and only the coal resources being available as at the reporting date. A decline in demand for the Group's coal might result in production falling below production capacities, which would extend the mine life-cycle.

The Group is taking account of the on-going restructuring of the mining sector, as previously announced in Poland's Energy Strategy 2040, as well as the shut-down of hard coal mining in Poland by 2049, as specified in the "Social agreement regarding the transformation of the hard coal mining sector and selected transition processes for the Silesia voivodship." However, given the material change in the geopolitical and economic situation that occurred in 2022, an update of PEP 2040 has not yet been finished. Currently, aside from the necessity to align with the general framework of hard coal mining, which assumes that extraction will cease by 2049, the Group remains under the direct influence of the aforementioned regulations (especially in terms of its financial results and operational effectiveness). At the same time, the Group is undertaking activities intended to diversify its business.

Consolidated 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	including excavations	Technical equipment and machinery	Means of transport	Other tangible assets	Tangible assets under construction	Total
Gross value								
As at 1 January 2023	**126 278**	**20 535 780**	**2 133 585**	**17 085 608**	**462 786**	**1 024 267**	**1 364 506**	**40 599 225**
Transfers	19 843	1 685 843	411 743	1 071 504	47 027	167 842	(2 995 070)	(3 011)
Purchase	3 263	23 731	-	10 283	737	4 548	3 184 260	3 226 822
Sale	(20 140)	(1 568)	-	(1 076)	(3 993)	(12 714)	-	(39 491)
Discontinued investments	-	-	-	-	-	-	(6 209)	(6 209)
Accounting for purchase of subsidiaries	276	1 184	-	53 437	-	-	188 459	243 356
Liquidation	(4)	(224 483)	(181 005)	(97 273)	(3 608)	(3 373)	(255)	(328 996)
Transfer to investment properties	-	(11 211)	-	-	-	-	-	(11 211)
Other	(27)	(6 143)	-	1 523	242	(3 091)	(16 488)	(23 984)
As at 31 December 2023	**129 489**	**22 003 133**	**2 364 323**	**18 124 006**	**503 191**	**1 177 479**	**1 719 203**	**43 656 501**
Accumulated amortisation/depreciation								
As at 1 January 2023	**4**	**(7 778 133)**	**(730 100)**	**(6 958 513)**	**(204 301)**	**(585 252)**	**(2 656)**	**(15 528 851)**
Sale	-	816	-	322	3 058	12 569	-	16 765
Depreciation/amortisation	-	(794 606)	(221 071)	(659 586)	(30 465)	(78 402)	-	(1 563 059)
Accounting for purchase of subsidiaries	-	(39)	-	(3 104)	-	-	-	(3 143)
Liquidation	-	157 942	117 949	90 553	3 970	3 273	-	255 738
Transfer to investment properties	-	53	-	-	-	-	-	53
Other	(4)	(4 824)	260	(160)	(325)	2 009	-	(3 304)
As at 31 December 2023	**–**	**(8 418 791)**	**(832 962)**	**(7 530 488)**	**(228 063)**	**(645 803)**	**(2 656)**	**(16 825 801)**
Impairment								
As at 1 January 2023	**(2 997)**	**(1 495 817)**	**-**	**(3 355 982)**	**(14 016)**	**(20 805)**	**(26 623)**	**(4 916 240)**
Decreases	-	503	-	10 050	24	95	3 792	14 464
Increases	(9 509)	(1 441 106)	(617 955)	(1 996 321)	(36 433)	(12 443)	(172 089)	(3 667 901)
As at 31 December 2023	**(12 506)**	**(2 936 420)**	**(617 955)**	**(5 342 253)**	**(50 425)**	**(33 153)**	**(194 920)**	**(8 569 677)**
Net value at 1 January 2023	**123 285**	**11 261 830**	**1 403 485**	**6 771 113**	**244 469**	**418 210**	**1 335 227**	**20 154 134**
Net value at 31 December 2023	**116 983**	**10 647 922**	**913 406**	**5 251 265**	**224 703**	**498 523**	**1 521 627**	**18 261 023**

The key projects in tangible assets under construction are: excavations (corridors) at LWB (PLN 356 540 thousand), environmental protection at Elektrownia Połaniec (PLN 209 345 thousand), modernisation of unit 9 at ENEA Wytwarzanie (PLN 66 046 thousand).

No collateral is established on property, plant and equipment assets. External financing costs capitalised in 2023 were immaterial.

Consolidated 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	including excavations	Technical equipment and machinery	Means of transport	Other tangible assets	Tangible assets under construction	Total
Gross value								
As at 1 January 2022	**121 598**	**19 463 028**	**2 014 922**	**16 498 964**	**434 698**	**906 338**	**1 002 853**	**38 427 479**
Transfers	4 853	1 266 370	309 994	639 945	33 051	129 716	(2 094 884)	(20 949)
Purchase	-	6 150	-	594	1 800	3 603	2 463 431	2 475 578
Sale	(430)	(13 487)	-	(12 011)	(5 201)	(6 593)	(10 414)	(48 136)
Discontinued investments	-	-	-	-	-	-	(2 538)	(2 538)
Liquidation	-	(239 956)	(185 108)	(39 773)	(1 145)	(5 269)	-	(286 143)
Other	257	53 675	(6 223)	(2 111)	(417)	(3 528)	6 058	53 934
As at 31 December 2022	**126 278**	**20 535 780**	**2 133 585**	**17 085 608**	**462 786**	**1 024 267**	**1 364 506**	**40 599 225**
Accumulated amortisation/depreciation								
As at 1 January 2022	**4**	**(7 237 011)**	**(694 805)**	**(6 350 206)**	**(181 057)**	**(534 813)**	**(2 656)**	**(14 305 739)**
Sale	-	2 049	-	5 140	4 047	6 581	-	17 817
Depreciation/amortisation	-	(732 111)	(173 401)	(654 755)	(29 260)	(63 590)	-	(1 479 716)
Liquidation	-	188 859	138 106	37 396	1 699	5 209	-	233 163
Other	-	81	-	3 912	270	1 361	-	5 624
As at 31 December 2022	**4**	**(7 778 133)**	**(730 100)**	**(6 958 513)**	**(204 301)**	**(585 252)**	**(2 656)**	**(15 528 851)**
Impairment								
As at 1 January 2022	**(2 615)**	**(1 486 573)**	**-**	**(3 313 309)**	**(13 983)**	**(20 406)**	**(29 883)**	**(4 866 769)**
Decreases	249	5 834	-	1 185	-	23	3 260	10 551
Increases	(631)	(15 078)	-	(43 858)	(33)	(422)	-	(60 022)
As at 31 December 2022	**(2 997)**	**(1 495 817)**	**-**	**(3 355 982)**	**(14 016)**	**(20 805)**	**(26 623)**	**(4 916 240)**
Net value at 1 January 2022	**118 987**	**10 739 444**	**1 320 117**	**6 835 449**	**239 658**	**351 119**	**970 314**	**19 254 971**
Net value at 31 December 2022	**123 285**	**11 261 830**	**1 403 485**	**6 771 113**	**244 469**	**418 210**	**1 335 227**	**20 154 134**

Future contract liabilities related to the purchase of property, plant and equipment incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 1 658 294 thousand as at 31 December 2023 (PLN 1 517 043 thousand as at 31 December 2022).

15. Intangible assets and goodwill

Accounting rules

Goodwill

Goodwill arising on acquisition results from an excess, on the acquisition date, of the sum of payments, non-controlling interests and the fair value of previously held interests in the acquired entities over the net fair value of identifiable assets, liabilities and conditional liabilities of the acquired entity as at the acquisition date.

In the case of a negative value, the Group reviews the fair values of each component of acquired net assets. If as a result of such a review the value continues to be negative, it is immediately recognised in the present period profit or loss.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less impairment.

For impairment testing purposes, goodwill is allocated to the Group's specific cash generating units that should receive the synergy benefits from the merger. The cash generating units to which goodwill is allocated are tested for impairment once a year or more frequently, if it can be reliably expected that impairment has occurred. If the recoverable value of a cash generating unit is smaller than its balance sheet value, an impairment loss is allocated first to reduce the balance sheet value of the goodwill allocated to this cash generating unit and subsequently to this unit's other assets proportionately to the balance sheet value of specific assets in this unit. An impairment loss on goodwill is irreversible.

Geological information

Purchased geological information is recognised in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources*, in an amount resulting from the agreement executed with the Ministry of the Environment. Until a mining concession is secured, this is not subject to amortisation. Subsequently, capitalised costs are amortised throughout the term of the concession.

Fees

Fees for mining usufruct for hard coal mining areas within the "Bogdanka" deposit are capitalised in the amount of such fees. Capitalised costs are recognised throughout the expected period of mining usufruct (note 41).

Other intangible assets

Other 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.

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 their capitalisation criteria 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.

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. The verification conducted this year resulted in changes to depreciation/amortisation periods. Their impact in 2024 on the amount of depreciation will be PLN 107 thousand.

Each year, the Group 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 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).

Useful life of intangible assets:

– licences and software	2 – 10 years
– geological information	over the mining concession period (note 41)
– other intangible assets	2 – 40 years

Consolidated 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:

	Costs of development work	Goodwill	Computer software, licences, concessions, patents	Geological information	Total
Gross value					
As at 1 January 2023	**17 404**	**232 730**	**746 872**	**40 856**	**1 037 862**
Transfers	-	-	11 885	-	11 885
Purchase	1 194	-	50 569	-	51 763
Liquidation	-	-	(18 365)	-	(18 365)
Other	-	-	(716)	-	(716)
As at 31 December 2023	**18 598**	**232 730**	**790 245**	**40 856**	**1 082 429**
Accumulated amortisation/depreciation					
As at 1 January 2023	**(5 582)**	**-**	**(431 685)**	**(6 397)**	**(443 664)**
Depreciation/amortisation	(819)	-	(59 675)	(1 266)	(61 760)
Liquidation	-	-	10 301	-	10 301
Other	-	-	420	-	420
As at 31 December 2023	**(6 401)**	**-**	**(480 639)**	**(7 663)**	**(494 703)**
Impairment					
As at 1 January 2023	**(3 358)**	**(227 517)**	**(11 401)**	**-**	**(242 276)**
Decreases	-	-	987	-	987
Increases	-	-	(8 775)	-	(8 775)
As at 31 December 2023	**(3 358)**	**(227 517)**	**(19 189)**	**-**	**(250 064)**
Net value at 1 January 2023	**8 464**	**5 213**	**303 786**	**34 459**	**351 922**
Net value at 31 December 2023	**8 839**	**5 213**	**290 417**	**33 193**	**337 662**

Goodwill amounting to PLN 5 213 thousand concerns: MEC Piła Sp. z o.o. PLN 1 806 thousand and ENEA Nowa Energia Sp. z o.o. PLN 3 407 thousand.

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

Consolidated 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:

	Costs of development work	Goodwill	Computer software, licences, concessions, patents	Geological information	Total
Gross value					
As at 1 January 2022	**17 404**	**232 730**	**694 595**	**40 856**	**985 585**
Transfers	-	-	6 736	-	6 736
Purchase	-	-	57 628	-	57 628
Sale	-	-	(8 103)	-	(8 103)
Liquidation	-	-	(3 508)	-	(3 508)
Other	-	-	(476)	-	(476)
As at 31 December 2022	**17 404**	**232 730**	**746 872**	**40 856**	**1 037 862**
Accumulated amortisation/depreciation					
As at 1 January 2022	**(4 615)**	**-**	**(382 892)**	**(5 131)**	**(392 638)**
Sale	-	-	3 812	-	3 812
Depreciation/amortisation	(967)	-	(56 096)	(1 266)	(58 329)
Liquidation	-	-	2 976	-	2 976
Other	-	-	515	-	515
As at 31 December 2022	**(5 582)**	**-**	**(431 685)**	**(6 397)**	**(443 664)**
Impairment					
As at 1 January 2022	**(3 358)**	**(227 517)**	**(11 884)**	**-**	**(242 759)**
Decreases	-	-	483	-	483
As at 31 December 2022	**(3 358)**	**(227 517)**	**(11 401)**	**-**	**(242 276)**
Net value at 1 January 2022	**9 431**	**5 213**	**299 819**	**35 725**	**350 188**
Net value at 31 December 2022	**8 464**	**5 213**	**303 786**	**34 459**	**351 922**

Future contract liabilities related to the purchase of intangible assets incurred as at the reporting date but not yet recognised in the statement of financial position reached PLN 365 263 thousand as at 31 December 2023 (PLN 76 517 thousand as at 31 December 2022).

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 Group 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 Group 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. ENEA S.A., ENEA Operator Sp. z o.o., ENEA Wytwarzanie Sp. z o.o., Enea Elektrownia Połaniec S.A. and Lubelski Węgiel „Bogdanka" S.A. apply a residual interest rate, i.e. a rate that ENEA S.A. 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. 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 other companies use an interest rate equal to 1-month WIBOR from the last day of the year preceding the financial year, plus margin. The amount of the discount rate is reviewed and updated each year in relation to new leases entered into. In the case of sub-leases, lessees at ENEA Group use the lessor's discount rate.

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

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

In most of its leases, the Group uses a lease period in accordance with the contractual period. For contracts executed for an indefinite period, the Group determines the minimum contractual term for both of the parties. If the Group 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 Group assumes that the irrevocable contractual period will be the termination period for that lease.

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 Group recognises lease components separately from non-lease components. The Group 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 Group 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 Group transfers the asset under a sub-lease or expects to transfers it. If the Group 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.

Consolidated 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	Structures	Right to establish easement	Right-of-use assets concerning underground parts of land	Technical equipment and machinery	Means of transport	Other	Total
Gross value									
As at 1 January 2023	**369 638**	**30 807**	**–**	**127 560**	**418 475**	**12 339**	**20 418**	**10 076**	**989 313**
Transfers	252	–	308	–	–	–	–	2	562
Purchase*	13 702	6 122	1 402	9 243	29 910	7 005	13 714	4 345	85 443
Sale	(13 852)	–	–	–	–	–	–	–	(13 852)
Transferred under a finance sub-lease	–	(1 289)	–	–	–	–	–	–	(1 289)
Accounting for purchase of subsidiaries	–	–	–	–	–	–	–	13 344	13 344
Liquidation	(125)	(5 587)	(13)	(11)	(1 490)	(4 175)	(14 349)	(334)	(26 084)
Other	(2 033)	2 607	–	3	(1 184)	(15)	(96)	(2 004)	(2 722)
As at 31 December 2023	**367 582**	**32 660**	**1 697**	**136 795**	**445 711**	**15 154**	**19 687**	**25 429**	**1 044 715**
Accumulated amortisation/depreciation									
As at 1 January 2023	**(28 640)**	**(4 533)**	**–**	**(22 829)**	**(59 360)**	**(9 516)**	**(14 139)**	**(1 188)**	**(140 205)**
Sale	1 087	–	–	–	–	–	–	–	1 087
Transferred under a finance sub-lease	–	693	–	–	–	–	–	–	693
Depreciation/amortisation	(5 491)	(6 790)	(287)	(4 440)	(18 561)	(5 899)	(5 168)	(743)	(47 379)
Liquidation	11	2 662	(43)	7	884	4 175	14 240	100	22 036
Other	(1)	163	–	–	–	6	982	112	1 262
As at 31 December 2023	**(33 034)**	**(7 805)**	**(330)**	**(27 262)**	**(77 037)**	**(11 234)**	**(4 085)**	**(1 719)**	**(162 506)**
Impairment									
As at 1 January 2023	**(21 562)**	**–**	**–**	**(116)**	**–**	**–**	**–**	**–**	**(21 678)**
Decreases	117	–	–	–	–	–	–	–	117
Increases	(20 341)	-	-	-	-	-	-	-	(20 341)
As at 31 December 2023	**(41 786)**	**–**	**–**	**(116)**	**–**	**–**	**–**	**–**	**(41 902)**
Net value at 1 January 2023	**319 436**	**26 274**	**–**	**104 615**	**359 115**	**2 823**	**6 279**	**8 888**	**827 430**
Net value at 31 December 2023	**292 762**	**24 855**	**1 367**	**109 417**	**368 674**	**3 920**	**15 602**	**23 710**	**840 307**

** conclusion of new agreements.*

Consolidated 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:

	Right to perpetual usufruct of land	Buildings	Technical equipment and machinery	Means of transport	Right to establish easement	Right-of-use assets concerning underground parts of land	Other	Total
Gross value								
As at 1 January 2022	**365 360**	**40 942**	**4 159**	**22 197**	**120 215**	**344 731**	**6 320**	**903 924**
Purchase*	6 900	6 829	5 905	627	6 518	74 415	4 137	105 331
Sale	(4 817)	–	–	–	–	–	–	(4 817)
Transferred under a finance sub-lease	–	(6 160)	–	–	–	–	–	(6 160)
Liquidation	(353)	(6 191)	–	(1 764)	–	(634)	(234)	(9 176)
Other	2 548	(4 613)	2 275	(642)	827	(37)	(147)	211
As at 31 December 2022	**369 638**	**30 807**	**12 339**	**20 418**	**127 560**	**418 475**	**10 076**	**989 313**
Accumulated amortisation/depreciation								
As at 1 January 2022	**(23 766)**	**(9 700)**	**(69)**	**(11 222)**	**(18 669)**	**(41 815)**	**(708)**	**(105 949)**
Sale	208	–	–	–	–	–	–	208
Transferred under a finance sub-lease	–	15	–	–	–	–	–	15
Depreciation/amortisation	(5 408)	(7 037)	(6 814)	(4 874)	(4 162)	(17 653)	(515)	(46 463)
Liquidation	28	5 226	–	1 558	–	108	(24)	6 896
Other	298	6 963	(2 633)	399	2	–	59	5 088
As at 31 December 2022	**(28 640)**	**(4 533)**	**(9 516)**	**(14 139)**	**(22 829)**	**(59 360)**	**(1 188)**	**(140 205)**
Impairment								
As at 1 January 2022	**(23 609)**	**–**	**–**	**(163)**	**(116)**	**–**	**12**	**(23 876)**
Decreases	2 047	–	–	163	–	–	(12)	2 198
As at 31 December 2022	**(21 562)**	**–**	**–**	**–**	**(116)**	**–**	**–**	**(21 678)**
Net value at 1 January 2022	**317 985**	**31 242**	**4 090**	**10 812**	**101 430**	**302 916**	**5 624**	**774 099**
Net value at 31 December 2022	**319 436**	**26 274**	**2 823**	**6 279**	**104 615**	**359 115**	**8 888**	**827 430**

** conclusion of new agreements.*

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17. Investment properties

Accounting rules

Investment properties are maintained in order to generate income from rent, growth in value or both. The Group 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.

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

Significant judgements and estimates

The key assumptions for verifying the economic life of investment properties are described in the note on property, plant and equipment (note 14), and the basic assumptions for impairment of investment properties are described in the note in the section of the report on impairment of non-financial assets.

Investment properties

	As at 31 December 2023	As at 31 December 2022
Gross value		
As at 1 January	**27 413**	**31 004**
Transfers	(11 939)	-
Purchase	13	-
Sale	-	(3 579)
Liquidation	(3)	(12)
Other	11 211	-
As at 31 December	**26 695**	**27 413**
Accumulated amortisation/depreciation		
As at 1 January	**(8 884)**	**(9 128)**
Sale	-	1 336
Depreciation/amortisation	(1 072)	(970)
Liquidation	3	11
Other	5 026	(133)
As at 31 December	**(4 927)**	**(8 884)**
Impairment		
As at 1 January	**(487)**	**(1 594)**
Decreases	-	1 107
Increases	(2)	-
As at 31 December	**(489)**	**(487)**
Net value		
Net value at 1 January	**18 042**	**20 282**
Net value at 31 December	**21 279**	**18 042**

No collateral was established on investment properties.

Presented below are revenue and costs related to investment properties:

	Year ended 31 December 2023	Year ended 31 December 2022
Income from investment properties	1 970	2 247
Operating costs related to income-generating investment properties	(1 667)	(3 307)

The Group classifies office buildings and other premises as investment properties.

18. Investments in 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 and consolidation rules (note 2).

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

As at 31 December 2023	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Elektrownia Wiatrowa Baltica-4 Sp. z o.o	Elektrownia Wiatrowa Baltica-5 Sp. z o.o.	Elektrownia Wiatrowa Baltica-6 Sp. z o.o.	Total
Stake	**50.00%**	**16.22%**	**33.81%**	**33.81%**	**33.76%**	
Current assets	25 763	1 761 104	87	759	149	1 787 862
Non-current assets	75 676	688 758	–	9 051	–	773 485
Total assets	**101 439**	**2 449 862**	**87**	**9 810**	**149**	**2 561 347**
Current liabilities	26 338	1 196 525	1 429	11 241	166	1 235 699
Non-current liabilities	–	245 524	–	–	–	245 524
Total liabilities	**26 338**	**1 442 049**	**1 429**	**11 241**	**166**	**1 481 223**
Net assets	**75 101**	**1 007 813**	**(1 342)**	**(1 431)**	**(17)**	**1 080 124**
Share in net assets	**–**	**163 467**	**–**	**–**	**(6)**	**163 461**
Goodwill	7 080	15 954	–	–	216	23 250
Impairment of goodwill	(7 080)	–	–	–	–	(7 080)
Reversal of impairment loss on investment	42 000	–	–	–	–	42 000
Elimination of unrealised gains/losses	–	(5 491)	–	–	–	(5 491)
Book value of equity-accounted investments at 31 December 2023	**42 000**	**173 930**	**–**	**–**	**210**	**216 140**
Revenue	11 798	3 322 235	–	–	–	3 334 033
Net result	(6 739)	54 677	(496)	(647)	(447)	46 348
Elimination of unrealised gains/losses	–	(5 491)	–	–	–	(5 491)
Share of profit of associates and jointly controlled entities	**–**	**9 693**	**(16)**	**(3)**	**(152)**	**9 522**

The Group made a consolidation adjustment concerning margins on sales in transactions between the Group and Polimex - Mostostal S.A. by PLN 5 491 thousand.

In connection with an agreement being signed with ENERGA S.A. for the sale by ENEA S.A. of all its shares in Elektrownia Ostrołęka Sp. z o.o. the Group recognised its stake in that company in the consolidated statement of financial position at the recoverable value of PLN 42 000 thousand.

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As at 31 December 2022	Elektrownia Ostrołęka Sp. z o.o.	Polimex - Mostostal S.A.	Elektrownia Wiatrowa Baltica-4 Sp. z o.o	Elektrownia Wiatrowa Baltica-5 Sp. z o.o.	Elektrownia Wiatrowa Baltica-6 Sp. z o.o.	Total
Stake	**50.00%**	**16.26%**	**33.81%**	**33.81%**	**33.76%**	
Current assets	115 613	2 149 231	355	430	512	2 266 141
Non-current assets	77 440	675 478	–	–	–	752 918
Total assets	**193 053**	**2 824 709**	**355**	**430**	**512**	**3 019 059**
Current liabilities	521 412	1 620 793	1 201	1 214	81	2 144 701
Non-current liabilities	–	262 044	–	–	–	262 044
Total liabilities	**521 412**	**1 882 837**	**1 201**	**1 214**	**81**	**2 406 745**
Net assets	**(328 359)**	**941 872**	**(846)**	**(784)**	**431**	**612 314**
Share in net assets	**–**	**153 148**	**(286)**	**(265)**	**146**	**152 743**
Goodwill	7 080	15 954	302	268	216	23 820
Impairment of goodwill	(7 080)	–	–	–	–	(7 080)
Elimination of unrealised gains/losses	–	(6 166)	–	–	–	(6 166)
Book value of equity-accounted investments at 31 December 2022	**–**	**162 936**	**16**	**3**	**362**	**163 317**
Revenue	784 781	3 766 440	–	–	–	4 551 221
Net result	128 151	142 620	(499)	(510)	(393)	269 369
Elimination of unrealised gains/losses	–	(6 166)	–	–	–	(6 166)
Share of profit of associates and jointly controlled entities	**–**	**25 202**	**(79)**	**(92)**	**(61)**	**24 970**

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Change in investments in subsidiaries, associates and jointly controlled entities

	As at 31 December 2023	As at 31 December 2022
As at 1 January	**163 317**	**137 881**
Change in the change in net assets	9 522	24 970
Purchase of investments	1 695	1 123
Sale of investments	(394)	(657)
Reversal of impairment	42 000	–
As at 31 December	**216 140**	**163 317**

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 its shares in Elektrownia Ostrołęka Sp. z o.o. (detailed description in note 49), the Group reversed an impairment loss of PLN 42 000 thousand on the shares in this company.

Purchase of new subsidiaries

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. On the same day, four subrogation agreements were signed between ENEA S.A., the acquired companies and their previous owners for a total amount of PLN 9 664 thousand, pursuant to which ENEA S.A. undertook to repay the liabilities of the acquired companies to their previous owners, assuming the rights of a creditor.

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 total purchase price, including the payment for the acquisition of the existing shares and the recapitalisation, which was used to repay the liabilities of the acquired company, amounted to PLN 16 375 thousand.

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On 20 September 2023, ENEA S.A. signed an agreement to purchase 100% of shares in PAD RES Genowefa Sp. z o.o. (now PV 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 47 408 thousand. On the same day, two subrogation agreements were signed between ENEA S.A., the acquired company and its previous owners for a total amount of PLN 27 958 thousand, pursuant to which ENEA S.A. undertook to repay the liabilities of the acquired companies to their previous owners, assuming the rights of a creditor.

By carrying out acquisitions in the area of renewable energy sources, the Group is actively participating in the transition of the energy sector. In December 2021, ENEA S.A. announced *ENEA Group's Strategy for Development until 2030 with an outlook to 2040* ("ENEA Group Strategy"), which includes, inter alia, provisions on supporting the development of renewable energy sources in ENEA Group. The investments are aligned with ENEA Group's Strategy, the implementation of which envisages a sustainable transition of the Group building value growth, with a long-term goal of achieving climate neutrality by 2050. ENEA S.A. plans to achieve this goal precisely thanks to the dynamic development of renewable energy sources. Each further investment means that the Group's RES potential is increased faster and its competitiveness is enhanced. Considering this, the acquisitions are in line with the objectives contained in ENEA Group's Strategy.

These transactions do not meet the conditions of IFRS3 for recognition as a business, so in these consolidated financial statements the acquisition of these subsidiaries is presented as asset acquisition.

The recognition of the acquisition of new subsidiaries in these consolidated financial statements is set out below.

1) PRO-WIND Sp. z o.o.:

Purchase price of the shares	PLN 25 029 thousand
Subrogation agreements	PLN 3 199 thousand
Total purchase price	**PLN 28 228 thousand**
Acquired net assets	PLN 6 704 thousand
Subrogation agreements	PLN 3 199 thousand
Adjusted acquired net assets	**PLN 9 903 thousand**
Value recognised in assets	**PLN 18 325 thousand**

2) PV Tykocin Sp. z o.o.:

Purchase price of the shares	PLN 3 119 thousand
Subrogation agreements	PLN 6 465 thousand
Total purchase price	**PLN 9 584 thousand**
Acquired net assets	PLN 1 084 thousand
Subrogation agreements	PLN 6 465 thousand
Adjusted net assets	**PLN 7 549 thousand**
Value recognised in assets	**PLN 2 035 thousand**

3) Farma Wiatrowa Bejsce Sp. z o.o.:

Purchase price of the shares	PLN 16 375 thousand
Acquired net assets	PLN 9 812 thousand
Value recognised in assets	**PLN 6 563 thousand**

4) PAD RES Genowefa Sp. z o.o. (currently PV Genowefa Sp. z o.o.):

Purchase price of the shares	PLN 47 408 thousand
Subrogation agreements	PLN 27 958 thousand
Total purchase price	**PLN 75 366 thousand**
Acquired net assets	PLN (20 085) thousand
Subrogation agreements	PLN 27 958 thousand
Adjusted net assets	**PLN 7 873 thousand**
Value recognised in assets	**PLN 67 493 thousand**

The costs concerning the above transactions amounted to PLN 2 348 thousand and are included under "Other external services."

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19. CO_2 emission allowances

Accounting rules

The Group purchases CO_2 emission allowances for own purposes. CO_2 emission allowances received for free under the National Allowance Allocation Plan and additional CO_2 emission allowances purchased for redemption, i.e. to comply with the obligation to settle CO_2 emissions, are recognised in a separate item of assets. Emission allowances received for free under the National Allowance Allocation Plan are recognised at zero value.

CO_2 emission allowances received for free for a given financial year that are not allocated to the Group's allowance registry and the precise quantity of which is unknown are recognised if they meet the definition of assets. In this case, the Company's Management Board specifies the most reliable quantity of CO_2 emissions that the Group would receive, which is then recognised in the statement of financial position at nominal value, i.e. zero. Recognition takes place at the date on which the planned quantity of CO_2 emission allowances is approved. It is permissible to adjust the estimated quantity of CO_2 emission allowances recognised in the registry as at the reporting date using more recent information received by the Group from personnel responsible for implementing investments notified to the National Investment Plan. Additional CO_2 emission allowances purchased for redemption are recognised at purchase price less impairment.

A registry for CO_2 emission allowances is maintained separately for each installation in the following groups of rights:
a) CER green
b) EUA free and purchased

The weighted average purchase price approach is applied to the above groups.

When CO_2 emission allowances are actually granted, which were initially recognised based on an estimate, their number is prospectively adjusted in compliance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

If the actual number of CO_2 emission allowances granted for a given reporting period is specified in the next reporting period, the difference (excess/shortage) between the estimate and the actual number of allowances for the given reporting period should be recognised as an adjustment of allowances granted for the next reporting period.

Due to CO_2 emissions, which accompany the electricity generation process, the Group is required to settle such emissions by presenting a specific quantity of CO_2 emission allowances for redemption. The costs of compliance with the above obligation are recognised in accounting books systematically over an annual reporting period in the form of a provision for estimated CO_2 emissions for each installation proportionally to the actual and planned electricity production, and are recognised as cost of core activity.

Redemption of allowances is recognised in allowance groups:
a) CER green
b) EUA free and purchased,
using the weighted average purchase price approach.

Significant judgements and estimates

Determining the impairment of CO_2 emission allowances requires net realisable values to be estimated based on the most up-to-date sales prices at the time when these estimates are made.

CO_2 emission allowances

	As at 31 December 2023	As at 31 December 2022
Gross value		
As at 1 January	**4 093 130**	**2 859 978**
Purchase	5 256 899	4 174 322
Depreciation	(5 618 611)	(2 941 170)
As at 31 December	**3 731 418**	**4 093 130**
Net book value		
As at 1 January	**4 093 130**	**2 859 978**
As at 31 December	**3 731 418**	**4 093 130**

CO_2 emission allowances - quantity (in thousands tonnes)

	As at 31 December 2023	As at 31 December 2022
As at 1 January	**15 104**	**22 343**
Purchase	18 189	14 919
Allocated free-of-charge	155	157
Depreciation	(22 992)	(22 315)
Sale	-	-
As at 31 December	**10 456**	**15 104**

CO_2 emissions in the reporting period – quantity (in thousands tonnes)

	Year ended 31 December 2023	Year ended 31 December 2022
CO_2 emissions	18 177	22 983

20. 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.

The distribution of inventory is established as follows:

- using the weighted average purchase price approach,
- using specific identification of actual costs,

The Group's inventory includes energy origin certificates purchased for redemption, for further sale and those produced internally.

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.

Origin certificates for energy produced internally are recognised when such energy is produced (or as of the date on which award of such certificates became likely), unless there is justified uncertainty as to their award by the URE President. Origin certificates for energy produced internally are measured as follows:

- in accordance with the rules for determining certificate sales prices resulting from contracts executed by the Group - this applies to certificates that are covered by contracts,
- based on market quotes for certificates from the last day of the month in which the relevant energy volumes were generated - this applies to other certificates that are not covered by sales contracts executed by the Group,
- in an amount resulting from the substitute fees for certificates that are not quoted on the market.

In a situation where the value of origin certificates recognised in records that are not covered by contracts is higher than the value determined using market prices as of the balance sheet date, the Group recognises an impairment loss on these certificates to their market value.

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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 Group 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 sale of electricity to end customers generated in a given settlement year is reduced 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 deadlines for performing the obligation to redeem energy origin certificates and energy efficiency certificates or paying substitute fees for each year are governed by the provisions of law in force.

The Group 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 specific identification method or 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 Group 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

	Year ended 31 December 2023	31 December 2022
Materials	1 702 584	1 829 702
Semi-finished products and production in progress	2 090	798
Finished products	154 291	10 948
Energy origin certificates	114 019	157 443
Goods	16 648	22 933
Gross value of inventory	**1 989 632**	**2 021 824**
Impairment of inventory	(35 317)	(41 974)
Net value of inventory	**1 954 315**	**1 979 850**

The Group mines coal, which is then partially used in production and partially sold outside the Group. It is not possible to reliably specify which part of coal is sold, therefore the entire inventory is presented in the above table as 'Materials.' The coal presented in the line "materials" was worth PLN 1 014 266 thousand as of 31 December 2023 (PLN 1 179 034 thousand as at 31 December 2022).

In the 12 months of 2023, impairment of inventory decreased by PLN 6 657 thousand on a net basis (in the 12 months of 2022 impairment of inventory decreased by PLN 179 thousand on a net basis).

No collateral is established on inventory.

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21. Energy origin certificates

Accounting rules

Accounting rules are presented in note Inventory (note 20).

Significant judgements and estimates

Significant judgements and estimates are presented in note Inventory (note 20).

Energy origin certificates

	As at 31 December 2023	31 December 2022
Net value at 1 January	**147 910**	**416 137**
Internal manufacture	304 548	337 899
Purchase	61 845	217 519
Depreciation	(400 010)	(819 740)
Sale	(9 792)	–
Change in impairment	9 725	(3 905)
Other changes	(207)	–
Net value at 31 December	**114 019**	**147 910**

22. 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 previous counterparty default events as well as potential estimated credit losses (note 38.1), 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	3 870 822	2 709 028
Tax (excluding income tax) and other benefit receivables	872 345	1 042 346
Collateral for futures transactions to purchase CO_2 emission allowances	521 582	1 190 797
Other receivables	1 605 423	307 725
Advances	80 552	102 976
Prepaid property insurance	8 502	18 784
Current trade and other receivables gross	**6 959 226**	**5 371 656**
Minus: impairment of receivables	(182 701)	(111 273)
Net current trade and other receivables	**6 776 525**	**5 260 383**
Non-current trade and other receivables		
Trade receivables	1 887	2 431
Other receivables	4 760	9 782
Non-current trade and other receivables gross	**6 647**	**12 213**
Minus: impairment of receivables	-	-
Net non-current trade and other receivables	**6 647**	**12 213**

In the item Other current receivables, the largest item is compensation of PLN 988 257 thousand as well as paid collateral and other security of PLN 398 693 thousand. The short-term collateral margins for the purchase of CO_2 futures, in accordance with the agreements concluded, present the amounts of the collateral transferred to the clearing banks as margins for the purchase of CO_2 on the exchange and over-the-counter markets.

Impairment losses are mainly recognised on trade receivables.

23. Group as finance or operating lessor / sublessor

Accounting rules

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

The Group recognises operating lease revenue on a straight-line basis throughout the lease term.

In a finance lease, the Group (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 Group 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 Group (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.

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

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

As lessor, the Group does not have the option to use a practical expedient in the form of separating lease and non-lease components. The Group 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 Group prepares its offerings. IFRS 15 *Revenue from Contracts with Customers* applies to non-lease components.

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General information on the Group as lessor

The Group is lessor in leases for event illuminations, in ENEA Smart contracts and also acts as lessor in operating leases for commercial facilities and land.

23.1. Group as finance lessor / sublessor

Reconciling undiscounted contract lease payments with net lease investment

	As at 31 December 2023	31 December 2022
Undiscounted contract lease payments	**4 036**	**3 269**
Unrealised finance income (discount effect)	(1 747)	(791)
Other	(7)	(6)
Discounted contract lease payments (net lease investment)	**2 282**	**2 472**

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

	As at 31 December 2023	31 December 2022
Under one year	2 379	1 732
From one to five years	1 657	1 537
Value of undiscounted contract payments on finance leases	**4 036**	**3 269**

Income from finance leases

	Year ended 31 December 2023	31 December 2022
Interest income from finance leases	1 132	437

23.2. Group 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	31 December 2022
Under one year	4 453	2 419
From one to five years	7 225	2 999
Over five years	351	–
Value of undiscounted contract payments on operating leases	**12 029**	**5 418**

Income from operating leases

	Year ended 31 December 2023	31 December 2022
Income from operating leases	16 668	13 006

24. Assets and liabilities arising from contracts with customers

Accounting rules

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

In its statement of financial position, the Group recognises contract liabilities that are an obligation for the Group to provide goods or services to customers in exchange for which the Group has received remuneration (or upon which the amount of remuneration depends) from customers.

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If the customer paid remuneration or the Group 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 Group treats the contract as a contract liability when payment is made or becomes due (depending on which is sooner).

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 the financial year.

Assets and liabilities arising from contracts with customers

	Assets arising from contracts with customers	Liabilities arising from contracts with customers
As at 1 January 2022	**412 908**	**460 336**
Revenue recognised in a period that was taken into account in the opening balance for liabilities arising from contracts with customers	–	(98 199)
Increase due to advance payments received from customers	–	2 434
Impairment	(120)	–
Change in non-invoices receivables	211 112	–
Liabilities resulting from sales adjustments	–	(159)
As at 31 December 2022	**623 900**	**364 412**
Revenue recognised in a period that was taken into account in the opening balance for liabilities arising from contracts with customers	–	(2 847)
Increase due to advance payments received from customers	–	198 591
Change in non-invoiced receivables	(95 773)	–
Impairment	(21)	–
Liabilities resulting from sales adjustments	–	55 033
As at 31 December 2023	**528 106**	**615 189**

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

25. 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

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	As at 31 December 2022
Cash on hand and at bank account	**1 597 202**	**906 021**
- Cash on hand	37	43
- Cash at bank account	1 597 165	905 978
Other cash	**1 428 931**	**657 695**
- Cash in transit	10	–
- Deposits	687 964	451 170
- Other	740 957	206 525
Total cash and cash equivalents	**3 026 133**	**1 563 716**
Cash recognised in the statement of cash flows	**3 026 133**	**1 563 716**
including restricted cash	1 236 286	511 540

No collateral is established on cash. Other cash mainly includes cash in deposits for electricity and CO_2 emission allowance transactions (mainly cash constituting collateral for settlements with clearing-house IRGiT amounting to PLN 582 649 thousand).

As at 31 December 2023, the Group's restricted cash amounted to PLN 1 236 286 thousand (as at 31 December 2022: PLN 511 540 thousand). This mainly included cash for deposits for electricity and CO_2 emission allowance transactions (mainly cash for collateral in settlements with clearinghouse IRGiT), funds in a VAT account (split payment), collateral paid to suppliers and cash withholding as collateral for proper performance of work.

26. Equity

Accounting rules

Share capital

The Group's share capital is the share capital of the parent entity, recognised in the amount specified and entered in the court register, adjusted appropriately by the effects of hyperinflation and accounting for the effects of 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 (in pcs)	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**

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As at 31 December 2022

Share series	Number of shares (in pcs)	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 capital was fully paid-up.*

27. Non-controlling interests

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Non-controlling interests

For the financial year ended 31 December 2023:

Name of subsidiary	Miejska Energetyka Cieplna Piła Sp. z o.o.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. w Obornikach	ENEA Ciepło Sp. z o.o.	Lubelski Węgiel Bogdanka S.A. Group	Total non-controlling interests
Non-controlling interests (in %)	**28.89%**	**0.07%**	**0.06%**	**35.43%**	
Non-current assets	123 850	11 854	796 446	3 835 297	
Current assets	103 444	6 504	315 107	1 665 317	
Non-current liabilities	(37 507)	(2 681)	(125 740)	(663 656)	
Current liabilities	(33 963)	(1 197)	(190 638)	(729 806)	
Net assets	**155 824**	**14 480**	**795 175**	**4 107 152**	
Book value of non-controlling interests	**45 018**	**10**	**477**	**1 455 164**	**1 500 669**
Revenue from sales	168 754	10 137	783 278	3 928 954	
Net profit/(loss) for the reporting period	28 969	(684)	22 325	714 225	
Other comprehensive income	(325)	–	(3 044)	(2 718)	
Total comprehensive income	28 644	(684)	19 281	711 507	
Profit/(loss) attributable to non-controlling interests	**8 511**	**–**	**13**	**253 161**	**261 685**
Comprehensive income attributable to non-controlling interests	**8 417**	**–**	**11**	**252 183**	**260 611**
Net cash flows from operating activities	17 143	(5 031)	138 973	1 119 534	
Net cash flows from investing activities	(7 158)	(478)	(77 593)	(759 805)	
Net cash flows from financing activities	(226)	5 586	(61 844)	(100 081)	
Net cash flows	**9 759**	**77**	**(464)**	**259 648**	
Paid dividend attributable to non-controlling interests	**-**	**-**	**-**	**(31 387)**	

The main economic activity of Miejska Energetyka Cieplna Piła Sp. z o.o., Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. and ENEA Ciepło Sp. z o.o. is the production of thermal heat and distribution of heat, while LWB's main economic activities are hard coal mining and sales.

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For the financial year ended 31 December 2022:

Name of subsidiary	Miejska Energetyka Cieplna Piła Sp. z o.o.	Przedsiębiorstwo Energetyki Cieplnej Sp. z o.o. w Obornikach	ENEA Ciepło Sp. z o.o.	Lubelski Węgiel Bogdanka S.A. Group	Total non-controlling interests
Non-controlling interests (in %)	**28.89%**	**0.07%**	**0.06%**	**35.43%**	
Non-current assets	125 283	12 345	791 452	3 581 817	
Current assets	53 273	5 401	297 388	943 121	
Non-current liabilities	(32 202)	(2 923)	(132 718)	(592 302)	
Current liabilities	(19 663)	(5 659)	(178 853)	(448 673)	
Net assets	**126 691**	**9 164**	**777 269**	**3 483 963**	
Book value of non-controlling interests	**36 601**	**6**	**466**	**1 234 368**	**1 271 441**
Revenue from sales	113 206	7 360	691 280	2 443 868	
Net profit/(loss) for the reporting period	24 996	(503)	54 367	200 320	
Other comprehensive income	172	–	(2 639)	(539)	
Total comprehensive income	25 168	(503)	51 728	199 781	
Profit/(loss) attributable to non-controlling interests	**7 363**	**–**	**56**	**66 197**	**73 616**
Comprehensive income attributable to non-controlling interests	**7 413**	**–**	**54**	**66 011**	**73 478**
Net cash flows from operating activities	29 669	775	129 875	616 533	
Net cash flows from investing activities	(6 426)	(265)	(51 829)	(643 541)	
Net cash flows from financing activities	(7 570)	(543)	(78 575)	(98 108)	
Net cash flows	**15 673**	**(33)**	**(529)**	**(125 116)**	
Paid dividend attributable to non-controlling interests	**-**	**-**	**-**	**(30 129)**	

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28. Dividend/distribution of earnings

Accounting rules

The payment of dividends for shareholders (including minority shareholders in the case of dividends at subsidiaries) is recognised as a liability in the Group's financial statements in the period in which it was approved by the Parent's shareholders.

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 how to cover the 2023 loss will be made by shareholders at the 2024 Ordinary General Meeting. The Management Board will present a recommendation to cover the 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.

29. Capital management policy

The Group's main assumption as regards managing its financing sources is to develop an optimal equity and liabilities structure in order to secure financing sources for the Group's operating and investing activities, an investment grade credit rating and reduce the cost to finance its operations. Activities undertaken in this area intend to ensure the Group's financial security and satisfactory value for its shareholders.

The structure of ENEA Group has a major impact on the level of ratios achieved. The Group aims to increase capital effectiveness while retaining it at a safe level. The Group monitors the efficiency and stability of capital by means of profitability, liquidity and financing structure ratios. Rating agencies and external institutions that finance the Group monitor the values of indicators that affect the assessment of its creditworthiness, as well as the possibility and cost of obtaining external financing.

The Group expects that, as a result of the implementation of *ENEA Group's Strategy for Development until 2030 with an outlook to 2040*, it will achieve:

- ROE of 6.4% in 2030 and 7.1% in 2040;
- ROA of 2.9% in 2030 and 4.6% in 2040.

Further, the Group continuously monitors financial ratios that are important in the assessment of the credit rating, including mainly the net debt / EBITDA ratio. It is assumed that the ratio should not exceed a value of 3 - 3.5 in order to maintain the credit rating at a safe level.

The achieved level of selected ratios for ENEA Group in the analysed reporting periods is indicated below.

	31 December 2023	31 December 2022
Gross debt	**8 584 038**	**5 988 883**
Non-current credit, loans and debt securities	4 288 396	4 087 307
Non-current lease liabilities	658 778	625 120
Non-current financial liabilities measured at fair value	196 018	249
Current credit facilities, loans and debt securities	3 090 033	750 273
Current lease liabilities	36 154	31 338
Current financial liabilities measured at fair value	314 659	494 596
Cash at the Group's disposal	**3 245 676**	**2 149 657**
Non-current financial assets at fair value	75 032	161 391
Current financial assets at fair value	144 511	382 546
Current debt financial assets at amortised cost	-	42 044
Cash and cash equivalents	3 026 133	1 563 716
Net debt	**5 338 362**	**3 839 226**

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EBITDA*	**6 297 842**	**2 219 994**
Net debt / EBITDA	**0.85**	**1.73**
ROE		
Net (loss)/profit for the reporting period / Equity	**-2.87%**	**0.74%**
ROA		
Net (loss)/profit for the reporting period / Total assets	**-1.13%**	**0.32%**

* EBITDA is defined in the part Operating segments

30. Debt-related liabilities

Accounting rules

Financial liabilities, including credit facilities, loans and debt securities

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

Subsequent to initial recognition, **credit and loan 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 debt instruments 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 (note 35), whereas **lease liabilities** are described in the note concerning right-of-use assets (note 16).

Credit facilities, loans and debt securities

	As at	
	31 December 2023	31 December 2022
Bank credit	3 648 795	1 279 820
Loans	12 389	25 015
Bonds	627 212	2 782 472
Long-term	**4 288 396**	**4 087 307**
Bank credit	903 893	555 614
Loans	12 726	12 820
Bonds	2 173 414	181 839
Short-term	**3 090 033**	**750 273**
Total	**7 378 429**	**4 837 580**

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

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Credit facilities and loans

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

No.	Company	Lender	Contract date	Total contract amount	Debt at 31 December 2023	Debt at 31 December 2022	Interest	Contract period
1.	ENEA S.A.	EIB	18 October 2012 (A) and 19 June 2013 (B)	1 425 000	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.	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	7 September 2022 Annex 4 of 25 July 2023	1 250 000	645 085	-	WIBOR 1M + margin	28 July 2025
9.	ENEA Ciepło Sp. z o.o.	National Fund for Environmental Protection and Water Management (NFOŚiGW)	22 December 2015	60 075	21 095	28 036	WIBOR 3M, no less than 2%	20 December 2026
10.	Pad Res Genowefa Sp. z o.o. (currently PV Genowefa Sp. z o.o.)	Bank syndicate: BNP Paribas Bank Polska and Santander Bank Polska S.A.	26 May 2022	133 928	86 686	-	WIBOR 3M +margin (term loan)	31 October 2033
					1 973	-	WIBOR 1M +margin (VAT working capital loan)	26 May 2024
11.	Other	-	-	-	4 020	9 869	-	-
	TOTAL			**8 465 003**	**4 540 663**	**1 859 678**		
Transaction costs and effect of measurement using effective interest rate					37 140	13 591		
	TOTAL			**8 465 003**	**4 577 803**	**1 873 269**		

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

ENEA S.A.

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

ENEA Ciepło Sp. z o.o.

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

Total loan-related debt of ENEA Ciepło Sp. z o.o. as at 31 December 2023 amounted to PLN 21 095 thousand (at 31 December 2022: PLN 28 036 thousand).

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

In September 2023, ENEA S.A. acquired PAD RES Genowefa Sp. z o.o. (now PV Genowefa Sp. z o.o.) together with the existing financial debt. On 26 May 2022, the company entered into a loan agreement with BNP Paribas Bank Polska S.A. and Santander Bank Polska S.A. with a maximum limit of up to PLN 133 928 thousand (Term Loan, Vat Loan, DSR Loan and Letter of Guarantee). The interest rate on the loans is variable - depending on the product - based on WIBOR 1M or 3M, plus a margin.

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 programme agreements.

Interest rate hedges and currency hedges

These transactions are described in notes 38.5 and 38.4.

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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	36 154	25 614	61 768	31 338	15 793	47 131
From one to five years	153 827	125 418	279 245	124 920	96 569	221 489
Over five years	504 951	430 700	935 651	500 200	288 696	788 896
Total	**694 932**	**581 732**	**1 276 664**	**656 458**	**401 058**	**1 057 516**

Contracts 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, stations, underground parts of land). The Group sets the lease term, i.e. an irrevocable lease term, together with: a) term for an option to extend the lease if it is sufficiently certain that the Group will exercise this right; b) term for an option to terminate the lease if it is sufficiently certain that the Group will not exercise the right. In most of its leases, the Group uses a lease term in accordance with the contractual period. For contracts executed for an indefinite period, the Group determines the minimum contractual term for both of the parties. If the Group 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 term, the Group assumes that the irrevocable contractual term will be the termination period for that contract. In the case of rights to the perpetual usufruct of land, the Group sets the lease term in line with the period for which such rights are granted. In the case of rights to use underground parts of land, the average lease term is used, based on the period outstanding, as at the date on which the liability is recognised, for depreciation of the infrastructure placed under the ground. In 2023, leases also included cars, office space, land and the renting of parking spots. There is a buy-out option in the case of cars. At LBW, a contract to lease locomotives includes a fixed monthly payment for use. The rent payment may be proportionally reduced for periods in which the lessee does not use locomotives with no fault on the lessee's part. The contract does not contain provisions concerning extensions or buy-out of the lease object after the lease term. The roadheader rental agreement also provides for a monthly fixed fee for use. It can be terminated if the roadheader is not in use for at least 2 months.

Finance lease costs

	Year ended 31 December 2023	31 December 2022
Interest cost on lease liabilities	(22 795)	(17 342)
Cost of short-term leases for which a practical expedient was applied	(437)	(559)
Cost of variable lease payments not recognised in measurement of lease liabilities	–	(3)

The present value of future lease payments is calculated using the interest rate implicit in the lease. If the lease rate is unknown, the Group uses a residual interest rate, i.e. a rate that would have to be paid in order to borrow, on similar terms and with similar collateral, funds necessary to purchase an asset similar to the right-of-use asset on similar economic terms.
The Group may use a practical expedient and not apply the lease recognition model in reference to: a) short-term leases (a lease term of 12 months or less; the contract does not include a right to buy out the asset) b) low-asset value leases the initial value of which for new assets does not exceed PLN 10 thousand (even if their aggregate value is material). If the Group 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 Group benefit. This exemption does not apply to situations where the Group transfers the asset under a sub-lease or expects to transfers it.

General information on the Group as lessee

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

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31. 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	As at 31 December 2022
Non-current trade and other payables		
Liabilities concerning purchase of licences for geological information and concessions	20 604	24 699
Other	410	7 566
Non-current trade and other payables	**21 014**	**32 265**
Current trade and other payables		
Trade payables	1 927 687	2 326 710
Advances received for supplies, works and services	230	207 950
Tax (excluding income tax) and similar liabilities	561 040	113 657
Liabilities concerning purchase of tangible and intangible assets	540 060	395 891
Trade payables	-	216 361
Dividend liabilities	4	4
Special funds	594	765
Liabilities concerning deposits for futures transactions for CO_2 emission allowances	-	1 772 134
Other	241 031	132 104
Total current trade and other payables	**3 270 646**	**5 165 576**
Total trade and other payables	**3 291 660**	**5 197 841**

The advances for Compensations presented in the table above in the comparative period amounted to PLN 202 199 thousand. The item 'other' includes mainly deposits and security deposits received of PLN 124 836 thousand.

CO_2 futures are entered into in order to ensure that the Group's generating companies have an adequate volume of CO_2 allowances for subsequent redemption. These are transactions settled by physical delivery of allowances. The Group therefore acquires CO_2 emission allowances for its own purposes and therefore, using the provisions of IFRS 9, does not measure these forward transactions in the financial statements. The execution of a futures transaction involves the transfer of funds to a depository, which provides the market operator (market organiser) with security for the correct settlement of the transaction at maturity of the futures transaction. At the same time, due to the nature of the settlement of CO_2 futures contracts and the mark-to-market mechanism, the Group receives (or disburses) cash and recognises a liability (or asset) for the receipt (transfer) of cash resulting from daily changes in CO_2 futures quotes, and these amounts are presented separately from the deposits presented as current other receivables. As a result, liabilities (assets) for the settlement of futures contracts arise as a result of the daily settlement of open contracts (linked to the level of exchange quotations of CO_2 emission allowances), irrespective of the amount of collateral in the form of initial deposits, and are subject to final settlement on the date of closing a given contract and physical purchase of CO_2 emission allowances. This means that on the closing date of the contract, the Group transfers cash in the amount of the strike price agreed in the contract adjusted by the daily settlement cash received (transferred). At the same time, the Group receives cash from the return of the initial deposit. Under the terms of the CO_2 futures contracts, settlement may only take place on a net basis (i.e. through settlement with the initial margin provided) if there is a situation of default by the parties to the transaction.

32. Employee benefit liabilities

Accounting rules

Short-term employee benefits

The Group 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 and liabilities concerning the Voluntary Redundancy Programme.

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 Group 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 staff representatives and the Group's representatives, the Group's employees are entitled to certain benefits other than remuneration for work, i.e.: These benefits are financed entirely by the Group. Actuarial methods are used to estimate these liabilities.

Defined benefit plans

In accordance with workplace remuneration regulations, the Group's employees have the right to the following post-employment benefits:

- retirement/disability severance pay - paid on a one-off basis upon retirement,
- post-mortem payment - if an employee dies in the course of work or while on disability leave after work as a result of a disease, the family is entitled to a post-mortem payment from the employer,
- cash equivalent resulting from the right to discounted electricity prices,
- benefits from the Workplace Social Benefits Fund.

The provisions below constitute a defined benefit plan after the employment period.

The present value of provisions for post-employment benefits is calculated at each balance sheet date by an independent actuary, using actuarial methods. The provisions are calculated for every employee individually. The liabilities accrued are equal to discounted payments that will be made in the future, taking into account employee turnover, and they apply to a period until the balance sheet date. Demographic information and information on employee turnover are based on historic data.

Actuarial gains and losses on the measurement of post-employment benefit liabilities are recognised entirely in other comprehensive income.

Longevity bonus

Other long-term employee benefits at the Group include longevity bonuses. The amount of these bonuses depends on seniority and the employee's remuneration. Actuarial methods are used to estimate these liabilities. 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 program under which the Group is obligated to pay contributions for employees' social insurance when they are due. The Group is not required, either legally or customarily, to make future social insurance contributions. The Group 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 Group 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 Group's employees after a year's employment regardless of the type of work contract.

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

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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. This estimate is affected by the discount rate and long-term growth in wages.

Estimates of the following employee benefit liabilities are done by an actuary:

- longevity bonus payments,
- pension/disability benefit payments,
- post-mortem payments,
- right to discounts in purchasing electricity,
- contribution to the Workplace Social Benefits Fund.

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 Group,
- 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	As at 31 December 2022
Remuneration and other liabilities	633 257	466 902
Provision for Voluntary Leave Programme	454	454
Retirement and disability severance payments	245 337	219 184
Right to rebates in purchasing energy after retirement	424 683	333 421
Contribution to Company Social Benefits Fund for retired employees	89 636	62 113
Post-mortem payments	29 070	25 631
Longevity bonus	498 262	432 557
Total employee benefit liabilities	**1 920 699**	**1 540 262**
Long-term	*1 158 329*	*962 783*
Short-term	*762 370*	*577 479*

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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	**219 184**	**333 421**	**62 113**	**25 631**	**432 557**	**1 072 906**
Changes recognised in profit or loss, including:	**23 866**	**29 416**	**6 123**	**3 157**	**125 303**	**187 865**
cost of present employment	11 521	8 810	2 310	1 647	31 758	56 046
cost of future employment	647	-	(5)	15	54	711
cost of interest	11 698	20 606	3 818	1 495	24 806	62 423
net actuarial losses arising from change in financial assumptions	-	-	-	-	32 426	32 426
net actuarial gains arising from adjustment of demographic assumptions	-	-	-	-	(502)	(502)
net actuarial losses arising from ex-post adjustments	-	-	-	-	36 761	36 761
Changes recognised in other comprehensive income, including:	**24 783**	**75 839**	**24 146**	**1 172**	**-**	**125 940**
net actuarial losses arising from change in financial assumptions	18 428	119 539	12 376	2 132	-	152 475
net actuarial (gains)/losses arising from adjustment of demographic assumptions	(22)	56	(159)	(275)	-	(400)
net actuarial losses/(gains) arising from ex-post adjustments	6 377	(43 756)	11 929	(685)	-	(26 135)
Reduced liabilities concerning payout of benefits (negative value)	**(22 496)**	**(13 993)**	**(2 746)**	**(890)**	**(59 598)**	**(99 723)**
Total changes	**26 153**	**91 262**	**27 523**	**3 439**	**65 705**	**214 082**
As at 31 December 2023	**245 337**	**424 683**	**89 636**	**29 070**	**498 262**	**1 286 988**
Long-term	*204 746*	*405 577*	*85 559*	*26 020*	*436 427*	*1 158 329*
Short-term	*40 591*	*19 106*	*4 077*	*3 050*	*61 835*	*128 659*

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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	**211 380**	**320 963**	**87 948**	**24 092**	**415 540**	**1 059 923**
Changes recognised in profit or loss, including:	**18 499**	**18 444**	**6 179**	**2 417**	**81 632**	**127 171**
cost of present employment	11 940	7 115	3 054	1 608	30 913	54 630
cost of future employment	(85)	(74)	(28)	–	117	(70)
cost of interest	6 644	11 403	3 153	809	13 601	35 610
net actuarial gains arising from change in financial assumptions	–	–	–	–	(32 291)	(32 291)
net actuarial gains arising from adjustment of demographic assumptions	–	–	–	–	(69)	(69)
net actuarial losses arising from ex-post adjustments	–	–	–	–	69 361	69 361
Changes recognised in other comprehensive income, including:	**8 884**	**9 583**	**(28 518)**	**695**	**–**	**(9 356)**
net actuarial (gains)/losses arising from change in financial assumptions	(28 254)	56 839	(25 045)	(2 564)	–	976
net actuarial losses/(gains) arising from adjustment of demographic assumptions	212	(8 099)	(2 853)	1 096	–	(9 644)
net actuarial losses/(gains) arising from ex-post adjustments	36 926	(39 157)	(620)	2 163	–	(688)
Reduced liabilities concerning payout of benefits (negative value)	**(19 579)**	**(15 569)**	**(3 496)**	**(1 573)**	**(64 615)**	**(104 832)**
Total changes	**7 804**	**12 458**	**(25 835)**	**1 539**	**17 017**	**12 983**
As at 31 December 2022	**219 184**	**333 421**	**62 113**	**25 631**	**432 557**	**1 072 906**
Long-term	*180 036*	*319 013*	*59 417*	*23 003*	*381 314*	*962 783*
Short-term	*39 148*	*14 408*	*2 696*	*2 628*	*51 243*	*110 123*

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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, 0,8% in 2027, 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

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	(74 848)	90 304
Expected remuneration growth rate	32 003	(27 450)
Average growth in the value of cash equivalent for subsidised electricity purchases	52 180	(43 242)

Maturity of defined benefit plan liabilities

	As at	
Weighted average period of defined benefit programme liabilities (in years)	31 December 2023	31 December 2022
Retirement and disability severance payments	11.7	11.0
Post-mortem payments	10.4	6.9
Right to rebates in purchasing energy after retirement	12.3	11.7
Contribution to Company Social Benefits Fund for retired employees	14.0	13.2

33. Provisions

Accounting rules

Provisions are created when the Group 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 Group. 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 Group 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.

The Group also creates provisions for pre-trial claims submitted by the owners of properties on which its distribution grids with equipment are located and for other claims related to the Group's grid assets on properties for which the Group has no legal title.

Estimating the amount of compensation includes potential payments of compensation for non-contractual use of land and for rent, and is prepared by technical personnel.

Provision for energy origin certificates and energy efficiency certificates

The Group 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 the energy efficiency certificates held but not redeemed at the balance sheet date,
2) second, based on the purchase price resulting from the Group's sale agreements as regards the part of the certificates that the Group 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 Group from purchasing a sufficient 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.

Provision for mine liquidation

A provision for future costs associated with mine closure is recognised in compliance with the requirements stemming from the Geological and Mining Law, pursuant to which a mining enterprise is required to close mines after production ends, in an amount of the expected costs associated with:

- securing or liquidating mining excavations and mine facilities and equipment;
- securing any unused parts of the deposit;
- securing any neighbouring deposits;
- securing excavations adjacent to the mining facility;
- providing the necessary means to protect the environment and rehabilitate land and manage post-mining areas.

The amount of provision is recognised in the present value of expenditures that - it is expected - will be necessary to comply with the obligation. An interest rate before tax is then used, which reflects the present market assessment of the value of money in time and risk associated specifically with the liability. Increase in the provision associated with the passage of time is recognised as interest costs. Changes in the amount of this provision related to updated estimates (inflation rate, expected nominal value of expenditures on liquidation) in reference to the provision for mine closure are recognised as adjustment of the value of non-current assets subject to the closure obligation.

Significant judgements and estimates

Provision for non-contractual use of property

Valuation includes estimating the potential payments of compensation for non-contractual use of land and for rent. The provision for non-contractual use of land is estimated using the stages and weights approach, i.e. the likelihood of losing the dispute and the necessity to satisfy the claim. The size of awarded compensation for non-contractual use of land might be significant for the Group given the number of properties in question however the Group is unable to estimate the maximum compensation amount. The Group, in connection with establishing transmission corridors, has estimated and taken into account in the provision also compensation for non-contractual use of land on which its grid assets (power lines) are situated such as were not subject to any claims as of the reporting date. There is a high uncertainty around when this provision will be used.

Provision for other claims

This item includes provisions for claims that are unrelated to the 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 landfill site reclamation

After filling or closing a slag and ash landfill site, the Group is required to rehabilitate the land. Given the fact that the Group has large unfilled landfill sites, the rehabilitation obligation is expected to arise in 2060. Important factors affecting the value of the reclamation provision are discount rates, inflation and the cost of reclaiming 1 ha.

Provision for CO_2 emission allowance purchases

The amount of the provision is determined based on the value of the allowances payable and free on record at the balance sheet date. The provision is first established on the basis of the value of the Group's entitlements shown at the reporting date. In the event that the demand for allowances is not covered by the amount of CO_2 emission rights held, a provision will be made for the amount of uncovered estimated emissions on the basis of the purchase prices of allowances in futures contracts. In the event that the demand for allowances is not covered by the amount of allowances included in the balance sheet purchased on a forward basis, a provision is made for the amount of uncovered estimated emissions based on market quotations at the reporting date. The cost provision for the redemption of CO_2 allowances is estimated on the basis of the weighted average inventory price. At the balance sheet date, on the basis of the actual and planned CO_2 emissions and on the basis of the executed and planned CO_2 contracting, the CO_2 inventory (in volume and value) at the end of the reporting year is estimated and the weighted average inventory price is then determined. The estimated inventory price determines the amount of the provision at the balance sheet date in the reporting period by multiplying this price by the amount of the issue made.

Provision for mine liquidation costs

The Group creates a provision for the costs of mine closure that it is required to incur by law. The key assumptions used in determining the mine closure costs include mine life-cycle, expected inflation and long-term discount rates. Any changes to these assumptions have an impact on the provision's book value. Mine closure costs are calculated by an independent advisory firm using historic data concerning mine closure costs in the hard coal sector in Poland. It is difficult to determine when this provision will be performed.

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 43.6). It is difficult to determine when this provision will be performed.

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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 landfill site reclamation	Provision for energy origin certificates	Provision for CO_2 emission allowance purchases	Mine liquidation	Provision for onerous contracts	Other	Total
As at 1 January 2023	**193 353**	**134 044**	**53 309**	**206 155**	**5 499 532**	**146 963**	**664 818**	**235 762**	**7 133 936**
Reversal of discount and change of discount rate	-	-	3 486	-	-	9 553	-	–	13 039
Increase in existing provisions	71 696	16 215	10 433	136 887	6 586 047	-	154 374	30 764	7 006 416
Use of provisions	(17 980)	(22 876)	-	(178 252)	(5 548 634)	-	(368 296)	(17 753)	(6 153 791)
Reversal of unused provision	(365)	(297)	-	(3 553)	(41)	(3 048)	-	233	(7 071)
As at 31 December 2023	**246 704**	**127 086**	**67 228**	**161 237**	**6 536 904**	**153 468**	**450 896**	**249 006**	**7 992 529**
Long-term									*1 132 534*
Short-term									*6 859 995*

For the financial year ended 31 December 2022:

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

A description of material claims and conditional liabilities is presented in note 43.

Provision for CO_2 emission allowance purchases

The provision for CO_2 emission allowance purchases as at 31 December 2023 amounted to PLN 6 536 904 thousand (as at 31 December 2022: PLN 5 499 532 thousand). This provision will be used in 2024. The increase in the provision was due to an increase in the market price of CO_2 allowances (the provision is estimated on the basis of the weighted average inventory price). Quantitative information on CO_2 emission allowances is presented in note 19.

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. At 31 December 2023, the provision was fully utilised within the adjustment notes issued and the impact of this situation on these consolidated financial statements is reflected as a deduction from 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 154 373 thousand to a total of PLN 450 896 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.

Other provisions mainly concern potential liabilities related to grid assets resulting from differences in the interpretation of regulations PLN 207 756 thousand (as at 31 December 2022: PLN 196 136 thousand); it is difficult to determine when this provision will be performed, however in these financial statements it is assumed that it will not happen within 12 months.

34. Accounting for subsidies and road lighting modernisation services

Accounting rules

Subsidies

The Group receives subsidies in the form of tangible assets and reimbursement of costs spent on tangible assets. Subsidies are recognised in the statement of financial position as deferred revenue if there is sufficient certainty that they will be received and that the Group will meet the relevant conditions. Grants received in relation to costs incurred by the Group are recognised as income in the income statement in the periods in which the related costs are incurred. Subsidies received as reimbursement of investment expenditures incurred by the Group are systematically recognised, proportionately to depreciation charges, as other operating revenue in the statement of profit and loss and other comprehensive income throughout the asset's period of use.

Recognising a subsidy in financial statements depends on the intended use of such financing, e.g.:

- subsidies received and intended for the acquisition or manufacture of tangible assets are recognised in the statement of financial position as deferred revenue,

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– subsidies for purposes other than those described above are recognised in the statement of profit and loss as other operating revenue.

Accounting for income from subsidies and road lighting modernisation services

	As at 31 December 2023	31 December 2022
Long-term		
Accounting for deferred revenue - subsidies	479 183	375 376
Accounting for deferred revenue - road lighting modernisation services	136 344	118 528
Total non-current deferred revenue	**615 527**	**493 904**
Short-term		
Accounting for deferred revenue - subsidies	19 162	14 478
Accounting for deferred revenue - road lighting modernisation services	6 882	5 903
Total current deferred revenue	**26 044**	**20 381**

Schedule for accounting for deferred revenue

	As at 31 December 2023	31 December 2022
Up to one year	26 044	20 381
From one to five years	98 755	79 536
Over five years	516 772	414 368
Total deferred revenue	**641 571**	**514 285**

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

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

Financial instruments and financial risk management

35. Financial instruments and fair value

Accounting rules

Financial assets

The Group 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 Group 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 Group 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 Group 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 Group 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	**245 285**	**75 032**	**312 915**	**161 391**
Financial assets measured at fair value	75 032	75 032	161 391	161 391
Trade and other receivables	4 026	(*)	2 431	(*)
Finance lease and sublease receivables	979	(*)	1 168	(*)
Funds in the Mine Decommissioning Fund	165 248	(*)	147 925	(*)
Short-term	**8 033 627**	**144 511**	**6 402 022**	**382 546**
Financial assets measured at fair value	144 511	144 511	382 546	382 546
Debt financial assets at amortised cost	–	(*)	42 004	(*)
Assets arising from contracts with customers	528 106	(*)	623 900	(*)
Trade and other receivables	4 333 574	(*)	3 788 552	(*)
Finance lease and sublease receivables	1 303	(*)	1 304	(*)
Cash and cash equivalents	3 026 133	(*)	1 563 716	(*)
TOTAL FINANCIAL ASSETS	**8 278 912**	**219 543**	**6 714 937**	**543 937**
FINANCIAL LIABILITIES				
Long-term	**5 164 206**	**4 443 244**	**4 744 941**	**4 014 107**
Credit facilities, loans and debt securities	4 288 396	4 247 226	4 087 307	4 013 858
Lease liabilities	658 778	(*)	625 120	(*)
Trade and other payables	21 014	(*)	32 265	(*)
Financial liabilities measured at fair value	196 018	196 018	249	249
Short-term	**6 252 492**	**3 404 692**	**6 165 741**	**1 244 869**
Credit facilities, loans and debt securities	3 090 033	3 090 033	750 273	750 273
Lease liabilities	36 154	(*)	31 338	(*)
Trade and other payables	2 708 782	(*)	4 843 204	(*)
Liabilities arising from contracts with customers	102 864	(*)	46 330	(*)
Financial liabilities measured at fair value	314 659	314 659	494 596	494 596
TOTAL FINANCIAL LIABILITIES	**11 416 698**	**7 847 936**	**10 910 682**	**5 258 976**

(*) 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 as well as on loans granted are presented in note 38.1. The impact of the measurement of IRS transactions on other comprehensive income is shown in note 37.

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	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	**28 548**	**172 086**	**18 909**	**219 543**
Derivative instruments used in hedge accounting (e.g. interest rate swaps)	–	76 837	–	76 837
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
Other derivative instruments at fair value through profit or loss	–	82 159	–	82 159
Interests at fair value through profit or loss	28 548	–	6 322	34 870
Total	**28 548**	**172 086**	**18 909**	**219 543**
Financial liabilities measured at fair value	**–**	**(510 677)**	**–**	**(510 677)**
Derivative instruments at fair value through profit or loss	–	(510 677)	–	(510 677)
Credit facilities, loans and debt securities	**–**	**(7 337 259)**	**–**	**(7 337 259)**
Total	**–**	**(7 847 936)**	**–**	**(7 847 936)**

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

Financial assets and financial liabilities at fair value include:

- shares in unrelated entities, the stake in which is below 20%; this line as of 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; in the event that interests in unrelated entities are quoted on the Warsaw Stock Exchange, their fair value is determined on the basis of stock market quotes;
- Polimex-Mostostal S.A. call options;
- derivative instruments, which include the measurement of interest rate swaps; the fair value of derivative instruments is established by calculating the net present value based on two yield curves, i.e. a curve to determine discount factors and a curve used to estimate future variable reference rates;
- forward contracts for the purchase of electricity and gas and property rights

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

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

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

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

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

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

No transfers between the levels were made in 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%. Since 14 July 2023, as a result of the exercise of call option 9, ENEA S.A.'s stake in the company's share capital is 16.19%. 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%. 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).

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Moreover, the Group's financial assets at fair value, worth PLN 82 159 thousand (PLN 233 026 thousand as of 31 December 2022) and financial liabilities worth PLN 510 677 thousand (PLN 494 845 thousand as of 31 December 2022) include the measurement of derivative contracts for the purchase of electricity and gas and concerning property rights not used for the Group's own purposes. The nominal value of contracts for the purchase and sale of electricity, gas and property rights maturing in 2024-2025, presented as financial assets and liabilities at fair value, amounts to PLN 443 764 thousand (this entire amount concerns sales contracts).

36. Debt financial assets at amortised cost

Debt financial assets at amortised cost

	As at 31 December 2023	As at 31 December 2022
Loans granted	–	42 004
Total current debt financial assets at amortised cost	**–**	**42 004**
Loans granted	–	–
Total non-current debt financial assets at amortised cost	**–**	**–**
Total	**–**	**42 004**

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

37. Hedge accounting

Accounting rules

Hedge accounting and derivative instruments

Derivative instruments that are used by the Group 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.

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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 Group 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 Group defines hedging relationships concerning various types of risk as fair value hedges or cash flow hedges. Hedging a risk that concerns likely future obligations is treated as a cash flow hedge.

When a hedging relationship is established, the Group 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 Group in accordance with rules concerning fair value or cash flow hedges.

If the Group 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 Group 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 Group:

- 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 Group 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 Group 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 Group 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:

	As at 31 December 2023	As at 31 December 2022
Accumulated other comprehensive income related to the effective part of cash flow hedges as at 1 January, recognised in hedging reserve	**185 744**	**108 917**
- related to interest rate hedges	186 075	109 277
- related to currency hedges	(331)	(360)
Measurement of hedging instruments as at balance sheet date, in part considered as effective hedge	**(130 495)**	**76 827**
- related to interest rate hedges	(130 826)	76 798
- related to currency hedges	331	29
Accumulated other comprehensive income related to the effective part of cash flow hedges as at 31 December, recognised in hedging reserve	**55 249**	**185 744**
- related to interest rate hedges	55 249	186 075
- related to currency hedges	–	(331)

ENEA Group 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.

38. Financial risk management

Financial risk management rules

The Group'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 Group's exposure to each of the aforementioned types of risk and describes the objectives and policies with regard to managing risk and capital.

The Parent's Management Board is responsible for setting out the risk management framework and rules.

Managing financial risk at the Group 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. The Group 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 Group.

ENEA Group 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.

The 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 the 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.

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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 Group 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.

38.1. Credit risk

Exposure to credit risk	Risk management
Credit risk is risk associated with the Group 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 receivables from customers. **Key factors having impact on the Group'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.	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 the Group's most important customers, 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 the Group'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)	172 086	503 772
Debt financial assets at amortised cost	–	42 004
Assets arising from contracts with customers	528 106	623 900
Trade and other receivables	4 337 600	3 790 983
Finance lease and sublease receivables	2 282	2 472
Cash and cash equivalents	3 026 133	1 563 716
Funds in the Mine Decommissioning Fund	165 248	147 925
Credit risk	**8 231 455**	**6 674 772**

** 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 Group 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 by the debtor, 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 Group's end customers is also subject to monitoring. The size of the Group'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 Group does not use additional collateral relating solely to concentration. The use of collateral is dependent each time on the counterparty's financial standing.

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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	4 307 097	151 374	4 458 471
Impairment for expected credit losses (-)	(15 514)	(105 357)	(120 871)
Balance sheet value	**4 291 583**	**46 017**	**4 337 600**
ASSETS ARISING FROM CONTRACTS WITH CUSTOMERS			
Gross value	528 404	–	528 404
Impairment for expected credit losses (-)	(298)	–	(298)
Balance sheet value	**528 106**	**–**	**528 106**

	As at 31 December 2022		
	Lifetime ECL - without impairment	Lifetime ECL - with impairment	Total
TRADE AND OTHER RECEIVABLES			
Gross value	3 757 357	144 899	3 902 256
Impairment for expected credit losses (-)	(20 257)	(91 016)	(111 273)
Balance sheet value	**3 737 100**	**53 883**	**3 790 983**
ASSETS ARISING FROM CONTRACTS WITH CUSTOMERS			
Gross value	624 177	–	624 177
Impairment for expected credit losses (-)	(277)	–	(277)
Balance sheet value	**623 900**	**–**	**623 900**

ECL impairment for trade and other receivables constituting financial instruments:

	As at	
	31 December 2023	31 December 2022
As at 1 January	**111 273**	**128 534**
Created	33 105	10 614
Reversed	(7 790)	(5 485)
Used	(15 717)	(22 390)
As at 31 December	**120 871**	**111 273**

Impairment losses are mainly recognised on trade receivables. Impairment of other receivables is negligible. The Group uses the expected credit loss model to estimate the impairment for trade receivables. In order to determine expected credit losses, the Group applies the simplified approach provided for in IFRS 9, which is to create a lifetime allowance for expected credit losses for all trade receivables. For current trade receivables, expected credit losses are calculated based on historic data in a way that is described in *Rules for creating and recording impairment losses on trade receivables and other financial items at ENEA Group companies*. 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. 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 individual Group companies or the structure of their customers. Analysis in the Group is carried out mainly by individual and business customers.

Gross value of trade and other receivables constituting financial instruments:

	As at	
	31 December 2023	31 December 2022
As at 1 January	**3 902 256**	**2 985 848**
Recognised	51 975 689	32 698 029
Repaid	(50 901 726)	(32 174 632)
Written-off	(27 416)	(31 486)
Other	(490 332)	424 497
As at 31 December	**4 458 471**	**3 902 256**

Under 'other', the main item is the change in margin receivables: PLN (605 035) thousand in 2023 and PLN 439 303 thousand in 2022.

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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	544 494	(877)	543 617
Overdue	223 603	(52 962)	170 641
0-30 days	93 182	(267)	92 915
31-90 days	29 105	(2 479)	26 626
91-180 days	15 204	(3 710)	11 494
over 180 days	86 112	(46 506)	39 606
Total trade and other receivables	**768 097**	**(53 839)**	**714 258**
Assets arising from contracts with customers	**–**	**–**	**–**
BUSINESS CUSTOMERS			
Current	3 447 274	(2 801)	3 444 473
Overdue	243 100	(64 231)	178 869
0-30 days	138 527	(167)	138 360
31-90 days	16 916	(1 030)	15 886
91-180 days	11 363	(6 263)	5 100
over 180 days	76 294	(56 771)	19 523
Total trade and other receivables	**3 690 374**	**(67 032)**	**3 623 342**
Assets arising from contracts with customers	**528 404**	**(298)**	**528 106**
TOTAL INDIVIDUAL AND BUSINESS CUSTOMERS			
Current	3 991 768	(3 678)	3 988 090
Overdue	466 703	(117 193)	349 510
0-30 days	231 709	(434)	231 275
31-90 days	46 021	(3 509)	42 512
91-180 days	26 567	(9 973)	16 594
over 180 days	162 406	(103 277)	59 129
Total trade and other receivables	**4 458 471**	**(120 871)**	**4 337 600**
Assets arising from contracts with customers	**528 404**	**(298)**	**528 106**

	As at 31 December 2022		
	Nominal value	Impairment	Book value
INDIVIDUAL CUSTOMERS			
Current	351 761	(470)	351 291
Overdue	157 490	(39 325)	118 165
0-30 days	59 874	(112)	59 762
31-90 days	21 990	(1 450)	20 540
91-180 days	5 970	(1 284)	4 686
over 180 days	69 656	(36 479)	33 177
Total trade and other receivables	**509 251**	**(39 795)**	**469 456**
Assets arising from contracts with customers	**–**	**–**	**–**
BUSINESS CUSTOMERS			
Current	3 217 536	(4 604)	3 212 932
Overdue	175 469	(66 874)	108 595
0-30 days	70 436	(309)	70 127
31-90 days	13 941	(953)	12 988
91-180 days	5 381	(2 738)	2 643
over 180 days	85 711	(62 874)	22 837
Total trade and other receivables	**3 393 005**	**(71 478)**	**3 321 527**
Assets arising from contracts with customers	**624 177**	**(277)**	**623 900**

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TOTAL INDIVIDUAL AND BUSINESS CUSTOMERS

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

As regards the sale of electricity and distribution services, 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

Electricity sales and distribution services - 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 Group'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.
Electricity sales and distribution services - 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 Group works with specialised external entities that support it in hard debt collection activities. The Group 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 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 Group does not estimate an internal rating for this entity. In selecting banking counterparties, the Group 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 Group held the highest cash balances at:

1) PKO BP (Moody’s A2): PLN 397 070 thousand (as at 31 December 2022: PLN 112 213 thousand),
2) Pekao S.A. (Fitch BBB): PLN 1 201 310 thousand (as at 31 December 2022: PLN 731 514 thousand),
3) BGK (Fitch A-): PLN 867 406 thousand (as at 31 December 2022: PLN 600 321 thousand).

The remaining cash of PLN 725 595 thousand (as at 31 December 2022: PLN 267 593 thousand) consists of funds in other financial institutions, the IRGiT (PLN 582 649 thousand), cash in transit 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 the parent company, which serves as Pool Leader in the cash pooling mechanism. Companies require ENEA S.A.'s approval to investment free cash on their own.
As regards managing current excess cash and as regards currency risk and interest risk hedging instruments, the Group works with six financial institutions on a day-to-day basis.

Credit risk associated with other financial assets

At the level of ENEA S.A., the assessment of significant long-term receivables and debt securities as well as financial guarantees and loan commitments, as well as the monitoring of credit risk and the determination of allowances for expected credit losses are carried out by the Group Risk Management Department, acting in this respect on the basis of ENEA Group's *Methodology for determining expected credit losses for non-current debt assets and similar items.* In pursuing this objective, individual assessment of each counterparty or specific instruments is carried out, using external credit ratings and, in the absence thereof, using a system of internal credit ratings based on Altman's model for emerging markets and elements of qualitative-forecasting assessment.

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:

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	31 December 2023	As at 31 December 2022	
	12-month ECL	12-month ECL	ECL for instruments where impairment has been recognised
Cash and cash equivalents	**3 026 133**	**1 563 716**	**-**
from AAA to BBB- (investment grade)	3 021 715	1 553 060	-
from BB+ to B- (non-investment grade)	4 418	10 656	-
Funds in the Mine Decommissioning Fund	**165 248**	**147 925**	**-**
from AAA to BBB- (investment grade)	165 248	147 925	-
Loans granted	**-**		**240 340**
from CCC to D (non-investment grade)	-		240 340
Total gross value	**3 191 381**	**1 711 641**	**240 340**
Loans granted	-	-	(198 336)
Total impairment for expected credit losses	**-**	**-**	**(198 336)**
Cash and cash equivalents	3 026 133	1 563 716	-
Funds in the Mine Decommissioning Fund	165 248	147 925	-
Loans granted	-	-	42 004
Total balance sheet value	**3 191 381**	**1 711 641**	**42 004**

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

	As at 31 December 2023	31 December 2022
	Lifetime ECL for instruments where impairment has been recognised	Lifetime ECL for instruments where impairment has been recognised
As at 1 January	**198 336**	**225 610**
Reversed	–	(27 274)
Used	(198 336)	–
As at 31 December	**–**	**198 336**

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

	As at 31 December 2023	31 December 2022
	Lifetime ECL for instruments where impairment has been recognised	Lifetime ECL for instruments where impairment has been recognised
As at 1 January	**240 340**	**225 610**
Repaid	(244 662)	–
Written-off	–	–
Other	4 322	14 730
As at 31 December	**–**	**240 340**

38.2. Financial liquidity risk

Exposure to financial liquidity risk	Risk management
Financial liquidity risk is perceived as the risk that ENEA Group would have no ability to meet its payment obligations at maturity. The aim of these activities is to reduce the likelihood of financial liquidity risk materialising by optimally using financial resources and available financing instruments.	In its business, ENEA Group strives to ensure a 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 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 Group focuses on

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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 Group carries out cyclical scenario analyses and develops emergency financing plans intended to ensure the capacity to supplement cash shortages. The Group 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. The Group 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 financing current operations, which also secure the needs of participants in Cash Pooling systems, are current account credits to which ENEA S.A. has access on the basis of signed contracts. The current operations financing instruments are supplemented by the Group's central mechanism for obtaining external financing through ENEA S.A. As a rule, the distribution of financing within the Group is also carried out by ENEA S.A.

The Group'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. In the course of 2023, the Group recorded a number of events affecting liquidity. They were related to the prevailing geopolitical situation (war in Ukraine) and the resulting sharp changes in the prices of electricity, gaseous fuel and related commodities (in particular CO_2 emission allowances). In order to mitigate the level of risk, the Group actively developed OTC channels to access the CO_2 market and arranging additional current financing to improve its cash position.
The Group 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 Group's financial liabilities:

As at 31 December 2023

	Trade and other payables	Liabilities concerning settlement of futures transactions for CO_2 emission allowances	Lease liabilities	Bank credit and bonds	Loans	Financial liabilities measured at fair value	Liabilities arising from contracts with customers	Total
Book value	**2 729 796**	**–**	**694 932**	**7 353 314**	**25 115**	**510 677**	**102 864**	**11 416 698**
Non-discounted contractual cash flows	**(2 739 557)**	**–**	**(1 276 664)**	**(8 718 716)**	**(27 277)**	**(510 570)**	**(102 864)**	**(13 375 648)**
up to 6 months	(2 707 091)	–	(35 924)	(3 136 643)	(9 499)	(157 309)	(102 864)	(6 419 330)
6-12 months	(2 101)	–	(25 844)	(360 803)	(4 458)	(157 351)	–	(550 557)
1-2 years	(4 667)	–	(88 773)	(1 004 920)	(5 461)	(191 237)	–	(1 295 058)
2-5 years	(6 037)	–	(190 472)	(3 809 041)	(7 652)	(4 673)	–	(4 017 875)
over 5 years	(19 661)	–	(935 651)	(407 309)	(207)	–	–	(1 362 828)

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As at 31 December 2022

	Trade and other payables	Liabilities concerning settlement of futures transactions for CO_2 emission allowances	Lease liabilities	Bank credit and bonds	Loans	Financial liabilities measured at fair value	Liabilities arising from contracts with customers	Total
Book value	**3 103 335**	**1 772 134**	**656 458**	**4 799 745**	**37 835**	**494 845**	**46 330**	**10 910 682**
Non-discounted contractual cash flows	**(3 114 083)**	**(4 880 382)**	**(1 057 516)**	**(5 658 991)**	**(39 462)**	**(494 845)**	**(46 330)**	**(15 291 609)**
up to 6 months	(3 076 811)	(2 796 729)	(25 947)	(687 914)	(8 039)	(247 322)	(46 330)	(6 889 092)
6-12 months	(1 825)	(2 083 653)	(21 184)	(346 171)	(5 432)	(247 274)	–	(2 705 539)
1-2 years	(5 080)	–	(60 455)	(2 588 249)	(10 868)	(249)	–	(2 664 901)
2-5 years	(10 068)	–	(161 034)	(1 498 376)	(14 908)	–	–	(1 684 386)
over 5 years	(20 299)	–	(788 896)	(538 281)	(215)	–	–	(1 347 691)

38.3. Commodity risk

Exposure to commodity risk	Risk management
Commodity risk is related to potential changes in the Group'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 Group's commodity risk is the fact that by acting as an energy enterprise operating as ex-officio seller the Group is required to submit electricity price tariffs for approval for the tariff group G and distribution tariffs. 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 Group in the tariff period has a limited ability to transfer adverse changes in costs onto the end recipients of electricity. The Group may file an application to the URE President to amend the tariff only in the event of a major increase in costs for reasons outside of its control.	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 Group uses management rules specified in the Group's strategic regulations (wholesale trade mode), setting out methods for optimising the Group'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).

The Group is observing a rising risk of a strategic (long-term) nature in this area, which is related to stricter EU requirements concerning climate protection, translating into considerable growth in the price of CO_2 emission allowances, which in turn affect the profitability of the Group's electricity-generation companies.

38.4. Currency risk

Exposure to currency risk	Risk management
Currency risk is associated with potential changes in exchange rates that may in turn lead to changes in the Group's cash flows. The Group's exposure to currency risk arises in particular from the need to fulfil the obligation to	*Hedging is performed on the basis of "ENEA Group's currency risk and interest rate risk management policy."* Currency risk is mainly hedged using FX forwards. Currency hedges are intended to ensure a fixed value of cash flows in

purchase and submit for redemption of CO_2 emission allowances, capital expenditure incurred and the performance of service contracts by counterparties whose remuneration is denominated in foreign currencies.	domestic currency that are generated in connection with operating and investing activities. In order to secure maximum effectiveness of hedging, FX forwards are executed for periods and amounts that correspond to currency exposure. This results in an economic link between the underlying items and the hedging derivatives. 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 or adjustment of payment deadlines through annexes to contracts with counterparties. 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 Group hedges all of its currency exposure that it considers as material, i.e. which exceeds the exposure limit. The Group applies hedge accounting in this area.

FX forwards

In the 12-month period ending 31 December 2023 ENEA S.A. did not execute FX forward transactions. As of 31 December 2023, the Company did not identify or value FX Forward transactions.

In 2023, ENEA Trading Sp. z o.o. concluded a total of 333 FX Forward buy/sell transactions for a value of EUR 1 801 825 thousand (including 5 SWAP positions worth EUR 605 268 thousand). The book-value measurement of these instruments as at 31 December 2023 was PLN 411 569 thousand. In 2022, ENEA Trading Sp. z o.o. executed 385 FX Forward transactions worth EUR 1 259 446 thousand. Book-value measurement of these instruments as at 31 December 2022 was PLN 278 818 thousand.

In 2023, ENEA Nowa Energia Sp. z o.o. executed one FX Forward transaction worth EUR 6 242 thousand. The transaction was settled in October 2023. As of 31 December 2023, the Company did not identify or value FX Forward transactions. The valuation of these instruments in the previous year amounted to PLN (160) thousand.

In 2023, ENEA Centrum Sp. z o.o. executed four FX Forward transactions worth EUR 127 thousand. These transactions were settled in November and December 2023. As of 31 December 2023, the Company did not identify or value FX Forward transactions. The valuation of these instruments in the previous year amounted to PLN (249) thousand.

The Group recognises in the statement of comprehensive income, under "Losses on currency derivatives not used in hedge accounting," a result of PLN (1 105 688) thousand on forward currency contracts realised in 2023, related to hedging the currency risk associated with the purchase of CO_2, and the effect of the balance sheet valuation of unrealised forward currency contracts in the amount of PLN (141 437) thousand.

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The following tables show the Group's exposure to currency risk:

	As at 31 December 2023						
			Financial result			Financial result	
	Book value	including value in EUR expressed in functional currency (PLN)	Exchange rate up +1%	Exchange rate down -1%	including value in USD expressed in functional currency (PLN)	Exchange rate up +1%	Exchange rate down -1%
Financial assets							
Cash and cash equivalents	3 026 133	953 986	9 540	(9 540)	–	–	–
Trade and other receivables	4 337 600	356 370	3 564	(3 564)	–	–	–
Financial liabilities							
Trade and other payables	(2 729 796)	(1 298)	(13)	13		–	–
Financial liabilities measured at fair value	(510 677)	(420 255)	83 222	(83 222)	–	–	–
Net exposure	**4 123 260**	**888 803**			**–**		
Impact on result before tax			**96 313**	**(96 313)**		**–**	**–**
19% tax			(18 299)	18 299		–	–
Net exposure after tax			**78 014**	**(78 014)**		**–**	**–**

	As at 31 December 2022						
			Financial result			Financial result	
	Book value	including value in EUR expressed in functional currency (PLN)	Exchange rate up +1%	Exchange rate down -1%	including value in USD expressed in functional currency (PLN)	Exchange rate up +1%	Exchange rate down -1%
Financial assets							
Cash and cash equivalents	1 563 716	318 472	3 185	(3 185)	–	–	–
Trade and other receivables	3 790 983	917 550	9 176	(9 176)	–	–	–
Financial liabilities							
Trade and other payables	(4 875 469)	(31 433)	(314)	314	–	–	–
Financial liabilities measured at fair value	(494 845)	(278 818)	76 433	(76 433)	–	–	–
Net exposure	**(15 615)**	**925 771**			**–**		
Impact on result before tax			**88 480**	**(88 480)**		**–**	**–**
19% tax			(16 811)	16 811		–	–
Net exposure after tax			**71 669**	**(71 669)**		**–**	**–**

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38.5. 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 ENEA Group's financial situation. Exposure to interest rate risk is related to credit agreements and bond issue programme agreements. Given the Group's financing arrangement model, interest rate risk is identified and managed (quantified, mitigated) by the Parent. Financing is arranged based on variable interest, which is calculated in correlation with market (interbank) rates. 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 Group 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 the Group 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 Group is in a transition period where no benchmark rate adjustment will be required.

Irrespective of the above, the Group 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 Group held the following material financial liabilities:

Company	Type	Reference rate	Nominal value at 31 December 2023
ENEA S.A.	Bonds*	WIBOR 6M	2 784 448
ENEA S.A.	Bank credit**	WIBOR 6M	2 414 490
ENEA S.A.	Bank credit***	WIBOR 1M/6M	1 645 085
PAD RES Genowefa Sp. z o.o. (currently PV Genowefa Sp. z o.o.)	Bank credit	WIBOR 1M/3M	88 659
Total			**6 932 682**

* *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,*

*** *working capital credit instruments.*

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

Company	Type	Reference rate	Value of instrument at 31 December 2023
ENEA S.A.	IRS derivatives 2024-2026 amounting to 3 366 890*	WIBOR 6M	76 837
PAD RES Genowefa Sp. z o.o. (currently PV Genowefa Sp. z o.o.)	IRSs	WIBOR 3M	(8 842)
Total**			**67 995**

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

** *the derivatives recognised in the table constitute all derivatives executed at ENEA Group.*

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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.

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 Group in this regard.

In the case of PAD RES Genowefa Sp. z o.o. (currently PV Genowefa Sp. z o.o.), the benchmark reform may have an impact on IRS derivative financial instruments, which will exist until 2031, and on loan debt, which will amount to PLN 64 066 thousand after 1 January 2028. Nevertheless, the company has included *fallback* provisions in the existing financing agreement. These provisions set out the possibility of replacing the existing indicator with an alternative indicator. The agreement also provides for the possibility of applying the provisions applicable to the legacy index to the alternative index, respectively.

Due to the reform of the benchmarks, given the absence of long-term financial assets based on WIBID, the Group does not identify any significant risk in this respect for the time being.

In connection with this, as at 31 December 2023, the Group 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 Group had credit and bond liabilities of PLN 7 378 429 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 Group's sensitivity to changes in interest rates 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	6 636 070	4 488 753
Financial liabilities	(3 897 511)	(5 976 107)
Impact of IRS hedge	(3 035 455)	(3 133 291)
Total	**(296 896)**	**(4 620 645)**
Variable-rate instruments		
Financial assets	1 423 299	1 682 247
Financial liabilities	(7 008 510)	(4 439 730)
Impact of IRS hedge	3 035 455	3 133 291
Total	**(2 549 756)**	**375 808**

Fixed-rate financial assets mainly include cash in deposits, trade receivables that are based on a fixed rate of penalty interest only in the case of overdue payment, and assets arising from contracts with customers.

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 Group 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 Group'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						
Cash	736 469	7 365	(7 365)	477 285	4 773	(4 773)
Funds in the Mine Decommissioning Fund	165 248	1 652	(1 652)	147 925	1 479	(1 479)
Trade and other receivables	521 582	5 216	(5 216)	1 057 037	10 570	(10 570)
Derivative instruments	76 837	–	–	252 902	–	–
Impact on result before tax		**14 233**	**(14 233)**		**16 822**	**(16 822)**
19% tax		(2 704)	2 704		(3 196)	3 196
Impact on result after tax		**11 529**	**(11 529)**		**13 626**	**(13 626)**
Financial liabilities						
Credit facilities, loans and debt securities	(7 008 510)	(70 085)	70 085	(4 408 367)	(44 084)	44 084
Trade payables	–	–	–	(31 363)	(314)	314
Derivative instruments	(8 842)	–	–	–	–	–
Impact on result before tax		**(70 085)**	**70 085**		**(44 398)**	**44 398**
19% tax		13 316	(13 316)		8 436	(8 436)
Impact on result after tax		**(56 769)**	**56 769**		**(35 962)**	**35 962**
Total		**(45 240)**	**45 240**		**(22 336)**	**22 336**

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Other explanatory notes

39. Related-party transactions

Group companies execute transactions with the following related parties:

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

Transactions with members of the Group's corporate authorities:

Item	Year ended Company's Management Board 31 December 2023	 31 December 2022	 Company's Supervisory Board 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
Other benefits	–	–	–	–
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, the provision for Management Board bonuses amounted to PLN 3 722 thousand (PLN 4 080 thousand as at 31 December 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 the Parent and members of the Parent's corporate authorities mainly concern the use of company cars by members of ENEA S.A.'s Management Board for private purposes. Members of the Group's governing bodies and their close relatives did not execute significant transactions having an impact on the Group's results and financial situation.

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Transactions with State Treasury related parties

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

The subject of these transactions mainly is as follows:

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

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

In addition, the Group identified financial transactions with State Treasury's related parties, i.e. with banks serving as guarantors for bond issue programs. These entities include: PKO BP S.A., Pekao S.A. and Bank Gospodarstwa Krajowego. Detailed information on bond issue programs is presented in note 30.

Among State Treasury subsidiaries ENEA Group's largest counterparty-customer is Polskie Sieci Elektroenergetyczne, with net sales in 2023 reaching PLN 1 799 514 thousand (2022: also PSE, with sales of PLN 1 894 283 thousand), the largest supplier-counterparty is also Polskie Sieci Elektroenergetyczne, with net purchases of PLN 3 815 784 thousand (2022: also PSE - purchases of PLN 2 534 055 thousand). Revenue from PSE includes carried charges that are not visible in the statement of comprehensive income (the Group is an intermediary for them).

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
Jointly controlled entities	–	–	–	–
Associates	14 721	7 088	2 204	9

	Year ended 31 December 2022		As at 31 December 2022	
	Sale	Purchases	Receivables	Liabilities
Jointly controlled entities	150 456	470 954	–	–
Associates	31	293	2	–

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 and purchases of coal from this company. The Group did not receive any dividends from jointly controlled companies or associates in 2023 or the comparative period.

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40. Explanatory notes for the consolidated statement of cash flows

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

	Year ended 31 December 2023	31 December 2022
Changes in CO_2 emission allowances in balance sheet	**361 712**	**(1 233 152)**
Changes in CO_2 emission allowances in cash flow statement	**361 712**	**(1 233 152)**
Change in inventory on the balance sheet	**25 535**	**(863 930)**
- adjustment of depreciation by change in product levels and considerations for own purposes	20 915	(558)
- depreciation of re-usable materials	(1 232)	(1 084)
- Other	68	-
Change in inventory in the cash flow statement	**45 286**	**(865 572)**
Change in trade and other receivables, assets arising from contracts with customers in the balance sheet	**(1 419 559)**	**(2 093 726)**
- VAT and income tax offset	(3 391)	-
- transaction costs	(9 947)	(193)
- CIT receivables	5 794	(57 230)
- bond programs	-	6 363
- finance leases	(304)	(1 331)
- other interest accrued	-	45 298
- real estate rental receivables	(17 093)	-
- purchase of subsidiary	11 759	-
- Other	(852)	(355)
Change in trade and other receivables, assets arising from contracts with customers in the cash flow statement	**(1 433 593)**	**(2 101 174)**
Change in trade and other payables and liabilities arising from contracts with customers in the balance sheet	**(1 655 404)**	**538 410**
- investment commitments	(148 204)	59 807
- interest charged and not paid	479	(2 113)
- adjustment of investment commitments by charged VAT	(50 160)	2 298
- offset of liabilities with excess CIT paid	44 193	49 906
- purchase of subsidiary	(67 259)	-
- Other	3 413	-
Change in trade and other payables and liabilities arising from contracts with customers in the cash flow statement	**(1 872 942)**	**648 308**
Change in employee benefit liabilities on balance sheet	**380 437**	**52 758**
- actuarial gains/losses recognised in other comprehensive income	(125 940)	9 356
- Other	1 196	10 032
Change in employee benefit liabilities in cash flow statement	**255 693**	**72 146**
Change in accounting for subsidies and road lighting modernisation services on balance sheet	**127 286**	**119 196**
- tangible assets received free-of-charge	(3 450)	(2 126)
Change in accounting for subsidies and road lighting modernisation services in cash flow statement	**123 836**	**117 070**
Change in other provisions for liabilities and other charges in balance sheet	**858 593**	**2 625 566**
- elimination of change in provision for Mine Closure Fund	4 762	(19 859)
- Elektrownia Ostrołęka	-	46 493
- Other	(220)	(4 743)
Change in other provisions for liabilities and other charges in cash flow statement	**863 135**	**2 647 457**

Purchase of financial assets

In the item "Proceeds from disposal of financial assets" in investing activities, the Group shows the repayment of a loan from Elektrownia Ostrołęka Sp. z o.o.

Other adjustments

Under the heading "Other adjustments" in operating activities, the most significant item is the acquisition of network assets received free of charge, realised as part of the removal of collisions (PLN 95 164 thousand).

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

Reconciliation of bank credit and loans

	As at 31 December 2023	As at 31 December 2022
As at 1 January	**1 873 269**	**1 739 151**
Credit and loans received	5 637 546	338 720
Repayment of credit and loans	(3 052 176)	(217 420)
Measurement and transaction costs	25 411	12 818
Other - purchase of subsidiaries	93 753	–
As at 31 December	**4 577 803**	**1 873 269**

Reconciliation of bonds

	As at 31 December 2023	As at 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**

41. Concession agreements for provision of public services

The Group's activities largely focus on electricity generation, distribution and trade as well as the production and sale of coal.

In accordance with the Energy Law, the URE President is responsible for concessions, regulation of energy enterprises and approval of tariffs.

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.

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	Term of concession agreement									
	ENEA S.A.	**ENEA Operator Sp. z o.o.**	**ENEA Wytwarzanie Sp. z o.o.**	**ENEA Trading Sp. z o.o.**	**ENEA Power&Gas Trading Sp. z o.o.**	**MEC Piła Sp. z o.o.**	**PEC Sp. z o.o.**	**ENEA Ciepło Sp. z o.o.**	**ENEA Elektrownia Połaniec S.A.**	**Lubelski Węgiel Bogdanka S.A.**
Trade of electricity	31 December 2025		31 December 2030	31 December 2030	22 December 2032			1 September 2028	31 December 2030	
Trade of gas fuels	31 December 2030				31 December 2030					
Trade of heat								30 September 2028		
Distribution of electricity		1 July 2030								
Generation of electricity			31 December 2030			31 December 2030		30 November 2028	1 November 2025	
Generation of thermal energy			31 December 2025			31 December 2025	31 December 2025	30 September 2028	1 November 2025	
Transmission and distribution of heat			31 December 2025			31 December 2025	31 December 2025	30 September 2028	1 November 2025	
Mining of hard coal from "Bogdanka" deposit within mining area "Puchaczów V" of 6 April 2009										31 December 2031
Mining of hard coal from "Lubelskie Zagłębie Węglowe - obszar K-3" deposit within mining area "Stręczyn" of 17 June 2014										17 July 2046
Mining of hard coal from "Ostrów" deposit located within municipalities: Ludwin, Łęczna, Ostrów Lubelski, Puchaczów, Sosnowica, Uścimów in the Lubelskie Voivodship of 17 November 2017										31 December 2065
Mining of hard coal from "Lubelskie Zagłębie Węglowe - obszar K-6 i K-7" deposit situated in the Cyców municipality in Łęczno poviat, Lubelskie voivodship, dated 20 December 2019										31 December 2046
prospecting and exploration of hard coal - type 34 and 35 coking coal in the Łaszczów research area of 30 November 2021										29 December 2025

The mining activities of Lubelski Węgiel Bogdanka S.A. as regards commercial mining of hard coal must be in compliance with the Geological and Mining Law.

42. Employment

	Year ended 31 December 2023	31 December 2022
Blue collar jobs	10 092	9 849
White collar jobs	7 760	7 473
TOTAL	**17 853**	**17 322**

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

43. 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

43.1. Sureties and guarantees

The following table presents significant bank guarantees valid as of 31 December 2023 under an agreement between ENEA S.A. and BGK up to a limit specified in the agreement.

List of guarantees issued as at 31 December 2023

Guarantee issue date	Guarantee validity	Entity for which the guarantee was issued	Bank - issuer	Guarantee amount in PLN 000s
16 July 2023	16 July 2025	Vastint Poland sp. z o.o.	BGK	1 229
1 April 2023	30 April 2024	Telewizja Polska S.A.	BGK	2 442
19 October 2023	29 February 2024	City of Łódź	BGK	1 960
Total bank guarantees				**5 631**

List of guarantees issued as at 31 December 2022

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

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

43.2. On-going proceedings in courts of general competence

Proceedings initiated by the Group

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

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

At 31 December 2023, a total of 27 607 cases initiated by the Group were in progress before courts of general competence, worth in aggregate PLN 819 504 thousand (31 December 2022: 21 839 cases worth PLN 148 677 thousand).

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

Proceedings against the Group

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

There are also claims concerning terminated agreements for the purchase of property rights (note 43.6).

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

At 31 December 2023, a total of 1 985 cases against the Group were in progress before courts of general competence, worth in aggregate PLN 1 203 564 thousand (31 December 2022: 2 338 cases worth PLN 968 992 thousand). The outcome of individual cases is not significant from the viewpoint of the Group's financial result.

Provisions related to these court cases are presented in note 33.

43.3. Other court proceedings

As a result of the settlement of the property tax on excavations, in the part considered probable by LWB, the company no longer recognises a provision for property tax. Nonetheless, a potential contingent liability may arise primarily from existing discrepancies between the company's position and that of the tax authorities regarding the subject matter of this tax. Namely, they concern the question of whether there are other structures (in addition to those already declared) within the meaning of the provisions of the Local Taxes and Fees Act in the underground mine workings of LWB, which are subject to this tax, and these discrepancies may also concern the value of individual structures - in the event that it is established that they are subject to the real estate tax. The scope of the above commitment has not materially changed compared to the end of the previous financial year (31 December 2022).

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

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

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

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

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

As at 31 December 2023, the Group recognised a provision for claims concerning non-contractual use of land amounting to PLN 246 704 thousand.

43.5. Cases concerning 2012 non-balancing

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

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

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

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

- TAURON Polska Energia S.A. – lawsuit of 10 December 2015,
- TAURON Sprzedaż GZE Sp. z o.o. – lawsuit of 10 December 2015,
- PKP Energetyka S.A. (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 consolidated statement of financial position.

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

ENEA S.A. is a party to 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:
  - Act on amendment of the act on renewable energy sources and certain other acts dated 22 June 2016 (Polish Journal of Laws of 2016, item 925); and
  - a draft of the Ordinance of the Minister of Energy concerning changes in the share of electricity resulting from redeemed origin certificates confirming production of electricity from renewable sources, which is to be issued based on an authorisation under art. 12 sec. 5 of the Act on amendment of the act on renewable energy sources and certain other acts dated 22 June 2016 and certain other acts,

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

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

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

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

44. Collateral on assets and other restrictions

Limits and collateral established on the Group's assets and other collateral

No.	Name of entity	Title of collateral	Type of collateral	Entity for which collateral is established	Debt at 31 December 2023	Debt at 31 December 2022	Term of collateral
1.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	-	30	9 January 2023
2.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	-	30	17 October 2023
3.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	-	25	17 October 2023
4.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	10	-	20 January 2025
5.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	10	-	10 March 2024
6.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	288	-	31 March 2025
7.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	10	-	24 November 2024
8.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	50	-	21 March 2025
9.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	50	-	11 April 2025
10.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	63	-	28 April 2025
11.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	15	-	17 September 2024
12.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	35	-	29 September 2025
13.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**STRABAG Sp. z o.o.**	15	-	23 September 2025
14.	**ENEA Serwis**	Collateral for agreement to issue contract guarantees	Blank promissory note	**Siedlisko Municipality**	191	-	22 May 2025
15.	**PEC Oborniki**	Collateral for loan	Blank promissory note, assignment of receivables	**WFOŚiGW**	-	102	20 June 2023
16.	**PEC Oborniki**	Collateral for loan	Blank promissory note, assignment of receivables	**WFOŚiGW**	829	958	20 September 2028
17.	**ENEA Ciepło**	Collateral for loan	Blank promissory note	**National Fund for Environmental Protection and Water Management (NFOŚiGW)**	21 095	28 036	20 December 2026
18.	**ENEA Ciepło**	Collateral for credit facility	Blank promissory note	**ING Bank Śląski S.A.**	-	70	12 November 2026
19.	**LW Bogdanka**	Collateral for loan	Blank promissory note, assignment of receivables	**WFOŚiGW**	1 809	4 885	31 July 2024
20.	**MEC Piła**	Collateral for loans	Blank promissory note, assignment of receivables	**WFOŚiGW**	-	1 165	20 June 2023
21.	**PAD RES Genowefa**	Collateral for credit facility	Pledge on assets	**BNP PB, SANTANDER**	88 697	-	31 October 2033

Aside from the constraints described in the table above, restrictions on cash are described in note 25.

45. 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.

46. One-off event at LWB

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

This event had an impact on LWB's operational (production and sales levels) and financial performance. It is nevertheless to be expected that some of the machinery and equipment located in longwall 3/VII/385 may have been lost and therefore its value may have been impaired. Therefore, in consideration of a prudent approach and the desire to adequately reflect this event in the financial result of 2023 at LWB, an impairment loss was recognised (entirely in the first half of 2023) in the total amount of PLN 48.5 million (in relation to machinery and equipment, as well as parts of longwall corridors located in the area of the event). However, it should be noted that production was back on track in October 2023.

47. National Energy Security Agency

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

In the second quarter of 2023, the Group carried out tasks related to the carve out of coal assets for the State Treasury in line with an updated schedule for the formation of NABE.

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

In order to ensure the continuation of the companies being spun-off once they are integrated into the NABE structure, negotiations were 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 documents between the State Treasury and the Company.

On 10 August 2023 the Management Board of ENEA S.A. and the State Treasury, represented by the Minister of State Assets, signed documents summarising the 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's plans for a possible continuation of this concept of coal asset carve out are unknown. Work on this is suspended at ENEA Group and may be resumed once a new or modified government concept emerges.

48. Contributions to Price Difference Payment Fund

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

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

In the 12-month period ended 31 December 2023, ENEA Group companies recognised the following amounts as expenses on this account: ENEA Elektrownia Połaniec S.A. was required to make a contribution related to electricity trading amounting to PLN 12 766 thousand and PLN 406 735 thousand to generation, ENEA Wytwarzanie Sp. z o.o. PLN 73 542 thousand for trading and PLN 2 515 124 thousand for generation, ENEA Ciepło Sp. z o.o. PLN 7 913 thousand for trading and PLN 6 452 thousand for generation, ENEA Nowa Energia Sp. z o.o. PLN 190 278 thousand for generation, ENEA Power&Gas Trading Sp. z o.o. PLN 948 thousand for trading and PAD RES Genowefa Sp. z o.o. (currently PV Genowefa Sp. z o.o.) PLN 299 thousand for generation (for the period since the company's acquisition), PV Tykocin Sp. z o.o. 296 thousand for generation (for the period since the company's acquisition) and ENEA Trading Sp. z o.o. PLN 17 thousand for trading. These amounts are included in the consolidated statement of comprehensive income under "Taxes and charges." The Group considers these contributions as charges in the meaning of IAS 37. They are charged in the month in which the obligation arises.

49. 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 factor and the indicator of increasing the share of renewable energy sources in the Group's generation structure.

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.