



## **Additional information to the extended consolidated report of ENEA S.A. for Q1 2023**

**Poznań, date of publication: 24 May 2023**

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## ENEA Group in numbers



**ENEA has 17.6 thousand employees**



| MINING   | GENERATION  | DISTRIBUTION  | TRADING   |
|--|---|---|---|
| <b>17.7%</b><br>share in the steam coal market in Poland                 | <b>6.3 GW</b><br>total installed capacity               | <b>2.8 million</b><br>users of distribution services                  | <b>2.7 million</b><br>customers   |
| <b>432 million tons</b><br>mining potential in 4 mining concession areas | <b>449 MW</b><br>installed RES capacity                 | <b>123.4 thousand km</b><br>distribution lines, including connections | <b>6.0 TWh</b><br>sales of electricity and gaseous fuel to retail customers in Q1 2023      |
| <b>1.6 million tons</b><br>net coal production in Q1 2023                | <b>5.3 TWh</b><br>total net energy generated in Q1 2023 | <b>5.2 TWh</b><br>energy delivered in Q1 2023                         | <b>33</b><br>Customer Service Offices (including 32 stationary offices and 1 mobile office) |

## 1. Operating summary of Q1 2023

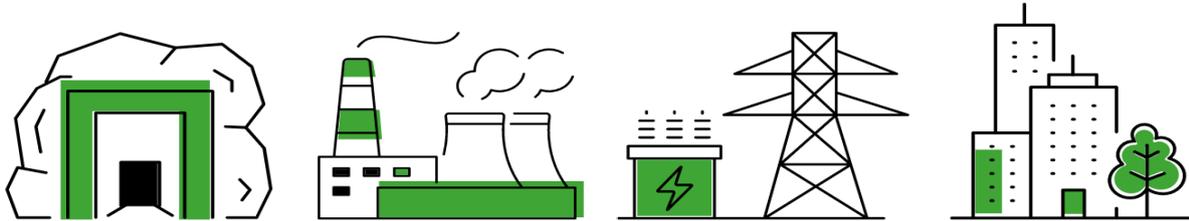
In Q1 2023, the ENEA Group generated EBITDA of PLN 1,044.3 million (up by PLN 91.6 million y/y).

The Generation area posted EBITDA of 490.3 million (down by PLN 129.8 million y/y). The lower EBITDA was caused predominantly by the weaker performance of the System Power Plants Segment (as a result of the occurrence of a new cost item, namely costs from the charge for the Price Difference Fund, while the unit margin on generation, the repurchase margin and the Balancing Market increased). At the same time, there was an increase in EBITDA in the RES Segment (mainly higher electricity price, with an increase in the cost of biomass and the occurrence of costs from the charge for the Price Difference Fund).

The Mining area generated EBITDA of PLN 289.5 million (up by PLN 15.1 million y/y). The higher EBITDA was mainly due to an increase in revenue from sales of coal (a decrease in the volume of mining and coal sales offset by a higher selling price) with a simultaneous increase in operating expenses (an increase in the unit mining cost).

The Distribution area posted EBITDA of PLN 426.5 million (up by PLN 116.0 million y/y). The improvement in EBITDA was driven by the higher margin realized on the concession business, with a simultaneous increase in operating expenses.

The Trading area posted EBITDA of PLN 0.4 million (up by PLN 193.2 million y/y). The increase in EBITDA was driven largely by the use of provisions related to onerous contracts and the improved result on the revaluation of CO<sub>2</sub> contracts. At the same time, despite the recognition of compensation revenues, there was a decline in margins in the retail market.



- The ENEA Group incurred CAPEX of PLN 580 million.
- Production of commercial coal was 1.6 million tons.
- Sales of commercial coal were 1.6 million tons.
- The Group generated 5.3 TWh of electricity.
- Sales of heat in the Generation Segment was 2.4 PJ.
- Sales of distribution services to end users were 5.2 TWh
- The sales volume of electricity and gaseous fuel to retail customers was 6.0 TWh.

+

Higher revenue from sales of electricity  
 Compensation revenues  
 Higher revenue from sales of distribution services  
 Change in provisions related to onerous contracts  
 Higher result on other operating activities  
 Higher revenue from sales of heat

-

Higher costs of purchase of electricity and gas  
 Higher costs of consumption of materials and supplies  
 Contribution to the Price Difference Fund  
 Higher employee benefit costs  
 Higher costs of transmission services  
 Drop in revenue from sales of coal  
 Lower revenue from sales of gas

## 1.1. Key events in 2023

### First quarter

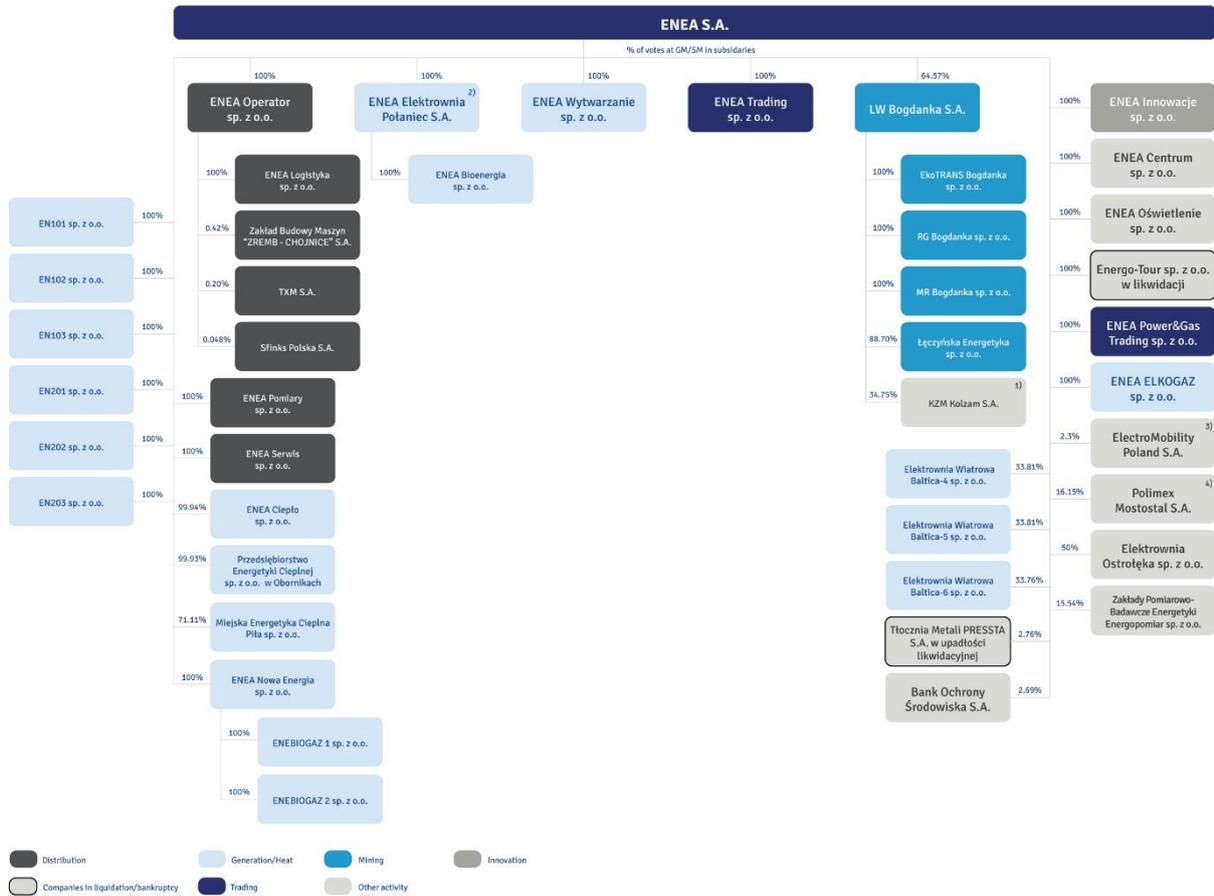
- On 4 January 2023, the Company received Mr. Rafał Włodarski's resignation from the position of an ENEA S.A. Supervisory Board Member, including the function of the Company's Supervisory Board Chairperson, effective as of 4 January 2023.
- On 27 January 2023, ENEA S.A. signed a financing agreement with a consortium of banks consisting of Polska Kasa Oszczędności Bank Polski S.A., Bank Gospodarstwa Krajowego, Bank Polska Kasa Opieki S.A., Alior Bank S.A. and Bank of China (Europe) S.A. Poland Branch. Under this agreement, the Company obtained financing in the total amount of PLN 2,500,000,000, including a term facility up to the amount of PLN 1,500,000,000 ("Facility A") and a revolving facility up to the amount of PLN 1,000,000,000 ("Facility B"). In accordance with the provisions of the agreement, the Company may allocate the funds made available under Facility A for the financing and refinancing of capital expenditures of the Issuer's Group incurred in connection with the construction, expansion, upgrade or maintenance of the distribution network and the acquisition, development, expansion, financing, construction, upgrade, maintenance or commissioning of any renewable energy sources. In turn, the funds made available under Facility B may be used by the Company to finance its day-to-day operations and working capital of the Issuer's Group, except for the financing of the construction, acquisition or expansion of hard coal-fired power plants, other business related to hard coal, including hard coal mining and trading, and to refinance any financial debt or expenditures incurred for such purpose.
- On 13 March 2023, an Extraordinary General Meeting of ENEA S.A. was held, which on the same day appointed Ms. Aleksandra Agatowska to the Company's Supervisory Board of the 11th term of office, and elected Mr. Łukasz Ciołko as the Chairman of the ENEA S.A. Supervisory Board.

## 1.2. Events after the reporting period

- On 14 April 2023, an increase was registered in the share capital of Polimex Mostostal S.A. by PLN 1,500,000, that is from PLN 480,737,604 to PLN 482,237,604, by floating 750,000 series S ordinary bearer shares with a par value of PLN 2 each. ENEA S.A.'s stake in the company's share capital diminished from 16.15% to 16.10%.
- On 18 April 2023, the ENEA S.A. Management Board adopted a resolution on the proposed distribution of the Issuer's net profit for the financial year 2022. According to the resolution, the Company's Management Board proposes to allocate the Issuer's net profit for the financial year covering the period from 1 January 2022 to 31 December 2022, in the amount of PLN 2,448,024,226.61, to increase the Company's reserve capital to carry out its scheduled investments. The Supervisory Board issued a positive opinion on the Management Board's proposal.
- On 18 April 2023, Fitch Ratings ("Agency") changed the Company's rating outlook from negative to stable and affirmed the Company's long-term foreign- and local-currency issuer default ratings at BBB.

## 2. Organization and activity of the ENEA Group

### 2.1. Structure of the ENEA Group – as at 31 March 2023



<sup>1)</sup> Ruling on discontinuation of the bankruptcy proceedings/the company does not conduct business activity.

<sup>2)</sup> On 16 January 2023, ENEA Połaniec Serwis merged with ENEA Elektrownia Połaniec S.A.

<sup>3)</sup> On 16 January 2023, the registration court registered the share capital increase. ENEA S.A. currently holds a 2.30% stake in the company's share capital

<sup>4)</sup> On 14 April 2023, an increase in the share capital of Polimex Mostostal S.A. was registered. ENEA S.A.'s stake in the company's share capital diminished from 16.15% to 16.10%

There are 7 leading entities in the ENEA Group, namely ENEA S.A. (trading in electricity), ENEA Operator sp. z o.o. (distribution of electricity), ENEA Wytwarzanie sp. z o.o., ENEA Elektrownia Połaniec S.A. and ENEA Nowa Energia sp. z o.o. (generation and sales of electricity), ENEA Trading sp. z o.o. (wholesale of electricity) and LW Bogdanka S.A. (coal mining). Other companies carry out ancillary activity in relation to the operations of those listed above. The Group's structure includes also minority interests held by ENEA S.A. and the subsidiaries of ENEA S.A. and LW Bogdanka S.A.<sup>5)</sup>

<sup>5)</sup> Hereinafter, the names of the companies may be presented without the abbreviation of their legal form. Whenever the terms "Company" or "Issuer" are mentioned, this means ENEA S.A.

### 2.2. Changes in the ENEA Group's structure

#### Asset restructuring

Following key organizational changes in Q1 2023, in addition to the initiatives associated with the planned changes, the ENEA Group did not carry out any major asset restructuring activities.

#### Capital divestments

In Q1 2023, no significant capital divestment activities were carried out.

#### Changes in the organization

In Q1 2023, the ENEA Group continued its endeavors aimed at pursuing the Group's Development Strategy.

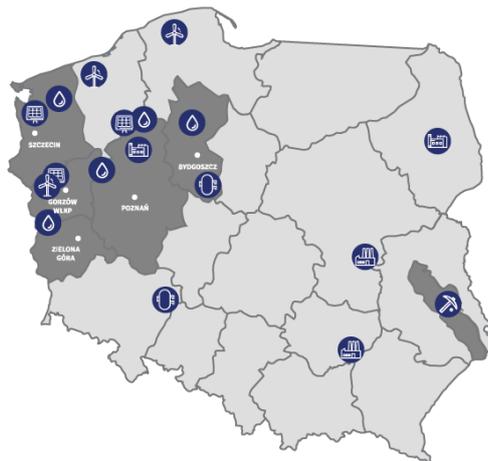
#### Capital investments

A detailed description of processes related to capital investments is included in the condensed interim financial statements for Q1 2023.

## Events during the reporting period up to the date of the report

- On 3 January 2023, the Extraordinary General Meeting of ENEA Połaniec Serwis sp. z o.o. (target company) was held and adopted a resolution on the target company's merger with ENEA Elektrownia Połaniec S.A. (acquiring company). The merger was effected under a simplified procedure, that is in accordance with Article 516 of the Commercial Company Code. On 16 January 2023, the companies merged.
- On 4 January 2023, ENEA S.A. founded a limited liability company by the name of EN202 sp. z o.o. with its registered office in Poznań, with the share capital of PLN 70,000.00, divided into 100 shares with a par value of PLN 700.00 each, which was fully covered by cash, while all shares were subscribed for by ENEA S.A. The company was entered in the National Court Register on 5 January 2023. The company was established to carry out a photovoltaic project.
- On 4 January 2023, ENEA S.A. founded a limited liability company by the name of EN101 sp. z o.o. with its registered office in Poznań, with the share capital of PLN 70,000.00, divided into 100 shares with a par value of PLN 700.00 each, which was fully covered by cash, while all shares were subscribed for by ENEA S.A. The company was entered in the National Court Register on 9 January 2023. The company was established to carry out a photovoltaic project.
- On 13 January 2023, the court of registration competent for ENEA Trading sp. z o.o. issued a demerger decision and made an appropriate entry in the Register of Commercial Undertakings. As a consequence of the entry, ENEA Trading sp. z o.o.'s share capital decreased from PLN 100,000,000.00 to PLN 61,205,000.00.
- On 1 February 2023, 500,000 series S ordinary bearer shares of Polimex Mostostal S.A. were registered with the Central Securities Depository of Poland (KDPW) and admitted to trading by the Warsaw Stock Exchange (WSE), with a par value of PLN 2.00 each, resulting in an increase in the Company's share capital by PLN 1,000,000.00, from PLN 479,737,604.00 to PLN 480,737,604.00. As a result of the increase in the share capital of Polimex Mostostal S.A., ENEA S.A.'s stake in the company's share capital diminished from 16.26% to 16.23%.
- On 28 February 2023, ENEA Innowacje sp. z o.o. sold 1 share in ENEBIOGAZ 1 sp. z o.o. with a par value of PLN 50.00 for the price of PLN 50.00 and 1 share in ENEBIOGAZ 2 sp. z o.o. with a par value of PLN 50.00 for the price of PLN 50.00 to ENEA Nowa Energia sp. z o.o., which became the sole shareholder of ENEBIOGAZ 1 sp. z o.o. and ENEBIOGAZ 2 sp. z o.o.
- On 15 March 2023, the Extraordinary General Meeting of ENEA ELKOGAZ sp. z o.o. with its registered office in Warsaw adopted a resolution to increase the share capital of ENEA ELKOGAZ sp. z o.o. by PLN 10,000,000.00, that is from PLN 19,000,000.00 to PLN 29,000,000.00, by creating 100,000 new shares with a par value of PLN 100.00 each and a total par value of PLN 10,000,000.00, which were subscribed for by ENEA S.A. and paid up in full with cash. The share capital increase was entered in the National Court Register on 3 April 2023.
- In March 2023, the sale of 187,500 shares held by ENEA S.A. in the share capital of Polimex Mostostal S.A. was finalized; as a result, the stake held by ENEA S.A. in the Company's share capital fell from 16.23% to 16.15%. On 14 April 2023, an increase was registered in the share capital of Polimex Mostostal S.A. by PLN 1,500,000.00, that is from PLN 480,737,604.00 to PLN 482,237,604.00, by floating 750,000 series S ordinary bearer shares with a par value of PLN 2.00 each. ENEA S.A.'s stake in the company's share capital diminished from 16.15% to 16.10%.
- On 3 April 2023, the court of registration competent for ENEA Power&Gas Trading sp. z o.o. issued a demerger decision and made an appropriate entry in the Register of Commercial Undertakings. As a consequence of the entry, ENEA Power&Gas Trading sp. z o.o.'s share capital increased from PLN 3,200,000.00 to PLN 61,392,500.00.
- On 27 April 2023, the Extraordinary General Meeting of Elektrownia Ostrołęka sp. z o.o. decided to increase the company's share capital by PLN 100.00 to PLN 912,482,200.00 by creating 2 new shares with a par value of PLN 50.00 each and an issue price of PLN 202,657,409.15 per share. The company's existing shareholders, namely ENEA S.A. and ENERGA S.A., acquired 1 new share with a par value of PLN 50.00 each. Specifically, on 27 April 2023, ENEA S.A. acquired its 1 new share, covering it with a cash contribution of PLN 202,657,409.15. Then, effective as of 28 April 2023, ENEA S.A. and Elektrownia Ostrołęka sp. z o.o. executed an agreement on a set-off of receivables whereunder ENEA S.A.'s receivables from Elektrownia Ostrołęka sp. z o.o. on account of the PLN 170,000,000.00 loan granted under the loan agreement of December 2019 (as amended) plus interest, for a total value of PLN 202,657,409.15, were set off with the receivables of Elektrownia Ostrołęka sp. z o.o. from ENEA S.A. on account of the liability incurred to cover 1 share in the company with a cash contribution of PLN 202,657,409.15 in the increased share capital of Elektrownia Ostrołęka. In accordance with the set-off agreement, the receivables were mutually cancelled in full, and thus the loan agreement of 23 December 2019 (as amended) expired on 28 April 2023. The share capital increase is currently pending an entry in the National Court Register.

## 2.3. ENEA Group's business areas



-  Power Plants: Kozienice, Połaniec
-  Biogas power plants: Gorzesław, Liszkowo
-  ENEA Ciepło, MEC Piła, PEC Oborniki
-  LW Bogdanka
-  Wind farms: Bardy, Darżyno, Baczyna
-  Distribution area of ENEA Operator
-  21 hydroelectric power plants
-  Lublin coal basin
-  PV farms: PV Jastrowie I, PV Likowo, PV Lubno I i PV Lubno II and PV FW Lubno I

### Distribution

- Supply of electricity
- Planning and ensuring expansion of the distribution network, including by connecting new customers
- Operation, maintenance and repairs of the distribution grid
- Management of metering data

### Generation

- Electricity generation based on bituminous coal, biomass, gas, wind, water, biogas and photovoltaic technology
- Heat generation
- Heat transmission and distribution
- Electricity trading

### Mining

- Production of bituminous coal
- Sales of bituminous coal
- Securing the Group's raw material base

### Wholesale trading

- Optimization of wholesale contracts portfolio for electricity and gaseous fuel
- Operations on product markets
- Ensuring access to wholesale markets

### Retail trading

- Trading in electricity and gaseous fuel on the retail market
- Product and service offering adjusted to customers' needs
- Comprehensive customer service

### 2.3.1. Mining

In the ENEA Group, the subsidiary involved in the mining business is LW Bogdanka, which is a leader on the bituminous coal market in Poland, standing out in comparison with its peers in terms of financial results, mining efficiency and investment plans including access to new deposits. The bituminous coal sold by LW Bogdanka is used predominantly for the production of electricity, heat and cement. LW Bogdanka's customers are chiefly industrial companies, especially ones operating in the power sector, located in eastern and north-eastern Poland.

| Item  | Q1 2022 | Q1 2023 | Change |
|---|---------|---------|--------|
| Net production [000s of tons]                         | 2,809   | 1,623   | -42.2% |
| Sales of coal [000s of tons]                          | 2,716   | 1,582   | -41.8% |
| Inventories (at the end of the period) [000s of tons] | 113     | 62      | -45.1% |
| Excavation works [km]                                 | 8.6     | 8.5     | -1.2%  |

### 2.3.2. Generation

#### 2.3.2.1. Generation assets of the ENEA Group

| Item  | Installed electricity generation capacity [MW <sub>e</sub> ] | Achieved electricity generation capacity [MW <sub>e</sub> ] | Installed heat generation capacity [MW <sub>t</sub> ] | Installed RES capacity [MW <sub>e</sub> ] |
|---|--|---|---|---|
| Kozienice Power Plant   | 4,071.8  | 4,007.0   | 125.4   | -   |
| Połaniec Power Plant  | 1,879.0  | 1,899.0   | 130.0   | 230.0                                     |
| Bardy, Darżyno and Baczyna (Lubno I and Lubno II) wind farms                    | 71.6   | 70.1  | -   | 71.6                                      |
| Photovoltaic power plants PV Jastrowie I, PV Likowo, PV Lubno I and PV Lubno II | 6.0  | 6.0   | -   | 6.0                                       |
| Liszkowo and Gorzesław biogas plants  | 3.8  | 3.8   | 3.1   | 3.8                                       |
| Hydro power plants  | 58.8   | 55.8  | -   | 58.8                                      |
| MEC Piła  | 20.4   | 18.4  | 130.9   | 0.0                                       |
| PEC Oborniki  | -  | -   | 27.4  | -   |
| ENEA Ciepło (Białystok CHP Plant, "Zachód" Heat Plant)                          | 203.5  | 156.6   | 684.1   | 78.5                                      |
| <b>Total</b>  | <b>6,314.9</b>   | <b>6,216.7</b>  | <b>1,100.9</b>  | <b>448.7</b>                              |

### 2.3.2.2. Generation – installed capacity

#### Kozienice Power Plant

| Unit                    | U1   | U2   | U3   | U4   | U5   | U6   | U7   | U8   | U9   | U10  | U11   |
|-------------------------|------|------|------|------|------|------|------|------|------|------|-------|
| Installed capacity [MW] | 230  | 230  | 230  | 230  | 230  | 230  | 230  | 230  | 560  | 560  | 1,112 |
| Planned shutdown year   | 2025 | 2025 | 2025 | 2025 | 2027 | 2027 | 2027 | 2027 | 2041 | 2042 | 2048  |

The above data for U1-U8 have been prepared on the basis of the generation capacity replacement schedule, which is based on one of the two generation capacity replacement options considered in parallel and which assumes the installation of combined cycle power units (hereinafter: “CCPU”), while the data for other units have been prepared on the basis of the current working schedule of the units and the generation unit shutdowns anticipated in the schedule. In 2022, ENEA Wytwarzanie took steps to replace the entire generation capacity of the existing 200 MWe units with high-efficiency and low-emission combined-cycle units, in one of the two options under consideration, i.e. two CCPUs of 1100 MW each, or three CCPUs of 700 MW each. On 16 March 2022, ENEA S.A. established a special-purpose vehicle ENEA ELKOGAZ with its registered office in Warsaw, in which it is the sole shareholder. The newly established company will replace the generation capacity of 200 MW power units with gaseous fuel combustion technology. Detailed information about the process is provided in item 8.3.7.

#### Połaniec Power Plant

| Unit                    | U1   | U2   | U3   | U4   | U5   | U6   | U7   | GU (U9) |
|-------------------------|------|------|------|------|------|------|------|---------|
| Installed capacity [MW] | 200  | 242  | 242  | 242  | 242  | 242  | 239  | 230     |
| Planned shutdown year   | 2023 | 2034 | 2034 | 2034 | 2034 | 2034 | 2034 | 2042    |

The above data were prepared on the basis of the current working schedule of the units and the scheduled shutdowns of the generation units. Currently, work is under way on the project entitled “Adaptation of ENEA Elektrownia Połaniec to Capacity Market requirements after 1 July 2025” and on the development of the modernization concept for Unit 1.

#### ENEA Nowa Energia

| Areas              | Item  | Installed capacity [MW <sub>e</sub> ] |
|--------------------|---|---------------------------------------|
| Water              | 21 barrages with accompanying facilities on which hydropower plants with an installed capacity of 132 kW to 24.8 MW are located on the following rivers: Brda, Wda, Gwda, Rega, Drawa, Myśla, Obra and Wełna. | 58.8                                  |
| Wind farms         | Bardy, Darżyno and Baczyna (Lubno I and Lubno II)   | 71.6                                  |
| Photovoltaic farms | PV Jastrowie I, PV Likowo, PV Lubno I and PV Lubno II and PV FW Lubno I <sup>1)</sup>   | 6.0                                   |
| Biogas             | Liszkowo and Gorzesław biogas plants  | 3.8                                   |

<sup>1)</sup> PV Lubno I farm with a capacity of 3 MW – since 15 December 2022, the commissioning stage of the project is underway; once the concession has been obtained, the total installed capacity in the Photovoltaic Farm Area will be 9.0 MWe.

#### ENEA Ciepło

| Unit                            | U1   | U2   | U3   | U4 <sup>1)</sup> | Water boilers                   | K1 | K2 | K3 | K4 | K5 |
|---------------------------------|------|------|------|------------------|---------------------------------|----|----|----|----|----|
| Installed capacity [MW]         | 55   | 55   | 70   | 23.5             | Installed capacity [MW]         | 0  | 0  | 0  | 0  | 0  |
| Thermal capacity [MWt]          | 98.4 | 108  | 108  | 0                | Thermal capacity [MWt]          | 33 | 35 | 35 | 40 | 40 |
| Planned last year of production | 2028 | 2045 | 2055 | 2061             | Planned last year of production | -  | -  | -  | -  | -  |

<sup>1)</sup> Condensing turbine unit powered by discharges from the U1 unit

### 2.3.2.3. Data for the Generation Area

| Item  | Q1 2022      | Q1 2023      | Change        |
|---|--------------|--------------|---------------|
| <b>Total (net) electricity generation [GWh]</b>                                 | <b>6,494</b> | <b>5,319</b> | <b>-18.1%</b> |
| Net generation from conventional sources [GWh]                                  | 5,936        | 4,743        | -20.1%        |
| RES production [GWh]  | 558          | 577          | 3.4%          |
| <b>Gross heat production [TJ]</b>   | <b>2,820</b> | <b>2,624</b> | <b>-7.0%</b>  |
| <b>ENEA Wytwarzanie</b>   |              |              |               |
| <b>Total (net) electricity generation [GWh]</b>                                 | <b>4,107</b> | <b>3,464</b> | <b>-15.7%</b> |
| Unit 11 in the Koziencice Power Plant   |              |              |               |
| Net electricity production [GWh]  | 1,423        | 1,127        | -20.8%        |
| Average monthly net load [MW]   | 751          | 691          | -8.0%         |
| <b>Gross heat production [TJ]</b>   | <b>265</b>   | <b>204</b>   | <b>-23.0%</b> |
| <b>ENEA Nowa Energia</b>  |              |              |               |
| <b>Total (net) electricity generation from RES [GWh]</b>                        | <b>102</b>   | <b>92</b>    | <b>-9.8%</b>  |
| hydro power plants  | 38           | 33           | -13.2%        |
| wind farms  | 62           | 56           | -9.7%         |
| biogas plants   | 3            | 2            | -33.3%        |
| PV farm   | 0.1          | 0.9          | 800.0%        |
| <b>ENEA Elektrownia Połaniec</b>  |              |              |               |
| <b>Total (net) electricity generation [GWh]</b>                                 | <b>2,138</b> | <b>1,606</b> | <b>-24.9%</b> |
| Net generation from conventional sources [GWh]                                  | 1,739        | 1,177        | -32.3%        |
| RES production (biomass firing – Green Unit) [GWh]                              | 361          | 395          | 9.4%          |
| RES production (biomass co-firing) [GWh]  | 38           | 35           | -7.9%         |
| <b>Gross heat production [TJ]</b>   | <b>640</b>   | <b>599</b>   | <b>-6.4%</b>  |
| <b>ENEA Ciepło</b>  |              |              |               |
| <b>Total (net) electricity generation [GWh]</b>                                 | <b>136</b>   | <b>125</b>   | <b>-8.1%</b>  |
| Net generation from conventional sources [GWh]                                  | 79           | 69           | -12.7%        |
| – excluding biomass firing  |              |              |               |
| RES production – biomass firing [GWh]   | 57           | 56           | -1.8%         |
| <b>Gross heat production [TJ] (in combination with the “Zachód” Heat Plant)</b> | <b>1,552</b> | <b>1,470</b> | <b>-5.3%</b>  |
| <b>PEC Oborniki</b>   |              |              |               |
| <b>Gross heat production [TJ]</b>   | <b>49</b>    | <b>49</b>    | <b>-</b>      |
| <b>MEC Piła</b>   |              |              |               |
| <b>Total (net) electricity generation [GWh]</b>                                 | <b>11</b>    | <b>32</b>    | <b>190.9%</b> |
| <b>Gross heat production [TJ]</b>   | <b>314</b>   | <b>301</b>   | <b>-4.1%</b>  |

### 2.3.2.4. CO<sub>2</sub> emissions, allocation of free CO<sub>2</sub> emission allowances, costs of allowances

|   | CO <sub>2</sub> emissions [t] | Allocation of free CO <sub>2</sub> emission allowances [t] | Costs of allowances [PLN 000s] |
|---|-------------------------------|--|--------------------------------|
| <b>Kozienice Power Plant</b>              |                               |  |                                |
| Q1 2022                                   | 3,648,607                     | 3,079 <sup>1)</sup>  | 847,562                        |
| Q1 2023                                   | 3,164,563                     | 2,997 <sup>2)</sup>  | 1,400,352                      |
| <b>MEC Piła</b>                           |                               |  |                                |
| Q1 2022                                   | 22,516                        | 6,923 <sup>1)</sup>  | 6,792                          |
| Q1 2023                                   | 18,657                        | 6,836 <sup>2)</sup>  | 6,006                          |
| <b>Białystok – CHP plant</b>              |                               |  |                                |
| Q1 2022                                   | 123,578                       | 44,415 <sup>1)</sup>                                       | 24,160                         |
| Q1 2023                                   | 109,380                       | 43,244 <sup>2)</sup>                                       | 29,754                         |
| <b>Białystok – “Zachód” Heat Plant</b>    |                               |  |                                |
| Q1 2022                                   | 3,887                         | 2,923 <sup>1)</sup>  | 850                            |
| Q1 2023                                   | 7,817                         | 2,923 <sup>2)</sup>  | 2,124                          |
| <b>Połaniec Power Plant</b>               |                               |  |                                |
| Q1 2022                                   | 1,787,654                     | 87,646 <sup>1)</sup>                                       | 391,813                        |
| Q1 2023                                   | 1,218,406                     | 83,334 <sup>2)</sup>                                       | 490,673                        |
| <b>Łęczyńska Energetyka <sup>3)</sup></b> |                               |  |                                |
| Q1 2022                                   | 19,059                        | 11,809 <sup>1)</sup>                                       | 6,208                          |
| Q1 2023                                   | 17,340                        | 11,809 <sup>2)</sup>                                       | 5,963                          |
| <b>Total Q1 2022</b>                      | <b>5,605,302</b>              | <b>156,795</b>   | <b>1,277,385</b>               |
| <b>Total Q1 2023</b>                      | <b>4,536,163</b>              | <b>153,143</b>   | <b>1,934,872</b>               |

<sup>1)</sup> Gratuitous allowances granted for 2022.

<sup>2)</sup> Gratuitous allowances granted for 2023.

<sup>3)</sup> Entity in the LW Bogdanka Group holding CO<sub>2</sub> emission allowances.

### 2.3.2.5. Fuel supply

The main fuel used in the Kozienice Power Plant and the Połaniec Power Plant to generate electricity is pulverized bituminous coal. The main fuels used in ENEA Ciepło – Białystok CHP Plant in Q1 2023 included: coal and biomass – mainly in the form of steam wood chips, steam willow and poplar wood chips, residues from agricultural production and the agricultural processing industry.

#### Coal deliveries

|   | Kozienice Power Plant   | Połaniec Power Plant   | ENEA Ciepło  |
|---|---|--|--|
| Main coal suppliers in Q1 2023                | LW Bogdanka (57%)<br>Some other suppliers (below 20% each)                          | PGG (approx. 37%), PGE (approx. 28%)<br>LW Bogdanka (approx. 23%)<br>other suppliers (approx. 12%) | LW Bogdanka (88%)<br>PGG (12%)                       |
| Main operator effecting deliveries in Q1 2023 | PKP Cargo (approx. 57%)<br>FPL (approx. 23%)<br>Others: DB Cargo, CTL (approx. 20%) | Own transport (approx. 28%)<br>PKP Cargo (approx. 54%)<br>LW Bogdanka (approx. 18%)                | LW Bogdanka (approx. 88%)<br>PKP CARGO (approx. 12%) |

#### Purchase of fuel

| Fuel type  | Generation Area         |                    |                         |                    |
|--|-------------------------|--------------------|-------------------------|--------------------|
|  | Q1 2022                 |                    | Q1 2023                 |                    |
|  | Quantity [000s of tons] | Cost [PLN million] | Quantity [000s of tons] | Cost [PLN million] |
| Bituminous coal  | 3,094                   | 870                | 2,967                   | 2,774              |
| Biomass  | 547                     | 198                | 575                     | 376                |
| (Heavy) fuel oil <sup>1)</sup>                         | 5                       | 14                 | 3                       | 7                  |
| (Light) fuel oil <sup>2)</sup>                         | 2                       | 9                  | 2                       | 13                 |
| Natural gas [thousand m <sup>3</sup> ] <sup>3)4)</sup> | 3,222                   | 7                  | 8,460                   | 24                 |
| <b>Total</b>   |                         | <b>1,098</b>       |                         | <b>3,194</b>       |

<sup>1)</sup> Light up fuel in U1-10 of the Kozienice Power Plant and U1-7 of the Połaniec Power Plant

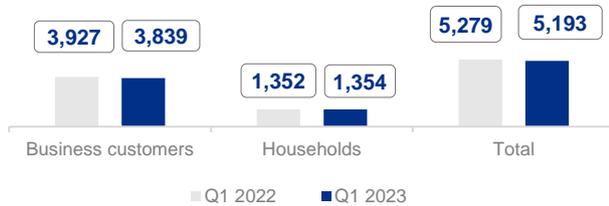
<sup>2)</sup> Light up fuel in U11 of the Kozienice Power Plant, U9 of the Połaniec Power Plant, MEC Piła (boiler house of KO Staszycze, which may be gaseous fuel or oil-fired).

<sup>3)</sup> Used for generation of electricity and heat in MEC Piła

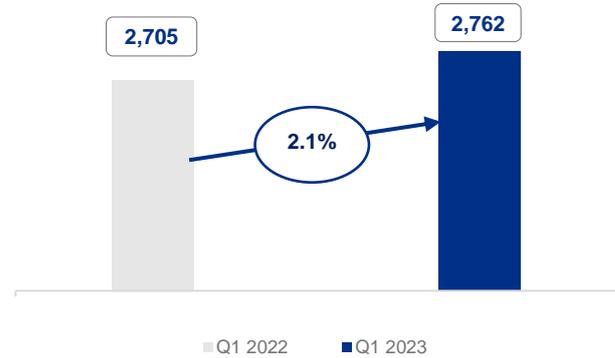
<sup>4)</sup> Used for generation of heat in the “Zachód” Heat Plant; gas volume unit: thousand Nm<sup>3</sup>

### 2.3.3. Distribution

Sales of distribution services [GWh]



Number of customers [in thousands]



109.9 thousand km – length of distribution lines

13.5 thousand km – length of connections

39.6 thousand – number of substations

1,008.3 thousand – number of connections

The total regulatory asset base (RAB) included in the tariff calculation for 2022 (which also includes WRA\_AMI) was PLN 9,954,930 thousand.

#### Connected RES sources in the operating area of ENEA Operator in the period from 2016 to Q1 2023

|         | Number of connected RES sources classified in connection groups II and III, cumulative | Number of connected microinstallations, based on the submitted reports and requests, cumulative | Total capacity of connected RES sources classified in connection groups II and III, cumulative [MW] | Total capacity of connected micro-installations, based on the submitted reports and requests, cumulative [MW] |
|---------|--|---|---|---|
| 2016    | 350  | 2,479   | 1,220   | 17  |
| 2017    | 360  | 4,302   | 1,240   | 31  |
| 2018    | 400  | 6,910   | 1,280   | 50  |
| 2019    | 493  | 18,900  | 1,369   | 136   |
| 2020    | 593  | 61,990  | 1,614   | 435   |
| 2021    | 785  | 108,873   | 2,066   | 830   |
| 2022    | 1,207  | 150,283   | 2,751   | 1,257   |
| Q1 2023 | 1,483 <sup>1)</sup>  | 156,446   | 3,077 <sup>1)</sup>   | 1,339   |

<sup>1)</sup> The list does not include cogeneration sources, specifically Mondri (201.825 MW), CHP Szczecin (76 MW) and Veolia (63 MW) or RES connected under the C1x and C2x tariffs (8.453 MW)

#### Number and length of connections

| Item         | Q1 2022        |               | Q1 2023          |               |
|--------------|----------------|---------------|------------------|---------------|
|              | Number         | Length [km]   | Number           | Length [km]   |
| Overhead     | 318,702        | 6,988         | 323,102          | 6,990         |
| Cable        | 667,642        | 6,273         | 685,188          | 6,540         |
| <b>Total</b> | <b>986,344</b> | <b>13,261</b> | <b>1,008,290</b> | <b>13,530</b> |

#### Number of electrical substations

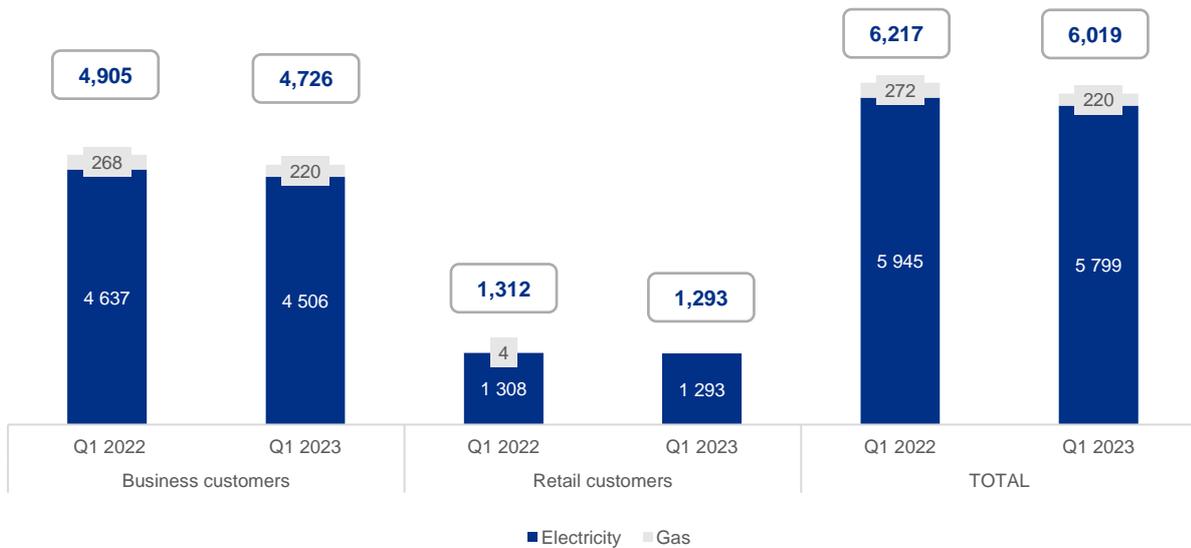
| Item         | Q1 2022 Number | Q1 2023 Number |
|--------------|----------------|----------------|
| 110 kV       | 249            | 255            |
| MV           | 38,726         | 39,310         |
| <b>Total</b> | <b>38,975</b>  | <b>39,565</b>  |

### 2.3.4. Trading

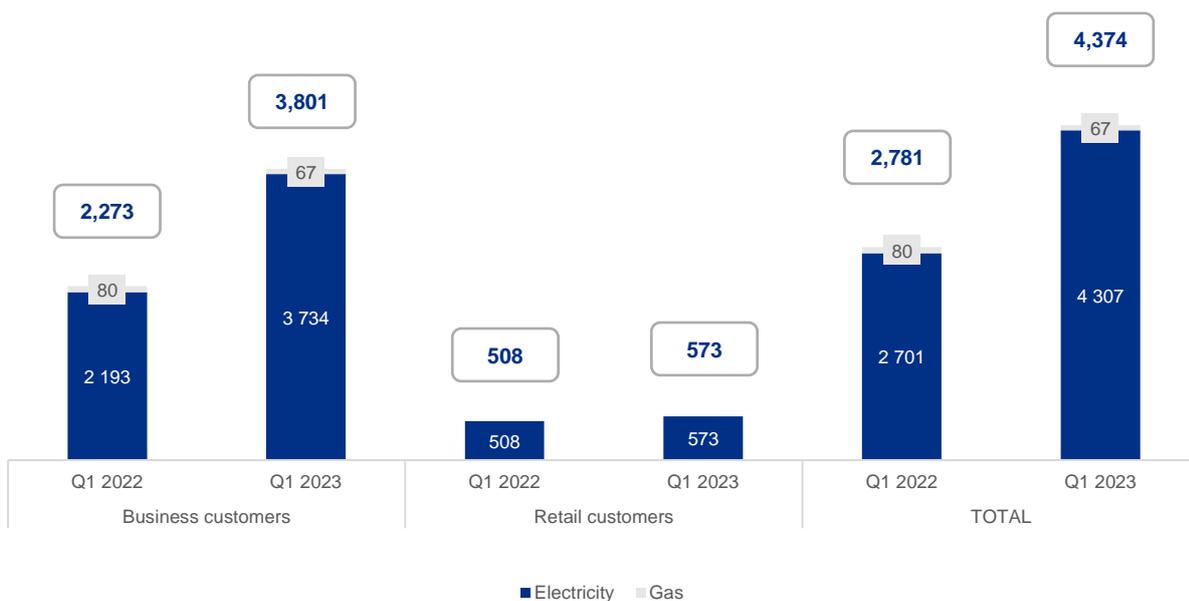
Sales of electricity and gaseous fuel to retail customers carried out by ENEA S.A.

In Q1 2023, as compared to Q1 2022, the total sales volume of electricity and gaseous fuel decreased by 198 GWh, or 3.2%. The decrease was caused by a change to customer portfolio. In the business customer segment, the sales volume of electricity decreased by 131 GWh, or 2.8%, with a concurrent decrease in the sales volume of gaseous fuel by 48 GWh, or 17.9%. In turn, in the retail customer segment, a decrease was recorded in the sales volume of electricity by 15 GWh, or 1.1%, along with a slight decrease in the sales volume of gaseous fuel. Total revenue from sales of electricity and gaseous fuel increased in Q1 2023 by PLN 1,593 million, or 57.3%, as compared to the corresponding period in 2022, reflecting the rapid electricity and gaseous fuel price increases on the wholesale market. This increase affected revenues in both the business customer segment and in the retail customer segment.

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



#### Sales of electricity and gaseous fuel to ENEA S.A.'s retail customers [PLN million]



## 2.4. Development strategy

Due to abundant changes of a fundamental nature in the industry environment, in 2021 the ENEA Group's Strategy was updated in order to address challenges and circumstances affecting businesses operating in the power sector. On 15 December 2021, the Company accepted for implementation the "ENEA Group Development Strategy until 2030 with an outlook to 2040", which will enable ambitious, responsible and effective transition of the ENEA Group. The war in Ukraine, which broke out on 24 February 2022 with a full-scale invasion by the Russian Federation, itself an escalation of the war between these two countries lasting since 2014 in southern and eastern Ukraine, exerted a major impact on both the ENEA Group and the whole of Poland, the EU and the world. As a consequence, problems and crises emerged related to the insufficient supply of fossil fuels, specifically natural gas, coal and agricultural biomass, previously imported from Belarus, Ukraine and Russia.

Accordingly, on 18 May 2022, the European Commission published the REPowerEU plan with a view to diminishing even faster the EU's dependence on fossil fuels imported from Russia and accelerating the transition. The measures included in REPowerEU may provide a response to these ambitions through saving energy, diversifying energy supplies and accelerating the rollout of renewable energy to replace fossil fuels in homes, industry and power generation. Because the current international situation affects many aspects of energy policy and forces changes in the approach to ensuring energy security by pursuing greater diversification and independence, it is necessary to modify the provisions of "Poland's Energy Policy until 2040". In accordance with the assumptions made for the update of "Poland's Energy Policy until 2040", the Policy should also take into account the fourth pillar, namely energy sovereignty a special component of which consists of ensuring a rapid departure from a situation of dependence of the country's economy on imported fossil fuels (coal, crude oil and natural gas) and derivative products (LPG, diesel oil, gasoline, kerosene) from the Russian Federation and other countries subject to economic sanctions through the diversification of supplies, investments in production capacities, linear infrastructure and storage, and in alternative fuels. With this in mind, the following amendments to "Poland's Energy Policy until 2040" have been proposed:

- Greater technological diversification and expansion of capacities based on national sources.
- Continued development of RES capacities, with efforts focused on ensuring that approximately half the country's electricity is generated from renewable sources by 2040. In addition to the continued development of wind and solar power generation, activities aimed at facilitating the use of renewable energy sources independent of weather conditions, such as water, biomass, biogas or earth heat, will be intensified. The use of renewable energy sources in energy cluster, energy cooperatives and hybrid plants will be particularly desirable.
- Efforts will be made to improve energy efficiency in order to reduce the demand for energy and thus diminish the need for raw materials and the consequences of potential shortages of energy supplies.
- Continued diversification of supplies and providing alternatives to hydrocarbons.
- Aligning investment decisions in gas generation capacities with the availability of gaseous fuel. Gas-fired plants will retain their significance for adjusting the operation of the energy system, but because of the altered geopolitical situation and the unpredictability of the natural gas market in the medium term, the degree of utilization of existing coal units may increase.
- Utilization of coal units. The utilization of domestic hard coal deposits may peak periodically if threats occur to the country's energy security. In order to ensure the continuity of supplies, measures will be taken to keep coal-fired units on stand-by in accordance with their technological lifespan, which is longer than that resulting from economic considerations based on their financial sensitivity to the prices of CO<sub>2</sub> emission allowances.
- Deployment of a nuclear energy program based primarily on large reactors (above 1000 MW). In parallel to the ongoing work on the construction of Poland's first nuclear power plant, efforts will be continued to deploy small modular reactors (SMRs) in the future.
- Development of the grid and energy storage facilities.

Moreover, Poland will be involved in negotiations aimed at reforming the mechanisms of the European Union's climate policy to ensure that the pursuit of a low-emission and ambitious transition contributing to the achievement of EU goals is possible, but that it also takes into account the transitional spike in demand for conventional generation capacity, without incurring excessive costs resulting from climate policy. Such changes in the ENEA Group's environment exert a major impact on the pursuit of the "ENEA Group Development Strategy until 2030 with an outlook to 2040" and the strategic goals and development directions laid down therein. Accordingly, when the Strategy is updated, its content will properly reflect these matters.

The ENEA Group’s mission and vision presented in the “ENEA Group Development Strategy until 2030 with an outlook to 2040” currently in place are as follows:

MISSION

**ENEA, while carrying out the transformation of the Polish energy sector in a reasonable and efficient manner, provides reliable products and services to customers by building lasting relationships based on respect for the environment and shared values.**

VISION

**ENEA is a leading supplier of integrated products and services, setting new trends during energy transition.**

The ENEA Group as a responsible entity operating in the power sector striving to meet other global challenges, intends to conduct its business in a manner that minimizing its impact on the natural environment. Acting in accordance with the assumptions adopted for the transition of the power sector in Poland, the Group takes steps to spin off from its structures any assets related to the generation of electricity in conventional coal-fired units. The ENEA Group intends to conduct its business in a sustainable manner while minimizing its impact on the natural environment. These development directions form a foundation which is used to define strategic objectives:



**The ENEA Group, as one of the key entities on the energy market in Poland, co-responsible for the state’s energy security, observes global trends and understands the challenge posed by climate change. This is why it is actively involved in the development of the RES sector and as part of Enea’s Transformation #TransformacjaEnei it wants to invest in zero-carbon technologies.**

Sustainable transition increasing the shareholder value of the ENEA Group is its overriding objective. The map of objectives includes, apart from the overriding objective, the following partial ones:

**From the Owner’s Perspective:**

- Development of Renewable Energy Sources based on state-of-the-art technologies;
- Lasting relationships with customers, gradually decreasing costs of reaching and retaining customers;
- Ensuring financial security of the ENEA Group;

- Reliability and continuity of electricity supply;
- Implementation of innovative solutions and new technologies in all areas of the ENEA Group's business.

**From the Customer's Perspective:**

- Responsible partner in sustainable management of relations with local communities, the environment and Customers;
- Ability to satisfy the Customer's comprehensive needs;
- Attractive price to quality ratio of the offered product and service bundles;
- Development of new lines of business to be able to offer Customers new products, not only power-related ones.

**From the Process Perspective:**

- Producing an optimum and sustainable mix of products and services for well-identified Customers in cooperation with business and social partners;
- Reaching customers efficiently and delivering the promised value, on time, at the right price and quality point, while ensuring responsible and ethical marketing and reliable information;
- Consistent, integrated and sustainable management of flexible, open competence groups in clearly defined lines of business, in the preferred role of business operators on entrusted assets.

**From the Development Perspective:**

- Modern, transparent and ethical corporate governance system at all levels across the ENEA Group;
- Efficient operating model of the ENEA Group aligned with the Group's evolution;
- Progressive education taking into account the challenges of transition.

**ENEA assumes that it will achieve the following by implementing the Strategy:**

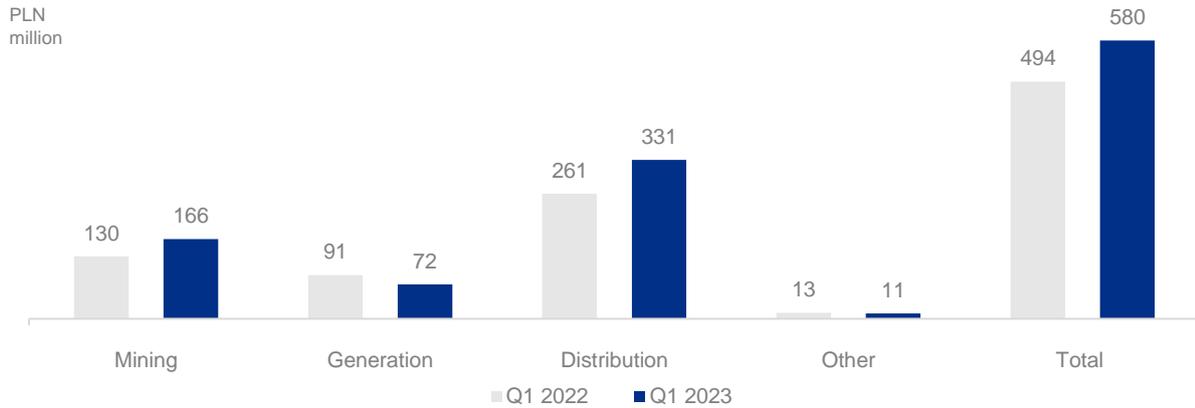
1. increase in (gross) installed capacity from renewable energy sources by 1,510 MW by 2030 and 3,580 MW in 2040, calculated in relation to 2020 (without taking into account the capacity of the already existing "Green Unit" owned by ENEA Elektrownia Połaniec);
2. reduction of the unit CO<sub>2</sub> emission measure to 254 kg CO<sub>2</sub>/MWh in 2030, with the intent to achieve 201 kg CO<sub>2</sub>/MWh by 2040; by 2050, the ENEA Group intends to achieve climate neutrality;
3. share in the sales of electricity to ENEA Group Customers in Poland's total electricity sales market of 16% by 2030 and at least 17% by 2040;
4. SAIDI at 74.59 minutes in 2030 and 70 minutes in 2040;
5. SAIFI at 2.02 in 2030 and 1.93 in 2040;
6. network losses in distribution at 5.14% in 2030 and 5.0% in 2040;
7. ROE of the ENEA Group at 6.4% in 2030 and 7.1% in 2040;
8. ROA of the ENEA Group at 2.9% in 2030 and 4.6% in 2040;
9. contribution of the New Lines of Business to the ENEA Group's EBITDA at 7-12% by 2030 and 10-15% by 2040, in relation to the total EBITDA of the ENEA Group.

The estimated measures of strategic objectives to be achieved by 2040 mentioned in items 1.-2. and 7.-9. have been calculated based on the assumption of the spin-off of coal-fired assets outside the ENEA Group.

| Indicator   | Expected value of the ratio in the year: |                             |
|---|--|-----------------------------|
| Return on Equity (ROE)                                    | 2030                                     | 6.4%                        |
|   | 2040                                     | 7.1%                        |
| Return on assets (ROA)                                    | 2030                                     | 2.9%                        |
|   | 2040                                     | 4.6%                        |
| Unit CO <sub>2</sub> emission indicator in the ENEA Group | 2030                                     | 254 kg CO <sub>2</sub> /MWh |
|   | 2040                                     | 201 kg CO <sub>2</sub> /MWh |
| SAIDI   | 2030                                     | 74.59 min.                  |
|   | 2040                                     | 70 min.                     |
| SAIFI   | 2030                                     | 2.02                        |
|   | 2040                                     | 1.93                        |
| Index of grid distribution losses                         | 2030                                     | 5.14%                       |
|   | 2040                                     | 5.0%                        |

## 2.5. Actions and investments pursued

### 2.5.1. Capital expenditures (CAPEX)



| Capital expenditures (CAPEX) [PLN million] | Q1 2022      | Q1 2023      | Actuals Q1 2023 / Plan Q1 2023 | Plan 2023      |
|--|--------------|--------------|--------------------------------|----------------|
| Mining                                     | 129.9        | 166.4        | 98.6%                          | 861.5          |
| Generation                                 | 91.1         | 71.6         | 48.0%                          | 791.6          |
| Distribution                               | 260.5        | 330.8        | 82.7%                          | 1,877.5        |
| Other                                      | 12.6         | 11.3         | 4.2%                           | 595.6          |
| <b>Total</b>                               | <b>494.1</b> | <b>580.1</b> | <b>58.7%</b>                   | <b>4,126.2</b> |

### Environmental investment projects

| Item                                   | Actuals Q1 2023 [PLN million] |
|--|-------------------------------|
| Lubelski Węgiel "Bogdanka" Group       | 6.2                           |
| Other                                  | 2.3                           |
| <b>Total environmental investments</b> | <b>8.5</b>                    |

### 2.5.2. Execution of other projects

#### Mining Area

| Name of investment  | Value [PLN m] |
|---|---------------|
| <b>Investments completed in Q1 2023:</b>  |               |
| Operating investments – new mining pits and modernization of existing ones – in Q1 2023, 8.5 km of roadways were made         | 123.0         |
| Development investments - purchase of finished goods, machinery and equipment, purchase and installation of a longwall system | 28.7          |
| Other investments   | 14.7          |
| <b>Investments planned for 2023:</b>  |               |
| Operating investments – new mining pits and modernization of existing ones  | 334.0         |
| Development investments - purchase of finished goods, machinery and equipment, purchase and installation of a longwall system | 274.1         |
| Other investments   | 87.0          |

### Generation Area – Koźienice Power Plant

| Name of investment   | Value [PLN m] |
|--|---------------|
| <b>Investments completed in Q1 2023:</b>   |               |
| - Modernization of Unit 7  | 28.9          |
| - Modernization of Unit 2  | 5.7           |
| - Completion of other capital expenditure projects in 2023   | 3.8           |
| - Regular overhauls  | 3.1           |
| - Modernization of Unit 8  | 1.3           |
| <b>Investments planned for 2023:</b>   |               |
| - Modernization of Unit 9  | 63.8          |
| - Modernization of Unit 7  | 53.2          |
| - Other investments  | 39.8          |
| - Modernization of Unit 2  | 24.3          |
| - Connection of the technological steam collector for units 1–10 with the steam collector for unit 11                                  | 19.7          |
| - Regular overhauls  | 18.5          |
| - Adaptation of the IT area to operation in NABE   | 12.0          |
| - Other investments related to Unit 11   | 6.4           |
| - Modernization of the roofs of the engine rooms for 200 MW units  | 5.7           |
| - Modernization of MKM-33 coal pulverizers   | 5.2           |
| - Modernization of PC pumps for 500 MW units   | 5.0           |
| - Modernization of slag pipelines  | 4.1           |
| - Connection of the general-purpose electrical system for units 1–10 and unit 11 with the replacement of the 6kV PR4 switching station | 4.0           |
| - Purchase of ready-made fixed assets  | 3.4           |

### Generation Area – ENEA Nowa Energia

| Name of investment   | Value [PLN m] |
|--|---------------|
| <b>Investments completed in Q1 2023::</b>  |               |
| - PV Krzęcin   | 13.6          |
| - Other  | 1.7           |
| <b>Investments planned for 2023:</b>   |               |
| - Other development, upgrade, reconstruction and renovation projects               | 40.6          |
| - PV Dygowo 1 – 8 MW capacity, independent project, construction outsourced;       | 27.6          |
| - PV Jastrowie II  | 25.0          |
| - PV Krzęcin – 6.6 MW capacity, independent project, construction outsourced       | 23.5          |
| - Upgrade of the Gorzesław Biogas Plant  | 11.5          |
| - Construction of photovoltaic farms   | 10.0          |
| - Development of own acquisition projects  | 10.0          |
| - PV-FW Lubno I – 3 MW capacity, independent project, construction outsourced      | 7.4           |
| - PV Darżyno – 2 MW capacity, independent project, construction outsourced         | 7.1           |
| - PV Gryfice   | 6.0           |
| - Development program for the wind area  | 6.0           |
| - PV Lubno I and II – 2x1MW capacity, independent project, construction outsourced | 5.7           |
| - PV Darżynko  | 1.8           |

### Generation Area – Miejska Energetyka Ciepła Piła

| Name of investment                                      | Value [PLN m] |
|---|---------------|
| Investments completed in Q1 2023:                       |               |
| - Reconstruction of heating networks                    | 0.5           |
| - Purchase of fixed assets                              | 0.2           |
| Investments planned for 2023:                           |               |
| - Reconstruction of heating networks/hub infrastructure | 8.7           |
| - Optimization of generation sources                    | 1.8           |
| - Purchase of fixed assets                              | 0.7           |

### Generation Area – ENEA Ciepło

| Name of investment   | Value [PLN m] |
|--|---------------|
| Investments completed in Q1 2023:  |               |
| - Other investments Head Office area   | 2.1           |
| - Modernization of coal-fired boilers in the Zachód Heat Plant to adapt them to the environmental requirements | 1.6           |
| - Replacement of the TZ4 turboset  | 1.5           |
| - Replacement of motors with energy-saving ones  | 1.5           |
| - Development investments – building new heat distribution networks, connections and hubs, telemetry           | 0.6           |
| - Investments with co-funding – rebuilding existing heat distribution networks and hubs                        | 0.1           |
| - Construction of a biomass-fired cogeneration unit  | 0.1           |
| - Other capital expenditures in the Białystok CHP Plant area   | 0.1           |
| Investments planned for 2023:  |               |
| - Replacement of the TZ3 generator   | 27.1          |
| - Investments with co-funding – rebuilding existing heat distribution networks and hubs                        | 24.6          |
| - Development investments – building new heat distribution networks, connections and hubs, telemetry           | 16.6          |
| - Other investments Head Office area   | 8.1           |
| - Other capital expenditures in the Białystok CHP Plant area   | 6.3           |
| - Modernization of coal-fired boilers in the Zachód Heat Plant to adapt them to the environmental requirements | 4.0           |
| - Replacement of the TZ4 turboset  | 3.3           |
| - Construction of a biomass-fired cogeneration unit  | 2.3           |
| - Replacement of chemical storage systems and regeneration systems SUW2  | 1.5           |
| - Replacement of motors with energy-saving ones  | 1.2           |
| - Modernization of the emergency power supply (from a power generator)   | 0.9           |
| - Modernization of physiochemical measurements in unit water and steam circuits                                | 0.7           |

### Generation Area – ENEA ELKOGAZ

| Name of investment  | Value [PLN m] |
|---|---------------|
| Investments completed in Q1 2023:   |               |
| - Restoration of generation capacity of 200 MW coal-fired units in the Koziernice Power Plant based on the gaseous fuel combustion technology | 1.0           |
| Investment project planned for 2023:  |               |
| - Restoration of generation capacity of 200 MW coal-fired units in the Koziernice Power Plant based on the gaseous fuel combustion technology | 21.1          |

## Generation Area – Polaniec Power Plant

| Name of investment  | Value [PLN million] |
|---|---------------------|
| <b>Investments completed in Q1 2023:</b>  |                     |
| - Other modernization/development investments   | 3.5                 |
| - Adaptation of ENEA Elektrownia Polaniec to Capacity Market requirements after 1 July 2025 | 0.5                 |
| <b>Investments planned for 2023:</b>  |                     |
| - Other modernization/development investments on Units 1-7 and Green Unit (B9)              | 98.0                |
| - Adaptation of ENEA Elektrownia Polaniec to Capacity Market requirements after 1 July 2025 | 77.1                |
| - Other, including ICT, administration and purchase of fixed assets                         | 12.8                |
| - Adaptation of ENEA Elektrownia Polaniec to the BAT conclusions                            | 5.6                 |

## Distribution Area – ENEA Operator

| Name of investment  | Value [PLN m] |
|---|---------------|
| <b>Investments completed in Q1 2023:</b>  |               |
| - Construction and modernization of a number of grid infrastructure elements, such as high, medium and low voltage lines and transformer stations, related to the pursuit of the following objectives: fulfilling the public-legal obligation, ensuring energy security for the region, improving the reliability and quality of electricity supply – grid automation, change of the MV network structure from overhead to cable, activities aimed at achieving the “smart grid” standard | 315.0         |
| - Development of the infrastructure area to support operations in terms of buildings and tools  | 9.8           |
| - Development of the infrastructure area to support operations in terms of IT and telecommunications  | 2.8           |
| - Development of the infrastructure area to support operations in terms of transport  | 2.8           |
| <b>Investments planned for 2023:</b>  |               |
| - Construction and modernization of a number of grid infrastructure elements, such as high, medium and low voltage lines and transformer stations, related to the pursuit of the following objectives: fulfilling the public-legal obligation, ensuring energy security for the region, improving the reliability and quality of electricity supply – grid automation, change of the MV network structure from overhead to cable, activities aimed at achieving the “smart grid” standard | 1,397.6       |
| - Development of the infrastructure area to support operations in terms of IT and telecommunications  | 95.5          |
| - Development of the infrastructure area to support operations in terms of transport  | 27.2          |
| - Development of the infrastructure area to support operations in terms of buildings and tools  | 9.2           |

## Trading Area – execution of key projects

| Area  |
|---|
| <b>Retail and Customer Service Area</b>   |
| - Continuation of work on introducing automation processes in the customer service area through, e.g., robotic process automation (RSA and UiPath) that will translate into timely achievement of key indicators within the implemented processes.  |
| - Continuation of the eCustomer Program, the purpose of which is to implement new technical and organizational solutions, increasing the level of digitalization of customer contacts, develop modern and low-cost channels for reaching and servicing customers and to develop modern service and sales channels: online execution of agreements, e-Applications, chatbots and voicebots, marketplace. The program was expanded with a mobile application project providing for Enea software to be installed on mobile devices (smartphones or tablets) fulfilling the most frequently reported need for information on the part of customers. The app is scheduled to be made available to customers in the middle of next year. |
| - Continued work related to the project for adjusting customer service systems of the ENEA Group to the changes to the Central Energy Market Information System (CSIRE). The purpose of the CSIRE is simplify the information exchange between energy market participants. Similarly to other participants, the ENEA Group is obligated to adapt its organization, processes and IT systems to the CSIRE.   |
| - Continuation of work on adaptation of billing systems to settlements with prosumers in accordance with the amended RES Act.   |
| - In connection with the entry into force of new laws on electricity prices, specifically the Act of 7 October 2022 on special solutions for protecting electricity buyers in 2023 in connection with the situation on the electricity market, and the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023, the Company continues to take measures to practically implement and apply in 2023 the price mechanisms resulting from the said laws and to obtain funds from the Settlements Authority.   |
| - In connection with the entry into force of the Act of 4 November 2022 amending the Consumer Rights Act, the Civil Code and the Private International Law as well as the Act of 1 December 2022 amending the Consumer Rights Act and certain other acts, the Company took steps to adapt its customer service processes to the requirements of the new regulations.  |
| <b>Wholesale Area</b>   |
| - Continuation of the project entitled “Adaptation of ENEA Group Companies to changes in the operation of the Balancing Market in Poland.”  |
| - Continuation of the project entitled “Development of biomass trading activity by ENEA Trading Sp. z o.o.”   |

### 2.5.3. Executed contracts

#### Contracts of material importance for the ENEA Group's operations

In Q1 2023, ENEA Group companies executed no contracts of material importance, although the following contracts were signed in this period:

- Agreement No. 1-DB-2023 of 19 January 2023 between ENEA Wytwarzanie and DB Cargo Polska S.A. to deliver 1,000,000 tons of steam coal by rail from Silesia in the period from 19 January 2023 to 18 January 2024 or until the said weight limit of steam coal to be delivered has been exhausted.
- Agreement no. 1-25-021-23 between ENEA Połaniec Power Plant and PKP CARGO S.A. for the transport of steam coal for ENEA Elektrownia Połaniec in the period from 25 January 2023 to 24 April 2024.
- Agreement no. 1-25-050-23 between ENEA Połaniec Power Plant and PKP CARGO S.A. for the transport of steam coal for ENEA Elektrownia Połaniec in the period from 21 February 2023 to 20 February 2024.
- Agreement No. 6/P/PGG/2023/K between ENEA Elektrownia Połaniec and Polska Grupa Górnicza S.A. for the delivery of steam coal in the period from 1 January 2023 to 31 December 2023.

### 2.5.4. External financing – bonds and loans

ENEA S.A. finances its investment program by using financial surpluses from its business activities and external debt. The ENEA Group pursues an investment financing model whereby ENEA S.A. acquires funds from external sources and distributes them to its subsidiaries. In its subsequent activities, ENEA S.A. will focus on ensuring appropriate diversification of external sources of financing for investments planned in the “ENEA Group Development Strategy until 2030 with an outlook to 2040”, with a particular consideration given to the Distribution and RES segments. At the same time, considering the very limited financing opportunities available for generation companies, the ENEA Group has taken steps to spin off from its structures any assets related to the generation of electricity in conventional coal- and lignite-fired units.

On 27 January 2023, Enea S.A signed a financing agreement with a consortium of banks consisting of Polska Kasa Oszczędności Bank Polski S.A., Bank Gospodarstwa Krajowego, Bank Polska Kasa Opieki S.A., Alior Bank S.A. and Bank of China (Europe) S.A. Poland Branch. Under this agreement, the Company obtained financing in the total amount of PLN 2,500 million, including a term facility up to the amount of PLN 1,500 million (“Facility A”) and a revolving facility up to the amount of PLN 1,000 million (“Facility B”). In accordance with the provisions of the agreement, the Company may allocate the funds made available under Facility A solely for the financing and refinancing of capital expenditures of the ENEA Group incurred in connection with the construction, expansion, upgrade or maintenance of the distribution network and the acquisition, development, expansion, financing, construction, upgrade, maintenance or commissioning of any renewable energy sources.

As at 31 March 2023, ENEA S.A.'s nominal debt on account of bonds and loans aimed at financing the investment program totaled PLN 5,815 million, of which PLN 2,953 million was incurred under long-term loans and PLN 2,863 million was attributable to bonds.

Some ENEA Group companies entered into external financing agreements. As at 31 March 2023, the total nominal amount of external debt under loans and borrowings (without ENEA S.A.'s external sources of debt) was PLN 35 million.

In Q1 2023, ENEA Group companies did not terminate any loan and borrowing agreements.

### 2.5.5. Sureties and guarantees granted

In Q1 2023, bank guarantees in the total amount of PLN 388 thousand were issued at ENEA S.A.'s request.

The table below presents the largest bank guarantees granted at ENEA S.A.'s request in the said period under the respective bank guarantee agreements:

| Security granting date | Security validity date | Secured entity     | Purpose of the agreement                 | Security form                                       | Security amount [PLN 000s] |
|------------------------|------------------------|--------------------|--|---|----------------------------|
| 20 March 2023          | 20 March 2025          | Strabag sp. z o.o. | Quality and statutory warranty guarantee | under a guarantee facility of up to PLN 110,000,000 | 50                         |
| 31 March 2023          | 31 March 2025          | ENEA Nowa Energia  | Statutory warranty guarantee             | under a guarantee facility of up to PLN 110,000,000 | 288                        |

On 31 January 2023, ENEA S.A. issued a corporate guarantee to Goldman Sachs Paris Inc. et Cie for the liabilities of ENEA Trading (“subsidiary”) arising from ISDA 2002 Master Agreement along with the Schedule to the 2002 Master Agreement and the Credit Support Annex to the Schedule to the ISDA Master Agreement, up to a maximum amount of EUR 170 million, for an indefinite term with a termination option at ENEA S.A.'s discretion with a 30-day notice. The liabilities include cash to be provided by Goldman Sachs Paris Inc. to the subsidiary on account of forward transactions related to CO<sub>2</sub> emission allowances executed by the subsidiary.

As at 31 March 2023, the total value of corporate sureties and guarantees granted by ENEA S.A. to secure the liabilities of the ENEA Group companies was PLN 18,698 million, while the total value of bank guarantees issued at the request of ENEA S.A. and as collateral for liabilities of the ENEA Group companies was PLN 65,132 thousand.

### 2.5.6. Interest rate swaps

In Q1 2023, ENEA S.A. did not enter into any new interest rate hedging transactions.

### 2.5.7. Intra-group financing – bonds

Currently, in the Distribution area, ENEA S.A. has intra-group bond issue programs in place with a total initial par value of PLN 2,371 million. These programs have been fully utilized and are redeemed in installments. Moreover, in the previous years, ENEA S.A. also executed intra-group bond issue program agreements with its subsidiaries, which are used to finance investments in the RES and Heat Segments, which were redeemed in full on 31 March 2023. As at 31 March 2023, the total nominal exposure arising from intra-group bonds held by ENEA S.A. was PLN 1,453 million.

### 2.5.8. Intra-group financing – loans

In Q1 2023, ENEA S.A. did not enter into any new loan agreements with other ENEA Group companies or other companies in which it holds an equity stake. In February 2023, ENEA S.A. executed an annex to the loan agreement with Elektrownia Ostrołęka sp. z o.o. under which the repayment period for the loan granted by ENEA S.A. to Elektrownia Ostrołęka sp. z o.o. was postponed until April 2023. As at 31 March 2023, the nominal debt of the companies totaled PLN 5,231 million. Detailed information on the loan agreements signed by ENEA S.A. and active in Q1 2023 and their utilization is presented in the table below:

| Starting date | Ending date    | Company                        | Value of agreements<br>PLN million | Amount of loan<br>contracted in Q1<br>2023<br>PLN million | Interest rate      | Loan debt as at 31<br>March 2023<br>PLN million |
|---------------|----------------|--------------------------------|------------------------------------|---|--------------------|---|
| March 2020    | July 2028      | ENEA Operator                  | 3,340                              | 100   | base rate + margin | 2,778   |
| December 2019 | April 2023     | Ostrołęka Power Plant          | 170                                | 0   | Fixed              | 162   |
| January 2020  | September 2024 | ENEA Wytwarzanie               | 2,200                              | 0   | base rate + margin | 1,782   |
| February 2020 | December 2024  | ENEA Elektrownia Polaniec      | 500                                | 0   | base rate + margin | 500   |
| June 2021     | December 2031  | Miejska Energetyka Ciepła Piła | 15                                 | 0   | base rate + margin | 9   |

The amounts presented in the above table in the columns “Value of agreements in PLN million” and “Loan debt as at 31 March 2023 in PLN million” refer to total values of all the signed agreements between ENEA S.A. and a given company and the total value of a given company’s debt to ENEA as at 31 March 2023.

### 2.5.9. Related party transactions

In Q1 2023, ENEA S.A. and its subsidiaries did not enter into any related party transactions on a non-arm’s length basis. Information on transactions with related parties entered into by ENEA S.A. or its subsidiaries is provided in note 24 to the “Condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to 31 March 2023”.

### 3. Risk management

#### ENEA Group's Risk Model

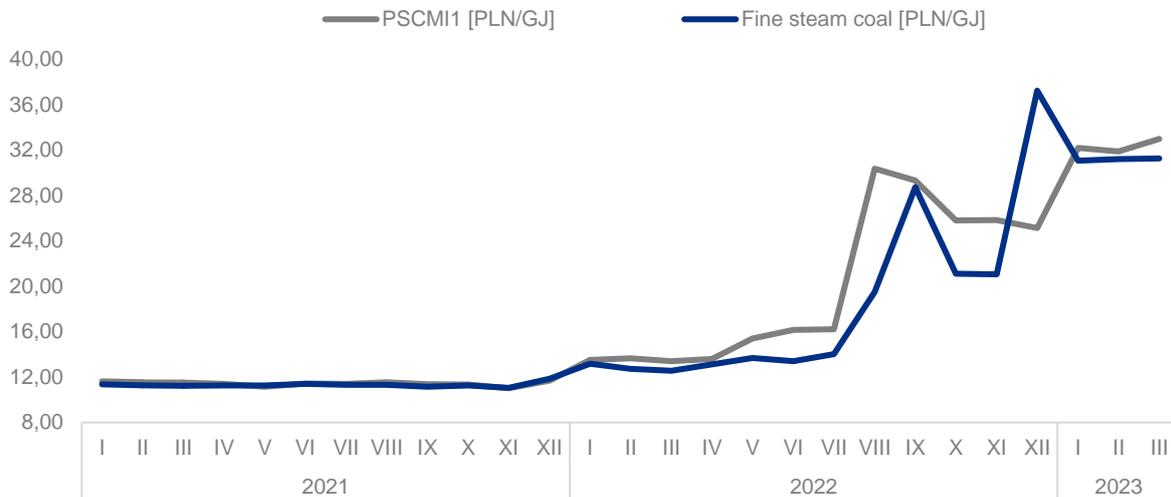
| No. | Key risks to which the ENEA Group was exposed, by category   | Mitigating measures   |
|-----|--|---|
| 1   | Risk of losing pending lawsuits  | Granting powers-of-attorney to professional representatives   |
| 2   | Risk of a generation gap or loss of competence   | - Organization of paid traineeships and apprenticeships, cooperation with endorsed schools<br>- Ensuring a transparent, competitive and motivational remuneration system  |
| 3   | Risk of unfavorable social climate   | Maintaining active and regular dialog with the social stakeholder   |
| 4   | Risk of a personal data security breach  | - Conducting an information campaign among employees, including induction and periodic training on personal data protection   |
| 5   | Risk of improper management of information in a crisis situation   | Maintaining efficient communication channels with key business units  |
| 6   | Risk of exceeding the parameters required by regulations and environmental permits   | Ongoing monitoring of environmental indicators  |
| 7   | Risk of a breach of financing agreements   | Monitoring of banking covenants in the ENEA Group   |
| 8   | Risk of rating downgrade   | Ongoing consultations with a credit rating agency   |
| 9   | Liquidity risk   | Cash flow planning in the current and strategic horizon   |
| 10  | Risk of interest rate fluctuations   | Ongoing monitoring of exposure to the risk of unfavorable changes in interest rates in consideration of the current limits adopted for this risk.   |
| 11  | Volumetric risk related to the hedging of open positions on electricity or gaseous fuel  | Forecasting and monitoring volumes on hedging portfolios and ongoing analysis of factors affecting the process of hedging these portfolios.   |
| 12  | Risk of imbalance in revenues and costs of the purchase and sales of electricity   | - Working out the ENEA Group's position on the Balancing Market<br>- Verification of the consistency of information and data<br>- Analysis of the impact of settlements with prosumers                                      |
| 13  | Risk of commodity price volatility on the forward market, the spot market and Balancing Market   | - Continuous analysis of the fuel and energy market<br>- Improving methods and tools to optimize commodity portfolios<br>- Maintaining and developing competence to manage commodity risk                                   |
| 14  | Risk of losses due to counterparty default (including credit risk)   | Conducting structured activities in the area of credit risk management and debt collection  |
| 15  | Risk of adverse environment of the insurance market  | Holding a dialog with the insurance and reinsurance market  |
| 16  | Risk of a breach of stock exchange disclosure obligations  | Ongoing review of information and events with a view to disclosure obligations  |
| 17  | Regulatory risk related to uncertainty of decisions of the ERO President regarding regulated revenue   | Monitoring of regulatory changes concerning the process of approving the Tariff   |
| 18  | Risk of an unexpected increase in purchase costs of electricity or gaseous fuel and a reduction in revenues caused by decisions made in the regulatory environment | - Monitoring of drafts of regulatory amendments affecting assumed and planned margin levels<br>- Forecasting potential effects of regulatory changes in the Company's planned financial result                              |
| 19  | Risk of failing to meet obligations and losing the incurred expenditures related to the construction of public charging stations                                   | Monitoring the progress of work on building public charging stations with the performance of duties resulting from the amendment to the Act on Electromobility and Alternative Fuels  |
| 20  | Risk of claims from contractors executing the grid investment projects, resulting from increased project expenditures  | - Negotiations with the contractors to work out amendments<br>- Ongoing analyses regarding the increase in prices of materials, commodities, services and labor costs   |
| 21  | Risk of interruptions and damages caused by extreme weather events   | - Visual inspections, check-ups and maintenance procedures<br>- Removal of the effects of failures and damage to power lines and installations<br>- Capital expenditure endeavors related to the restoration of grid assets |
| 22  | Risk of loss of continuity of ICT environments and infrastructure  | - Reviews of ICT infrastructure<br>- Optimization of resources used   |
| 23  | Risk of violation of ICT security  | - Ongoing analysis of ICT security and responding to ICT security incidents<br>- Conducting an information campaign among employees on the principles of ICT security   |

|    |   |  |
|----|---|--|
| 24 | Risk of losing access to billing systems  | <ul style="list-style-type: none"> <li>- Maintenance contracts with the vendor</li> <li>- Ensuring the efficiency and quality of infrastructure and its monitoring</li> <li>- Creating backup copies</li> </ul>  |
| 25 | Risk of errors related to DSO reporting on the Balancing Market.  | Regular monitoring of security on the Balancing Market   |
| 26 | Risk of delays and error in invoicing   | <ul style="list-style-type: none"> <li>- Analysis of unsettled Employee Pension Schemes, correctness of agreements, price lists.</li> <li>- Communication with Clients, DSO, automation area</li> <li>- Cooperation on changes to service systems</li> </ul> |
| 27 | Risk of deteriorating grid reliability ratio  | Maintaining high quality of operational inspections and preventive treatments on the grid  |
| 28 | Risk of losses in capacity caused by hydrologic conditions  | Monitoring of weather and hydrological conditions  |
| 29 | Risk of disasters and industrial failures   | <ul style="list-style-type: none"> <li>- Maintaining technical infrastructure in proper order to prevent failures</li> <li>- Observing procedures and instructions</li> <li>- Major overhauls and ongoing repairs</li> </ul>                                 |
| 30 | Risk of non-continuity of fuel supplies   | Diversification of supply sources and service providers  |
| 31 | Volumetric risk of fuel and transport   | <ul style="list-style-type: none"> <li>- Optimization of coal deliveries within the ENEA Group</li> <li>- Daily monitoring of inventories</li> </ul>   |
| 32 | Risk of the unavailability of channels for the purchase of CO <sub>2</sub> emission allowances in forward contracts | <ul style="list-style-type: none"> <li>- Increasing limits or obtaining new agreements with clearing banks</li> <li>- Diversification of business partners</li> </ul>  |

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## 4. Market environment

### Coal prices on the Polish market

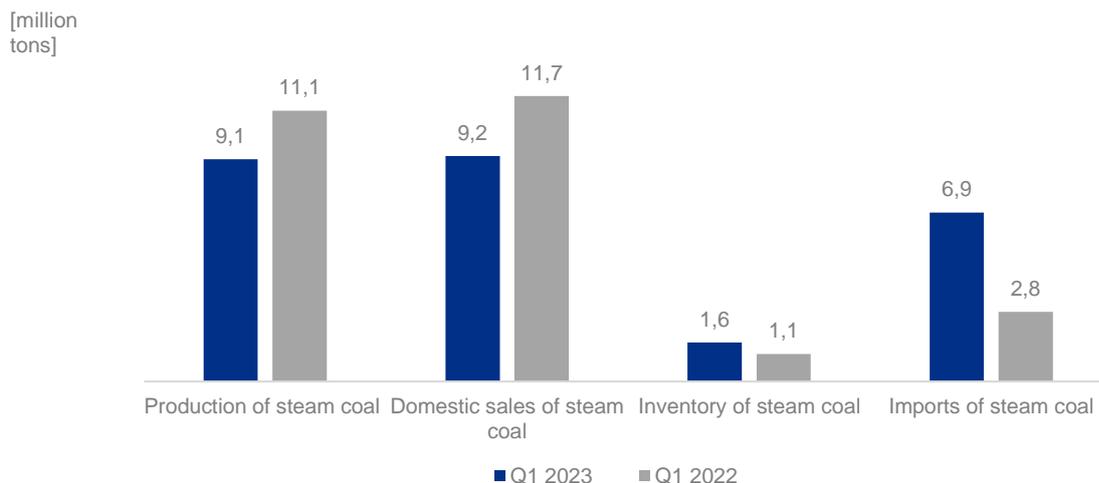


Data: Industrial Development Agency.

**PSCMI1:** The average price of PSCMI1 in Q1 2023 was PLN 32.36 per GJ, up by a record-high 139.3% y/y from the average quarter price of PLN 13.52 per GJ in 2022.

**Fine coal fractions:** The average price of fine steam coal sold to commercial power plants in Q1 2023 was PLN 31.18 per GJ and was a record 143.3% higher year-on-year. In March 2023, the cost of purchasing 1 ton of fine steam coal was PLN 31.27 per GJ, that is only slightly different compared to February of this year, when it sold for PLN 31.21 per GJ.

### Decline in the extraction and sales of steam coal, low inventories, imports at 6.9 million tons.



Data: Industrial Development Agency

In Q1 2023, Polish mines produced 9.1 million tons of coal, down by 18% year-on-year. The extraction volume of coal in January and February of this year hit an all-time bottom. Domestic sales of this commodity withered by 21.4% y/y to 9.2 million tons. As at the end of Q1 2023, inventories of steam coal stood at 1.6 million tons, up by 45.5% compared to Q1 2022. In Q1 2023, total imports

reached 6.9 million tons of steam coal, up 146.4% compared to the corresponding period of 2022. The large volume of imports was largely driven by the purchases of coal under last year's contracts from the Republic of South Africa, Kazakhstan and Australia.

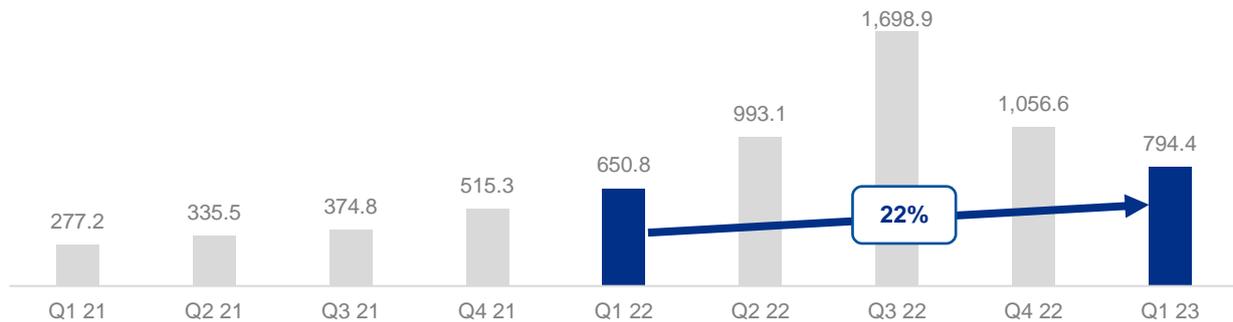
### Situation in the domestic hard coal mining sector

The warm winter and record-high imports of coal to the domestic market caused a decrease in demand for this commodity, thereby reducing the risk of an electricity supply crisis and temporarily stabilizing the supply and demand equilibrium in this area. Despite the consistent downward trend in coal prices on the international market in Q1 2023, the prices of this raw material on the domestic market remained relatively high at approximately PLN 30 per GJ.

The Regulation of the European Parliament and of the Council on reducing methane emissions in mines along with the need for large capital expenditures in methane capture technologies and the expected update of the PEP2040 energy strategy, the purpose of which is to set the pace of shifting the energy sector away from coal, will continue to present key challenges for the Polish hard coal mining industry in the coming years.

### Energy prices on the Polish market

BASE\_Y\_22/23/24 (PLN/MWh)



Source: Own study based on publicly available stock market data.

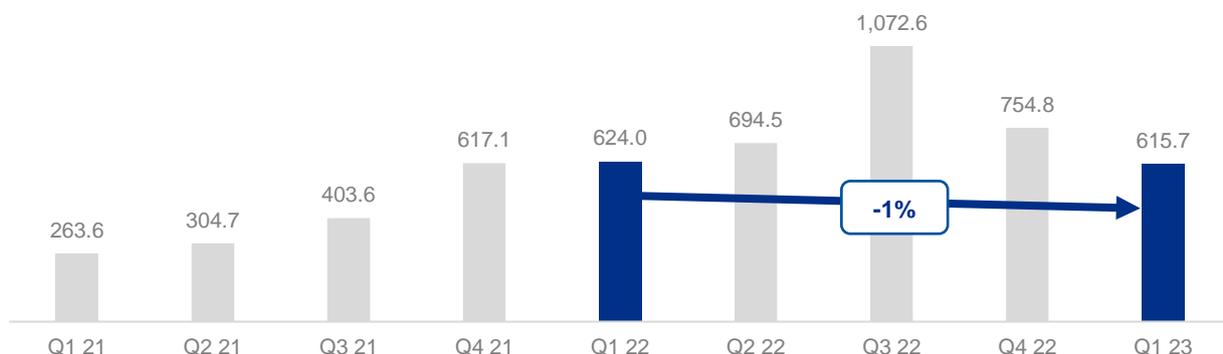
In Q1 2023, on the wholesale electricity forward market, the price of the BASE Y-24 product increased by 22% to an average level of approx. PLN 794.44 per MWh, compared to the corresponding product in Q1 2022.

The market price of BASE Y-24 in Q1 2023 was highly volatile. At the beginning of the year, it hovered around PLN 1,029.00 per MWh, and then declined gradually to PLN 707.75 per MWh, only to reach PLN 760.00 per MWh at the end of the quarter.

The price of BASE Y-24 in Q1 2023 was affected by various factors, including: price changes on the market for fuels and CO<sub>2</sub> emission allowances and legislative amendments on the energy market.

In Q1 2023, the volume of trading in the annual frontal product BASE Y-24 totaled 458 MW, signifying a major drop compared to Q1 2022, when transactions for a total of 1,977 MW were executed under BASE Y-23 contracting (down by 77% y/y). Importantly, the disproportion in terms of liquidity for the products in question deepened, i.e. the average volume contracted at each session amounted to 31 MW in Q1 2022 and fell to 7 MW in Q1 2023.

RDN BASE (PLN/MWh)



Source: Own study based on publicly available stock market data.

The average price of electricity on the spot market in Q1 2023 was 1% lower than in the corresponding period of 2022. Since Q4 2022, the factor curbing the prices in the balancing market, and hence also in the spot stock exchange market, has been the introduction of changes in the principles of submitting bids in the balancing market. Pursuant to the *Regulation of the Minister of Climate and Environment of 27 September 2022 amending the Regulation on detailed conditions of operation of the power system*,

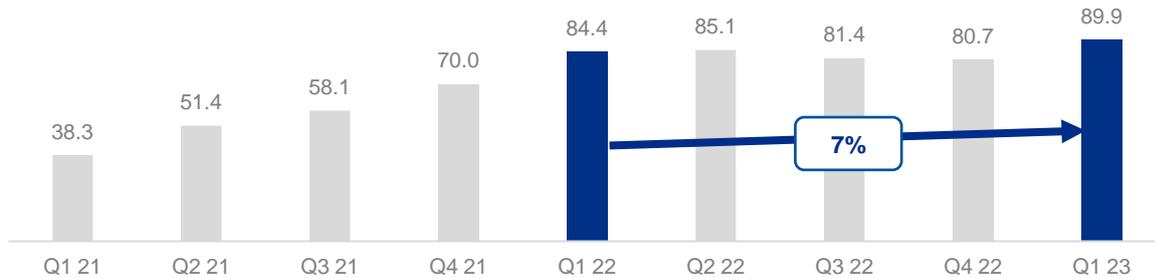
bid prices in the balancing market have reflected unit variable costs of electricity generation and may not be higher than the so-called maximum bid price since the Regulation came into force.

In Q1 2023, the level of electricity prices on the spot market was affected by:

- lower demand for electricity in the Polish Power System (PPS) than planned (price-lowering effect),
- high prices of CO<sub>2</sub> emission allowances (price-increasing effect),
- fuel crisis (price-increasing effect),
- high volume of wind generation (price-suppressing effect),

### Prices of CO<sub>2</sub> emission allowances and “green” property rights

CO<sub>2</sub> emission allowances (DEC-23) (EUR/t)

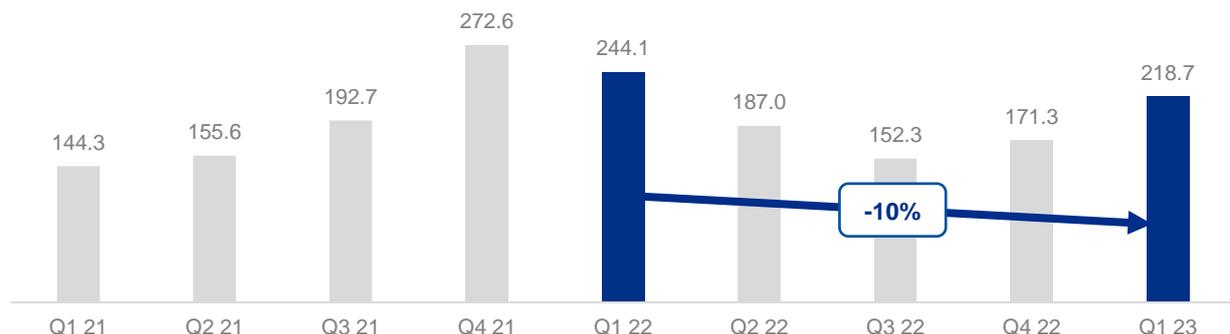


Source: Own study based on publicly available stock market data.

The European market for CO<sub>2</sub> emission allowances was highly volatile in Q1 2023. The first session of the year closed with the price of the DEC-23 contract at EUR 86.28 per ton. Over the next 4 sessions, the price declined to EUR 77.39 per ton – the lowest in Q1. Thereafter, the allowances followed a sideways trend, which continued until 16 January when prices remained within a narrow range of between EUR 77.57 and 81.45 per ton. On 17 January, the prices of CO<sub>2</sub> emission allowances entered an upward trend that lasted until 21 February when the closing price of the DEC-23 contract was EUR 100.34 per ton – the highest value in the period in question. The vicinity of EUR 100 per ton remained a resistance level for DEC-23, which was tested twice more in Q1. Later in February and until the end of March, the prices followed a downward and highly volatile trend. From 17 February to the end of March, the prices remained within the broad range of between EUR 87.07 per ton and EUR 100.23 per ton. The last session of the quarter closed at EUR 91.93 per ton. Significant price drivers in Q1 2023 included weather conditions, negotiations on the REPowerEU plan and the financial standing of European financial institutions.

The average DEC-23 price in Q1 2023 was 7% higher than the average price in the corresponding quarter of 2022.

### Prices of “green” property rights (PMOZE\_A) (PLN/MWh)



Source: Own study based on publicly available stock market data.

Session quotations of “green” property rights during the first session of 2023 tested the 200 PLN/MWh threshold. Some transactions were executed at that price, while the daily average was 196.21 PLN/MWh. It was the only January session during which the average price remained at or below the 200 PLN/meanwhile threshold. The average daily prices during the subsequent sessions of the month oscillated between PLN 200.47 and 224.79 per MWh. On the last day of January, the average session price was 216.79 PLN/MWh. February brought further increases in the prices of green certificates. At the first session of the month, the price

increased by 7.32 PLN/MWh from the previous session and reached 224.11 PLN/MWh. Each subsequent February session turned out to trade at higher prices than the first one, and the average session prices oscillated between PLN 224.11 and 241.10 per MWh. In March, the price of green property rights started to stabilize at lower values. The first session of the month turned out to see much lower prices than the preceding session, the average session price fell by over 12 PLN/MWh to 216.46 PLN/MWh. Subsequent sessions saw similar transaction prices, with the average daily price remaining within a narrow range of between PLN 213.52 and 217.52 per MWh. The average price at the last session March was below PLN 200 per MWh for the second time only during the quarter – on that day, the price stood at 199.39 PLN/MWh.

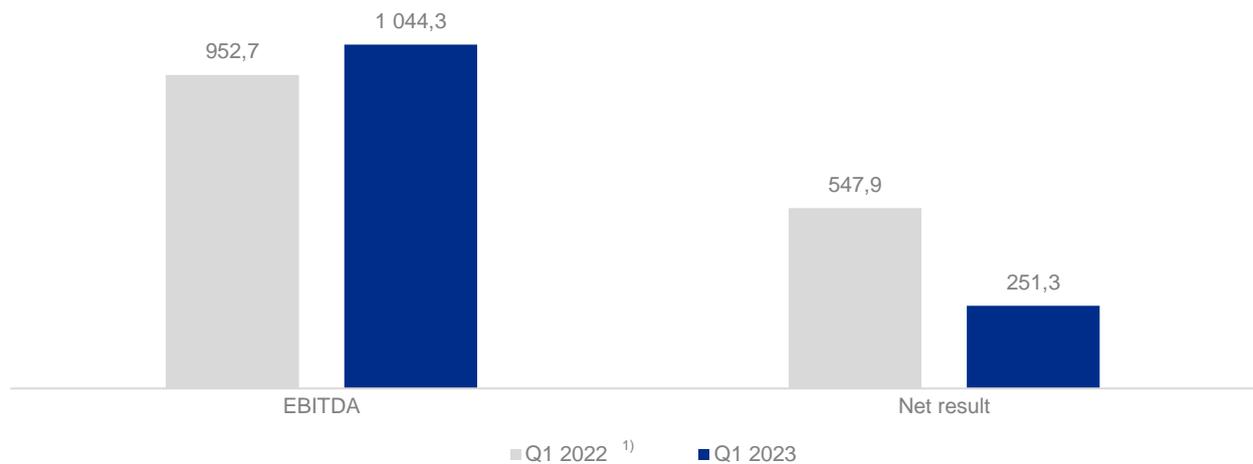
In Q1 2023, 5.6 TWh of green certificates of origin were issued and 6.7 TWh were redeemed, leaving 17.2 TWh of active rights in the register, which is the lowest value for this period of the year since 2015. In Q1 2023, the average price was 10% lower than the average price in the corresponding period of 2022.

## 5. Financial standing

### 5.1. Selected consolidated financial data

| [PLN 000s]   | Q1 2022 <sup>1)</sup> | Q1 2023          | Change        | % change    |
|--|-----------------------|------------------|---------------|-------------|
| Revenue from sales and other income                                  | 7,246,366             | 12,530,942       | 5,284,576     | 72.9%       |
| Operating profit / (loss)  | 573,305               | 611,492          | 38,187        | 6.7%        |
| Profit / (loss) before tax   | 658,836               | 362,893          | -295,943      | -44.9%      |
| Net profit / (loss) for the reporting period                         | 547,895               | 251,276          | -296,619      | -54.1%      |
| <b>EBITDA</b>  | <b>952,680</b>        | <b>1,044,309</b> | <b>91,629</b> | <b>9.6%</b> |
| Net cash flows from:   |                       |                  |               |             |
| operating activities   | 602,371               | (1,783,628)      | -2,385,999    | -396.1%     |
| investing activities   | (923,291)             | (578,003)        | 345,288       | 37.4%       |
| financing activities   | (158,309)             | 2,553,133        | 2,711,442     | 1,712.8%    |
| Cash at the end of the period  | 3,674,324             | 1,755,218        | -1,919,106    | -52.2%      |
| Net profit/(loss) attributable to shareholders of the parent company | 494,982               | 202,213          | -292,769      | -59.1%      |
| Weighted average number of shares                                    | 441,442,578           | 529,731,093      | 88,288,515    | 20.0%       |
| Net earnings/(loss) per share [PLN]                                  | 1.12                  | 0.38             | -0.74         | -66.1%      |
| Diluted earnings/(loss) per share [PLN]                              | 1.12                  | 0.38             | -0.74         | -66.1%      |

PLN million



| [PLN 000s]                         | 31 December 2022 | 31 March 2023 | Change     | % change |
|------------------------------------|------------------|---------------|------------|----------|
| Total assets                       | 37,434,972       | 35,325,292    | -2,109,680 | -5.6%    |
| Total liabilities                  | 21,288,861       | 18,966,228    | -2,322,633 | -10.9%   |
| Non-current liabilities            | 7,699,793        | 9,152,873     | 1,453,080  | 18.9%    |
| Current liabilities                | 13,589,068       | 9,813,355     | -3,775,713 | -27.8%   |
| Equity                             | 16,146,111       | 16,359,064    | 212,953    | 1.3%     |
| Share capital                      | 676,306          | 676,306       | -          | -        |
| Book value per share [PLN]         | 30.48            | 30.88         | 0.40       | 1.3%     |
| Diluted book value per share [PLN] | 30.48            | 30.88         | 0.40       | 1.3%     |

<sup>1)</sup> Presentation change in accordance with the condensed interim consolidated financial statements for 3 months of 2023

## 5.2. Key operating data and indicators for ENEA Group

|  | Unit      | Q1 2022 <sup>1)</sup> | Q1 2023    | Change     | % change |
|--|-----------|-----------------------|------------|------------|----------|
| Revenue from sales and other income                                  | PLN 000s  | 7,246,366             | 12,530,942 | 5,284,576  | 72.9%    |
| EBITDA   | PLN 000s  | 952,680               | 1,044,309  | 91,629     | 9.6%     |
| EBIT   | PLN 000s  | 573,305               | 611,492    | 38,187     | 6.7%     |
| Net profit / (loss) for the reporting period                         | PLN 000s  | 547,895               | 251,276    | -296,619   | -54.1%   |
| Net profit/(loss) attributable to shareholders of the parent company | PLN 000s  | 494,982               | 202,213    | -292,769   | -59.1%   |
| Net cash flows from operating activities                             | PLN 000s  | 602,371               | -1,783,628 | -2,385,999 | -396.1%  |
| CAPEX <sup>2)</sup>  | PLN 000s  | 494,053               | 580,055    | 86,002     | 17.4%    |
| Net debt   | PLN 000s  | 2,717,717             | 6,535,497  | 3,817,780  | 140.5%   |
| Net debt / EBITDA <sup>3)</sup>                                      | -         | 0.76                  | 2.83       | 2.07       | 272.4%   |
| Return on assets (ROA) <sup>3)4)</sup>                               | %         | 6.0%                  | 2.8%       | -3.2 p.p.  | -        |
| Return on equity (ROE) <sup>3)4)</sup>                               | %         | 13.8%                 | 6.1%       | -7.7 p.p.  | -        |
| <b>Trading</b>   |           |                       |            |            |          |
| Sales of electricity and gaseous fuel to retail customers            | GWh       | 6,217                 | 6,019      | -198       | -3.2%    |
| Number of customers (Power Delivery Points)                          | 000s      | 2,630                 | 2,704      | 74         | 2.8%     |
| <b>Distribution</b>  |           |                       |            |            |          |
| Sales of distribution services to end users                          | GWh       | 5,279                 | 5,193      | -86        | -1.6%    |
| Number of customers (closing balance)                                | 000s      | 2,705                 | 2,762      | 57         | 2.1%     |
| <b>Generation</b>  |           |                       |            |            |          |
| Total net generation of electricity, of which:                       | GWh       | 6,494                 | 5,319      | -1,175     | -18.1%   |
| <i>from conventional sources</i>                                     | GWh       | 5,936                 | 4,743      | -1,193     | -20.1%   |
| <i>from renewable energy sources</i>                                 | GWh       | 558                   | 577        | 19         | 3.4%     |
| Gross heat generation  | TJ        | 2,820                 | 2,624      | -196       | -7.0%    |
| Sales of electricity, including:                                     | GWh       | 7,462                 | 5,862      | -1,600     | -21.4%   |
| <i>from conventional sources</i>                                     | GWh       | 5,936                 | 4,743      | -1,193     | -20.1%   |
| <i>from renewable energy sources</i>                                 | GWh       | 558                   | 577        | 19         | 3.4%     |
| <i>from purchase</i>   | GWh       | 968                   | 542        | -426       | -44.0%   |
| Sales of heat  | TJ        | 2,594                 | 2,383      | -211       | -8.1%    |
| <b>Mining</b>  |           |                       |            |            |          |
| Net production   | 000s tons | 2,809                 | 1,623      | -1,186     | -42.2%   |
| Sales of coal  | 000s tons | 2,716                 | 1,582      | -1,134     | -41.8%   |
| Inventories at the end of the period                                 | 000s tons | 113                   | 62         | -51        | -45.1%   |
| Excavation works   | km        | 8.6                   | 8.5        | -0.1       | -1.2%    |

<sup>1)</sup> Presentation change in accordance with the condensed interim consolidated financial statements for 3 months of 2023

<sup>2)</sup> Presentation change of data for Q1 2022

<sup>3)</sup> Definitions of the ratios are presented in section 12 entitled: "Glossary of terms and abbreviations"

<sup>4)</sup> Ratio numerator i.e. net profit (loss) for the reporting period is annualized

### 5.3. Financial performance of the ENEA Group in Q1 2023

#### Consolidated statement of profit and loss in Q1 2023

| [PLN 000s]   | Q1 2022 <sup>1)</sup> | Q1 2023           | Change           | % change      |
|--|-----------------------|-------------------|------------------|---------------|
| Revenue from sales of electricity  | 5,600,996             | 9,393,431         | 3,792,435        | 67.7%         |
| Revenue from sales of heat   | 161,391               | 199,222           | 37,831           | 23.4%         |
| Revenue from sales of gas  | 108,015               | 51,396            | -56,619          | -52.4%        |
| Revenue from sales of distribution services  | 841,643               | 1,191,023         | 349,380          | 41.5%         |
| Revenue from connection fees   | 15,062                | 32,354            | 17,292           | 114.8%        |
| Revenue from certificates of origin  | 342                   | 7,704             | 7,362            | 2,152.6%      |
| Revenue from sales of goods and materials  | 49,967                | 43,415            | -6,552           | -13.1%        |
| Revenue from sales of other products and services  | 55,986                | 37,498            | -18,488          | -33.0%        |
| Revenue from sales of coal   | 181,669               | 106,290           | -75,379          | -41.5%        |
| Revenue from the Capacity Market   | 226,392               | 243,413           | 17,021           | 7.5%          |
| <b>Net revenue from sales</b>  | <b>7,241,463</b>      | <b>11,305,746</b> | <b>4,064,283</b> | <b>56.1%</b>  |
| Compensation   | 0                     | 1,221,108         | 1,221,108        | 100.0%        |
| Revenue from leases and operating subleases  | 4,903                 | 4,088             | -815             | -16.6%        |
| <b>Revenue from sales and other income</b>   | <b>7,246,366</b>      | <b>12,530,942</b> | <b>5,284,576</b> | <b>72.9%</b>  |
| Amortization and depreciation  | 379,325               | 404,148           | 24,823           | 6.5%          |
| Employee benefit costs   | 586,440               | 714,261           | 127,821          | 21.8%         |
| Consumption of materials and supplies and cost of goods sold   | 1,962,395             | 3,962,761         | 2,000,366        | 101.9%        |
| Purchase of energy and gas for subsequent sale   | 3,121,420             | 5,354,660         | 2,233,240        | 71.5%         |
| Transmission services  | 113,505               | 192,074           | 78,569           | 69.2%         |
| Other third-party services   | 236,851               | 256,497           | 19,646           | 8.3%          |
| Taxes and charges  | 130,287               | 1,060,369         | 930,082          | 713.9%        |
| <b>Tax-deductible expense</b>  | <b>6,530,223</b>      | <b>11,944,770</b> | <b>5,414,547</b> | <b>82.9%</b>  |
| Other operating revenue  | 10,416                | 102,870           | 92,454           | 887.6%        |
| Other operating costs  | 85,079                | 123,861           | 38,782           | 45.6%         |
| Change in provision related to onerous contracts   | -50,994               | 92,074            | 143,068          | 280.6%        |
| Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets | (17,131)              | (17,094)          | 37               | 0.2%          |
| Impairment loss/(reversal of impairment loss) on non-financial non-current assets                      | 50                    | 28,669            | 28,619           | 57,238%       |
| <b>Operating profit / (loss)</b>   | <b>573,305</b>        | <b>611,492</b>    | <b>38,187</b>    | <b>6.7%</b>   |
| Finance costs  | 69,115                | 137,770           | 68,655           | 99.3%         |
| Finance income   | 15,760                | 35,385            | 19,625           | 124.5%        |
| Profit/(loss) on FX derivatives not used for hedge accounting purposes                                 | 106,649               | (143,467)         | -250,116         | -234.5%       |
| Impairment losses/ (reversal thereof) on financial assets measured at amortized cost                   | 3,665                 | 3,274             | -391             | -10.7%        |
| Share in the results of associates and jointly controlled entities                                     | 35,902                | 527               | -35,375          | -98.5%        |
| <b>Profit / (loss) before tax</b>  | <b>658,836</b>        | <b>362,893</b>    | <b>-295,943</b>  | <b>-44.9%</b> |
| Income tax   | 110,941               | 111,617           | 676              | 0.6%          |
| <b>Net profit / (loss) for the reporting period</b>  | <b>547,895</b>        | <b>251,276</b>    | <b>-296,619</b>  | <b>-54.1%</b> |
| <b>EBITDA</b>  | <b>952,680</b>        | <b>1,044,309</b>  | <b>91,629</b>    | <b>9.6%</b>   |

<sup>1)</sup> Presentation change in accordance with the condensed interim consolidated financial statements for 3 months of 2023

**Key drivers of the change in the ENEA Group's EBITDA in Q1 2023 (up by PLN 91.6 million):**

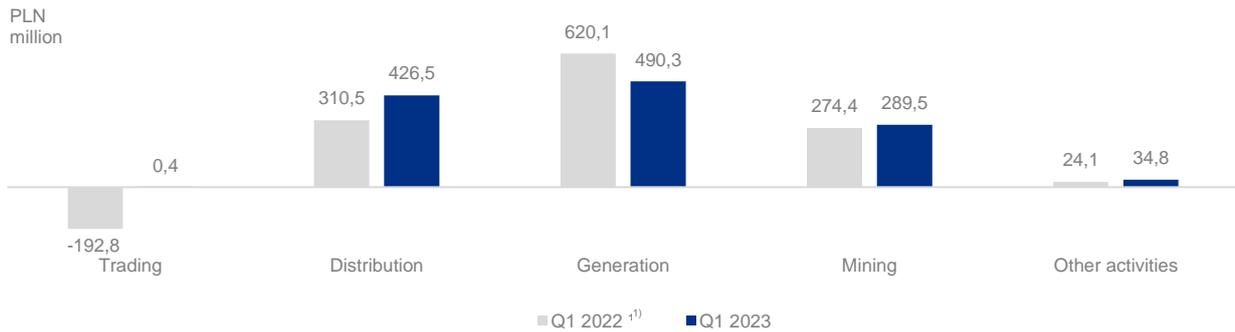
- (+) an increase in revenue from sales of electricity by PLN 3,792 million, driven mainly by an increase in the average sales price and a concurrent decrease in sales volume
- (+) an increase in revenue from sales of heat by PLN 38 million, driven mainly by an increase in the average sales price and a concurrent decline in sales volume
- (-) a decrease in revenue from sales of natural gas by PLN 57 million, driven mainly by a lower sales volume with the higher average sales price
- (+) an increase in revenue from sales of distribution services by PLN 349 million, mostly as a result of higher fee rates in the approved 2023 tariff coupled with a lower volume of distributed energy
- (-) a decrease in revenue from sales of coal by PLN 75 million driven mainly by a lower coal sales volume combined with a higher average sales price
- (+) in the Q1 2023 performance, the value of electricity compensation of PLN 1,221 million, as referred to in Article 12 of the Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 in Connection with the Situation on the Electricity Market (Consumption Limits Act) and in Article 8 of the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 (Price Limits Act), was taken into account
- (-) an increase in employee benefit costs by PLN 128 million driven mainly by higher payroll costs and payroll-related charges, a change in employee provisions and higher average headcount
- (-) an increase in the cost of consumption of materials and supplies and cost of goods sold by PLN 2,000 million is mainly due to higher costs of CO<sub>2</sub> emission allowances, coal consumption costs and costs of biomass consumption for the whole Generation Area
- (-) an increase in the costs of purchasing electricity and gas by PLN 2,233 million results mainly from higher average sales prices with the lower sales volume
- (-) an increase in costs of transmission services by PLN 79 million caused mainly by an increase in the rates of fixed and variable fees in settlements with PSE S.A. and neighboring DSOs
- (-) an increase in costs of third-party services by PLN 20 million caused mainly by an increase in the costs of repair services and other tasks outsourced to external companies at variable rates
- (-) an increase in the costs of taxes and fees by PLN 930 million, largely caused by the charge for the Price Difference Fund
- (+) movement in provisions related to onerous contracts (decrease in provisions by PLN 143 million):
  - (+) in Q1 2023, recognized in revenue was the utilization of a PLN 92.1 million portion of the provision recognized in the costs in December 2022 for the estimated provision for the loss on Tariff G resulting from the ERO President's omission to take into account the incurred energy purchase costs in the Tariff of 17 December 2022 and for the application of the Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 in Connection with the Situation on the Electricity Market, in the amount of PLN 368.3 million.
  - (-) in Q1 2022, the use of a PLN 2.6 million portion of the provision and an update of the provision for a loss arising from the settlement of the distribution fee rebate of PLN 53.6 million regarding the electricity fed into the grid by prosumers by ENEA S.A. as the offtaker of last resort were recognized in expenses.
- (+) the result on other operating activities up by PLN 54 million:
  - (+) provisions for potential claims down by PLN 28 million
  - (+) an increase in the result on unrealized foreign exchange differences on hedging operations by PLN 23 million
  - (+) an increase in fixed assets accepted free of charge by PLN 14 million, partly as a result of a larger number of agreements providing for interferences on grid assets
  - (+) revenues arising from compensation, penalties and fines up by PLN 8 million
  - (-) an increase in provisions for non-contractual use of transmission corridors by PLN 24 million

**Material changes affecting net result:**

- (-) movement in the result on currency derivatives not used in hedge accounting by PLN 250.1 million resulting from changes in the valuation of currency contracts and realized foreign exchange differences related to these contracts
- (-) in Q1 2022, recognition of a PLN 31.1 million partial reversal of the provision for future investment commitments to Elektrownia Ostrołęka Sp. z o.o.

## Financial performance of the ENEA Group in Q1 2023

| EBITDA [PLN 000s]                | Q1 2022 <sup>1)</sup> | Q1 2023          | Change        | % change    |
|----------------------------------|-----------------------|------------------|---------------|-------------|
| Trading                          | -192,827              | 419              | 193,246       | 100.2%      |
| Distribution                     | 310,520               | 426,535          | 116,015       | 37.4%       |
| Generation                       | 620,062               | 490,253          | -129,809      | -20.9%      |
| Mining                           | 274,424               | 289,473          | 15,049        | 5.5%        |
| Other activities                 | 24,145                | 34,755           | 10,610        | 43.9%       |
| Unassigned items and elimination | -83,644               | -197,126         | -113,482      | -135.7%     |
| <b>Total EBITDA</b>              | <b>952,680</b>        | <b>1,044,309</b> | <b>91,629</b> | <b>9.6%</b> |



### Trading Area in Q1 2023

Retail sales of electricity are carried out by ENEA S.A.

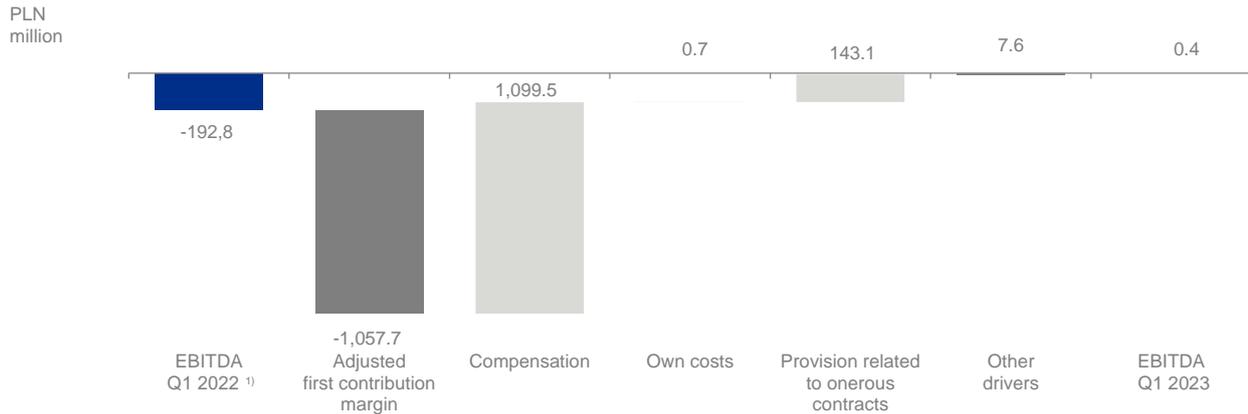
Wholesale trade is carried out by ENEA Trading.

| [PLN 000s]  | Q1 2022 <sup>1)</sup> | Q1 2023    | Change         | % change      |
|---|-----------------------|------------|----------------|---------------|
| Net revenue from sales                                    | 3,383,813             | 6,440,187  | 3,056,374      | 90.3%         |
| Compensation  | 0                     | 1,099,478  | 1,099,478      | 100.0%        |
| Revenue from sales and other income                       | 3,383,813             | 7,539,665  | 4,155,852      | 122.8%        |
| EBIT  | -193,512              | -170       | 193,342        | 99.9%         |
| Amortization and depreciation                             | 685                   | 589        | -96            | -14.0%        |
| <b>EBITDA</b>   | <b>-192,827</b>       | <b>419</b> | <b>193,246</b> | <b>100.2%</b> |
| CAPEX <sup>2)</sup>                                       | 942 <sup>3)</sup>     | 0          | -942           | -100.0%       |
| Segment's sales revenue as % of the Group's sales revenue | 39%                   | 46%        | 7 p.p.         | -             |

<sup>1)</sup> Presentation change in accordance with the condensed interim consolidated financial statements for 3 months of 2023

<sup>2)</sup> without ENEA S.A.'s equity investments

<sup>3)</sup> Presentation change



<sup>1)</sup> Presentation change in accordance with the condensed interim consolidated financial statements for 3 months of 2023

### **Key drivers of the change in EBITDA in Q1 2023 (up by PLN 193.2 million):**

#### **Adjusted first contribution margin (down by PLN 1,057.7 million)**

- (-) average energy purchase price up by 120.5%
- (-) energy sales volume down by 2.4%
- (+) average energy sales price up by 63.5%
- (+) costs of environmental obligations down by 45.8%
- (+) higher result on trade in gaseous fuel
- (+) remeasurement of CO<sub>2</sub> contracts, forward transactions for energy and gas

#### **Compensation (up by PLN 1,099.5 million)**

in the Q1 2023 performance, the value of electricity compensation, as referred to in Article 12 of the Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 in Connection with the Situation on the Electricity Market (Consumption Limits Act) and in Article 8 of the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 (Price Limits Act), was taken into account.

#### **Own costs (down by PLN 0.7 million)**

- (+) costs of shared services down by PLN 0.8 million
- (+) general and administrative expenses down by PLN 0.7 million
- (-) direct selling costs up by PLN 0.8 million

#### **Change in provisions related to onerous contracts (down by PLN 143.1 million)**

(+) in Q1 2023, recognized in revenue was the utilization of a PLN 92.1 million portion of the provision recognized in the costs in December 2022 for the estimated provision for the loss on Tariff G resulting from the ERO President's omission to take into account the incurred energy purchase costs in the Tariff of 17 December 2022 and for the application of the Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 in Connection with the Situation on the Electricity Market, in the amount of PLN 368.3 million.

(-) in Q1 2022, the use of a PLN 2.6 million portion of the provision and an update of the provision for a loss arising from the settlement of the distribution fee rebate of PLN 53.6 million regarding the electricity fed into the grid by prosumers by ENEA S.A. as the offtaker of last resort were recognized in expenses.

#### **Other factors (up by PLN 7.6 million)**

- (+) revenue from sales of services up by PLN 22.0 million
- (+) costs of provisions for anticipated losses and potential claims down by PLN 9.9 million
- (+) litigation costs down by PLN 3.1 million
- (+) revenues from licenses linked to the ENEA brand up by PLN 2.4 million
- (+) written off receivables recognized in expenses down by PLN 1.5 million
- (-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 25.7 million
- (-) donation costs up by PLN 5.0 million
- (-) impairment losses for receivables up by PLN 1.2 million

## Generation Area in Q1 2023

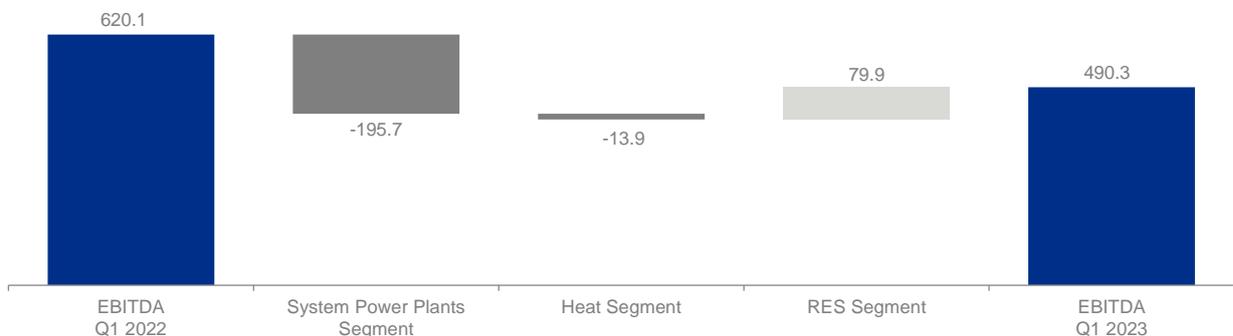
In the Generation Area, the financial data of ENEA Wytwarzanie, MEC Piła, PEC Oborniki, ENEA Nowa Energia, ENEA Ciepło, ENEA Ciepło Serwis, ENEA Elektrownia Połaniec, ENEA Połaniec Serwis, ENEA ELKOGAZ and ENEA Bioenergia are presented. ENEA Połaniec Serwis was acquired by ENEA Elektrownia Połaniec on 16 January 2023.

ENEA Ciepło Serwis was acquired by ENEA Ciepło on 3 October 2022.

ENEA Wytwarzanie owns, among others, 11 high-efficiency and modernized power units in the Koziencice Power Plant. ENEA Elektrownia Połaniec owns 7 coal-fired units with the total maximum capacity of 1,674 MW and the world's largest biomass-fired unit with the total maximum capacity of 225 MW.

| [PLN 000s]  | Q1 2022        | Q1 2023        | Change          | % change      |
|---|----------------|----------------|-----------------|---------------|
| Net revenue from sales  | 3,590,846      | 6,545,256      | 2,954,410       | 82.3%         |
| <i>electricity</i>  | 3,062,166      | 5,969,447      | 2,907,281       | 94.9%         |
| <i>Capacity Market</i>  | 226,392        | 243,413        | 17,021          | 7.5%          |
| <i>certificates of origin</i>   | 121,161        | 120,204        | -957            | -0.8%         |
| <i>heat</i>   | 157,833        | 193,438        | 35,605          | 22.6%         |
| <i>other</i>  | 23,294         | 18,754         | -4,540          | -19.5%        |
| Revenue from leases and operating subleases                             | 200            | 239            | 39              | 19.5%         |
| Revenue from sales and other income                                     | 3,591,046      | 6,545,495      | 2,954,449       | 82.3%         |
| EBIT  | 509,097        | 375,847        | -133,250        | -26.2%        |
| Amortization and depreciation   | 110,965        | 114,406        | 3,441           | 3.1%          |
| <b>EBITDA</b>   | <b>620,062</b> | <b>490,253</b> | <b>-129,809</b> | <b>-20.9%</b> |
| CAPEX   | 91,135         | 71,596         | -19,539         | -21.4%        |
| Share of the area's sales revenue in the Group's net revenue from sales | 41%            | 40%            | -1 p.p.         | -             |

PLN million



### Key drivers of the change in EBITDA in Q1 2023 (down by PLN 129.8 million):

#### **System Power Plants Segment (down by PLN 195.7 million)**

- (-) PLN 822.5 million contribution to the Price Difference Fund
- (-) fixed costs up by PLN 43.0 million
- (-) other drivers down by PLN 9.5 million
- (+) generation margin up by PLN 416.0 million
- (+) Balancing Market repurchase margin up by PLN 152.5 million
- (+) trading margin up by PLN 81.5 million
- (+) revenue from the Capacity Market up by PLN 15.3 million
- (+) revenue from Regulatory System Services up by PLN 14.0 million

#### **Heat Segment (down by PLN 13.9 million)**

- (-) fixed costs up by PLN 10.0 million
- (-) PLN 5.8 million contribution to the Price Difference Fund
- (-) other drivers down by PLN 4.0 million
- (+) heat margin up by PLN 4.3 million
- (+) revenue from the Capacity Market up by PLN 1.6 million

### RES Segment (up by PLN 79.9 million)

(+) Biomass Area (Green Unit): PLN 95.1 million (of which PLN -1.5 million from ENEA Bioenergia): margin on renewable energy generation up by PLN +139.2 million, Green Block's margin on sales of green certificates up by PLN +9.3 million, PLN -48.5 million contribution to the Price Difference Fund, PLN -2.1 million increase in fixed costs, PLN -1.3 million increase in other variable costs  
 (-) Hydro Area (PLN -7.5 million): PLN -28.5 million in contribution to the Price Difference Fund, PLN +22.0 million increase in revenue from sales of energy  
 (-) Wind Area (PLN -6.7 million): PLN -29.6 million in contribution to the Price Difference Fund, PLN -4.8 million decrease in revenue from certificates of origin, PLN +28.6 million increase in revenue from sales of energy  
 (-) Biogas Area (PLN -0.5 million):

### Distribution Area in Q1 2023

ENEA Operator is responsible for the distribution of electricity to 2.8 million Customers – in western and north-western Poland in the area of 58.2 thousand km<sup>2</sup>. The key task of ENEA Operator is to provide energy in a continuous and reliable manner, while maintaining appropriate quality parameters.

The Distribution Area includes financial data of the following Companies:

- ENEA Operator
- ENEA Serwis
- ENEA Pomiar
- ENEA Logistyka

| [PLN 000s]  | Q1 2022        | Q1 2023        | Change         | % change     |
|---|----------------|----------------|----------------|--------------|
| Net revenue from sales                                    | 908,877        | 1,258,397      | 349,520        | 38.5%        |
| <i>distribution services to end users</i>                 | 833,209        | 1,169,483      | 336,274        | 40.4%        |
| <i>grid connection fees</i>                               | 14,298         | 31,970         | 17,672         | 123.6%       |
| <i>other</i>  | 61,370         | 56,944         | -4,426         | -7.2%        |
| Compensation  | 0              | 121,630        | 121,630        | 100.0%       |
| Revenue from sales and other income                       | 908,877        | 1,380,027      | 471,150        | 51.8%        |
| EBIT  | 139,954        | 248,587        | 108,633        | 77.6%        |
| Amortization and depreciation                             | 170,566        | 177,948        | 7,382          | 4.3%         |
| <b>EBITDA</b>   | <b>310,520</b> | <b>426,535</b> | <b>116,015</b> | <b>37.4%</b> |
| CAPEX   | 260,470        | 330,758        | 70,288         | 27.0%        |
| Segment's sales revenue as % of the Group's sales revenue | 10%            | 8%             | -2 p.p.        | -            |

PLN million



### Key drivers of the change in EBITDA in Q1 2023 (up by PLN 116.0 million):

#### Margin on licensed activity (up by PLN 131.5 million)

(+) revenue from sales of distribution services to end users up by PLN 458 million  
 (+) revenue from grid connection fees up by PLN 18 million  
 (-) costs of purchasing electricity to cover the balancing difference (balance) up by PLN 280 million  
 (-) costs of purchasing transmission and distribution services (balance) up by PLN 63 million

### Operating expenses (up by PLN 21.3 million)

- (-) employee benefit costs up by PLN 13 million
- (-) costs of consumption of materials and supplies and cost of goods sold up by PLN 3 million
- (-) costs of third-party services up by PLN 2 million
- (-) other costs up by PLN 3 million

### Mining Area in Q1 2023

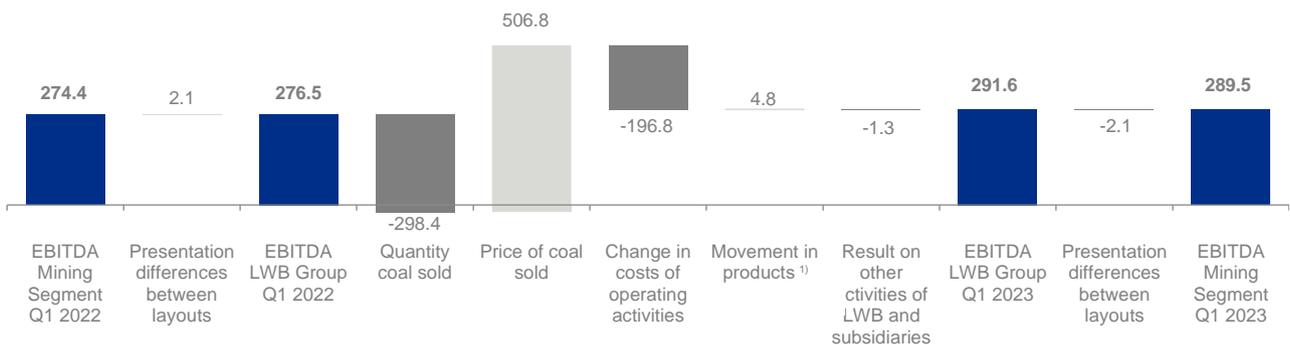
The Mining Area presents the financial results of the LW Bogdanka Group with the parent company - Lubelski Węgiel "Bogdanka" S.A. and its subsidiaries.

LW Bogdanka breaks down its product range into fine steam coal, which accounts for 98% of its output, pea and nut coal.

The main buyers are commercial and industrial energy sectors.

| [PLN 000s]  | Q1 2022        | Q1 2023        | Change        | % change    |
|---|----------------|----------------|---------------|-------------|
| Net revenue from sales  | 729,767        | 938,483        | 208,716       | 28.6%       |
| <i>coal</i>   | 711,611        | 915,560        | 203,949       | 28.7%       |
| <i>other products and services</i>  | 12,078         | 19,860         | 7,782         | 64.4%       |
| <i>goods and materials</i>  | 6,078          | 3,063          | -3,015        | -49.6%      |
| Revenue from leases and operating subleases                                       | 1,972          | 2,201          | 229           | 11.6%       |
| Revenue from sales and other income   | 731,739        | 940,684        | 208,945       | 28.6%       |
| EBIT  | 187,653        | 162,851        | -24,802       | -13.2%      |
| Amortization and depreciation   | 86,721         | 97,953         | 11,232        | 13.0%       |
| Impairment loss/(reversal of impairment loss) on non-financial non-current assets | 50             | 28,669         | 28,619        | 57,238%     |
| <b>EBITDA</b>   | <b>274,424</b> | <b>289,473</b> | <b>15,049</b> | <b>5.5%</b> |
| CAPEX   | 129,873        | 166,375        | 36,502        | 28.1%       |
| Share of the area's sales revenue in the Group's net revenue from sales           | 8%             | 6%             | -2 p.p.       | -           |

PLN million



<sup>1)</sup> impact on presented costs = technical coal production cost allocated according to the current structure \* change of coal inventory volume in the analyzed period

### Key drivers of the change in EBITDA in Q1 2023 (up by PLN 15.1 million):

- (-) greater revenue from sales of coal: lower volume of coal sales (-1,134 thousand tons) with concurrently higher prices of steam coal in contracts
- (-) higher mining cash cost – higher costs of external services; higher prices of energy and materials; higher employee costs
- (+) in Q1 2023, the value of inventories vs. the beginning of the year increased by PLN 19.9 million or 41 thousand tons (decrease in the period's operating expenses), while in Q1 2022 the value of inventories vs. the beginning of the year increased by PLN 15.1 million or 92 thousand tons (decrease in the period's operating expenses)

There are differences in the way amortization and depreciation is presented in financial reports of the ENEA Group and the LW Bogdanka Group.

## Other Activities Area in Q1 2023

| [PLN 000s]  | Q1 2022       | Q1 2023       | Change        | % change     |
|---|---------------|---------------|---------------|--------------|
| Net revenue from sales                                    | 136,486       | 154,338       | 17,852        | 13.1%        |
| Revenue from leases and operating subleases               | 2,736         | 1,723         | -1,013        | -37.0%       |
| Revenue from sales and other income                       | 139,222       | 156,061       | 16,839        | 12.1%        |
| EBIT  | 5,298         | 16,015        | 10,717        | 202.3%       |
| Amortization and depreciation                             | 18,847        | 18,740        | -107          | -0.6%        |
| <b>EBITDA</b>   | <b>24,145</b> | <b>34,755</b> | <b>10,610</b> | <b>43.9%</b> |
| CAPEX   | 11,253        | 10,650        | -603          | -5.4%        |
| Segment's sales revenue as % of the Group's sales revenue | 2%            | 1%            | -1 p.p.       | -            |

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

- activities supporting other Group companies:

ENECA Centrum – the Shared Services Center in the Group in the field of accounting, human resources, ITC and customer service, collection, procurement and administration

ENECA Innowacje – deals with ventures that offer a chance to become, in the future, innovative and modern products offered by the Group

- accompanying activities:

ENECA Oświetlenie – company specializing in indoor and outdoor lighting; it designs and builds road lighting, illumination for urban spaces, illumination for historic and public buildings, provides services of construction and comprehensive operation of photovoltaic power plants

## Ratio analysis

Definitions of the ratios are presented in section 12 entitled: "Glossary of terms and abbreviations"

|   | Q1 2022 <sup>1)</sup> | Q1 2023 |
|---|-----------------------|---------|
| <b>Profitability ratios</b>                             |                       |         |
| ROE – return on equity <sup>2)</sup>                    | 13.8%                 | 6.1%    |
| ROA – return on assets <sup>2)</sup>                    | 6.0%                  | 2.8%    |
| Net profitability                                       | 7.6%                  | 2.0%    |
| Operating profitability                                 | 7.9%                  | 4.9%    |
| EBITDA profitability                                    | 13.1%                 | 8.3%    |
| <b>Liquidity and financial structure ratios</b>         |                       |         |
| Current liquidity ratio                                 | 1.0                   | 1.2     |
| Coverage of non-current assets with equity              | 68.6%                 | 70.5%   |
| Total debt ratio  | 56.5%                 | 53.7%   |
| Net debt / EBITDA                                       | 0.76                  | 2.83    |
| <b>Economic activity ratios</b>                         |                       |         |
| Current receivables turnover in days <sup>3)</sup>      | 45                    | 40      |
| Trade and other payables turnover in days <sup>4)</sup> | 58                    | 35      |
| Inventory turnover in days                              | 21                    | 17      |

<sup>1)</sup> Presentation change in accordance with the condensed interim consolidated financial statements for 3 months of 2023

<sup>2)</sup> Ratio numerator i.e. net profit (loss) for the reporting period is annualized

<sup>3)</sup> Trade receivables – trade receivables, assets under contracts with customers and costs of concluding contracts

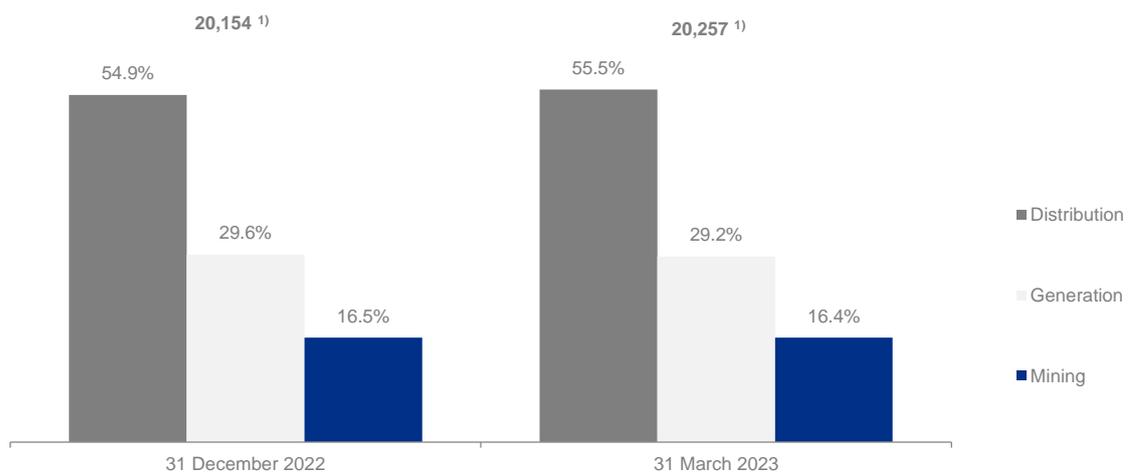
<sup>4)</sup> Trade payables – trade payables, liabilities under contracts with customers

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

| Assets [PLN 000s]   | As at:            |                   |                   |               |
|---|-------------------|-------------------|-------------------|---------------|
|   | 31 December 2022  | 31 March 2023     | Change            | % change      |
| <b>Non-current assets</b>                                 | <b>23,161,620</b> | <b>23,192,964</b> | <b>31,344</b>     | <b>0.1%</b>   |
| Property, plant and equipment                             | 20,154,134        | 20,256,478        | 102,344           | 0.5%          |
| Right-of-use asset  | 827,430           | 822,758           | -4,672            | -0.6%         |
| Intangible assets   | 351,922           | 349,366           | -2,556            | -0.7%         |
| Investment property                                       | 18,042            | 28,916            | 10,874            | 60.3%         |
| Investments in associates and jointly controlled entities | 163,317           | 163,825           | 508               | 0.3%          |
| Deferred tax assets                                       | 1,315,108         | 1,263,093         | -52,015           | -4.0%         |
| Financial assets at fair value                            | 161,391           | 132,998           | -28,393           | -17.6%        |
| Trade and other receivables                               | 12,213            | 12,239            | 26                | 0.2%          |
| Costs related to the execution of contracts               | 8,970             | 9,237             | 267               | 3.0%          |
| Receivables under leases and finance subleases            | 1,168             | 1,074             | -94               | -8.0%         |
| Cash in the Mine Closure Fund                             | 147,925           | 152,980           | 5,055             | 3.4%          |
| <b>Current assets</b>                                     | <b>14,273,352</b> | <b>12,132,328</b> | <b>-2,141,024</b> | <b>-15.0%</b> |
| CO <sub>2</sub> emission allowances                       | 4,093,130         | 64,125            | -4,029,005        | -98.4%        |
| Inventories   | 1,979,850         | 2,749,126         | 769,276           | 38.9%         |
| Trade and other receivables                               | 5,260,383         | 5,705,625         | 445,242           | 8.5%          |
| Costs related to the execution of contracts               | 11,006            | 10,566            | -440              | -4.0%         |
| Assets arising from contracts with customers              | 623,900           | 843,081           | 219,181           | 35.1%         |
| Receivables under leases and finance subleases            | 1,304             | 1,232             | -72               | -5.5%         |
| Current income tax receivables                            | 315,513           | 580,904           | 265,391           | 84.1%         |
| Financial assets at fair value                            | 382,546           | 422,451           | 39,905            | 10.4%         |
| Debt financial assets at amortized cost                   | 42,004            | 0                 | -42,004           | -100.0%       |
| Cash and cash equivalents                                 | 1,563,716         | 1,755,218         | 191,502           | 12.2%         |
| <b>Total Assets</b>                                       | <b>37,434,972</b> | <b>35,325,292</b> | <b>-2,109,680</b> | <b>-5.6%</b>  |

PLN million

### Structure of current assets



<sup>1)</sup> of which elimination

**Key drivers of non-current assets (up by PLN 31 million):**

- increase in property, plant and equipment by PLN 102 million, of which: an increase in fixed assets by PLN 405 million, with a concurrent increase in accumulated depreciation by PLN 274 million
- PLN 52 million decrease in deferred tax assets – mainly the effect of the movement in provisions related to onerous contracts and provisions for CO<sub>2</sub> emission allowances, contribution to the Price Difference Fund and revenue estimates related to electricity compensation
- PLN 28 million decrease in the amount of financial assets at fair value – mainly as a result of remeasurement of forward contracts for the purchase of electricity and remeasurement of IRS financial instruments hedging against an increase in costs caused by changes in interest rates

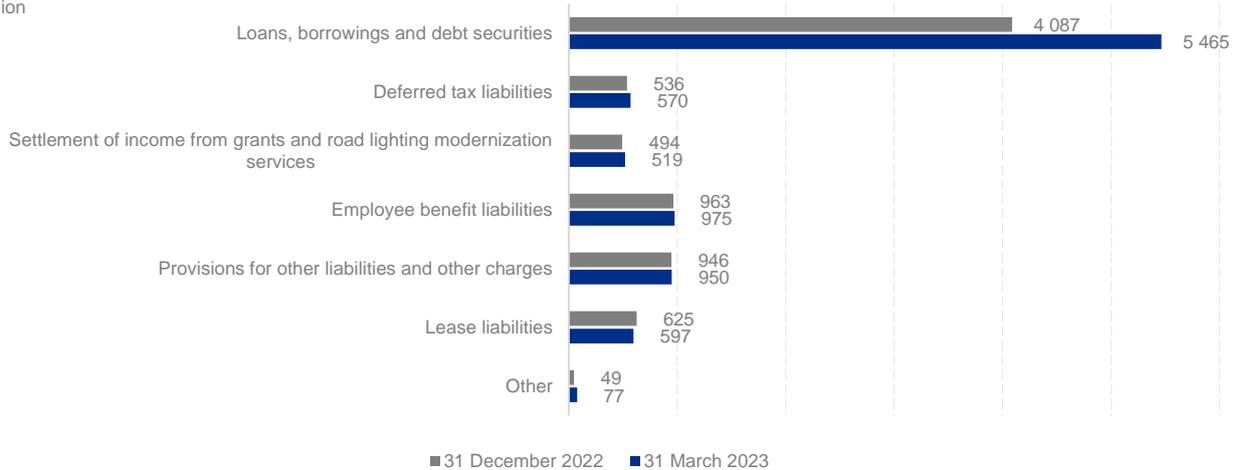
**Key drivers of current assets (down by PLN 2,141 million):**

- PLN 4,029 million decrease in the value of CO<sub>2</sub> emission allowances, including: PLN 1,480 million purchase of allowances in 2023, PLN -5,509 million redemption of rights
- PLN 42 million decrease in debt financial assets measured at amortized cost – value of the loan granted in 2022 to Elektrownia Ostrołęka Sp. z o.o.
- PLN 769 million increase in the value of inventories – including mainly an increase in inventories of coal, certificates of origin for energy, biomass and other materials
- PLN 445 million increase in trade and other receivables – mainly an increase in trade receivables and receivables on account of electricity compensation (compensation and advances due presented on a net basis, as at 31 December 2022 shown in liabilities, as at 31 March 2023 shown in receivables), with a concurrent decrease in tax receivables (excluding income tax) and a decrease in the value of collateral margins related to the contracting of CO<sub>2</sub> emission allowances
- PLN 265 million increase in current income tax receivables – the value of income tax advances paid in 2023
- PLN 219 million increase in assets arising from contracts with customers – largely due to a higher volume of non-invoiced electricity sales
- PLN 192 million increase in cash and cash equivalents – chiefly obtaining financing in the form of a PLN 1 billion term loan which, in accordance with the terms of the agreement, was spent to finance current operations, electricity compensation received in accordance with the Price Limits Act, change in the amount of funds earmarked for trading in CO<sub>2</sub> emission allowances, a decrease in margins securing IRGiT's clearing operations and a decrease in funds from current activities
- PLN 40 million increase in financial assets measured at fair value – mainly due to an update in the valuation of forward contracts for the purchase of electricity and gas

| Equity and liabilities [PLN 000s]                        | As at             |                   | Change            | % change      |
|--|-------------------|-------------------|-------------------|---------------|
|  | 31 December 2022  | 31 March 2023     |                   |               |
| <b>Total equity</b>                                      | <b>16,146,111</b> | <b>16,359,064</b> | <b>212,953</b>    | <b>1.3%</b>   |
| Share capital  | 676,306           | 676,306           | -                 | -             |
| Share premium  | 3,348,670         | 3,348,670         | -                 | -             |
| Revaluation reserve – measurement of hedging instruments | 185,744           | 147,421           | -38,323           | -20.6%        |
| Retained earnings  | 10,663,950        | 10,866,163        | 202,213           | 1.9%          |
| Non-controlling interests                                | 1,271,441         | 1,320,504         | 49,063            | 3.9%          |
| <b>Total liabilities</b>                                 | <b>21,288,861</b> | <b>18,966,228</b> | <b>-2,322,633</b> | <b>-10.9%</b> |
| Non-current liabilities                                  | 7,699,793         | 9,152,873         | 1,453,080         | 18.9%         |
| Current liabilities                                      | 13,589,068        | 9,813,355         | -3,775,713        | -27.8%        |
| <b>Total equity and liabilities</b>                      | <b>37,434,972</b> | <b>35,325,292</b> | <b>-2,109,680</b> | <b>-5.6%</b>  |

PLN  
million

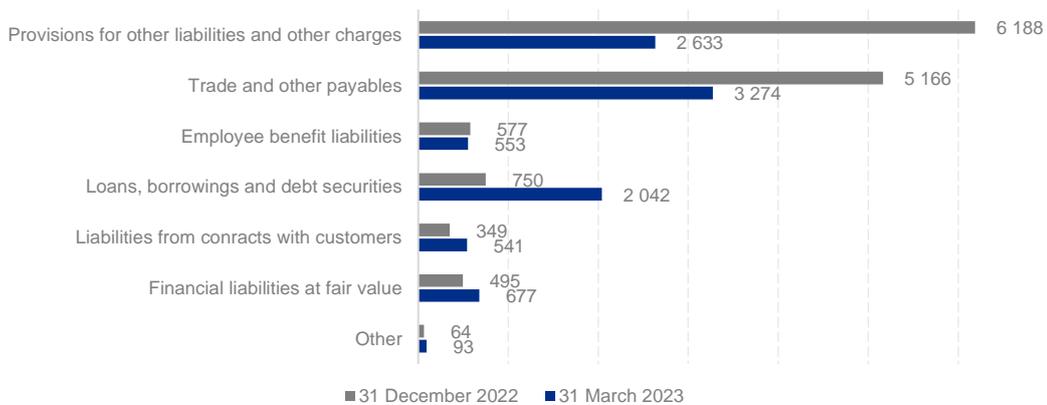
### Structure of non-current liabilities



#### Key drivers of movement in non-current liabilities (up by PLN 1,453 million)

- PLN 1,378 million increase in loans, borrowings and other debt securities – obtaining financing in the form of a syndicated loan with a simultaneous reclassification of certain non-current liabilities to current liabilities
- PLN 32 million increase in financial liabilities measured at fair value – mainly due to an update in the valuation of forward contracts for the purchase of electricity, gas and property rights
- PLN 25 million increase in subsidy income settlements and road lighting modernization services – mainly deferred income from subsidies
- PLN 18 million increase in other non-current liabilities – mainly an increase in deferred income tax provisions, an increase in employee benefit liabilities and a decrease in lease liabilities

### Structure of current liabilities



#### Key change drivers for current liabilities (down by PLN 3,776 million)

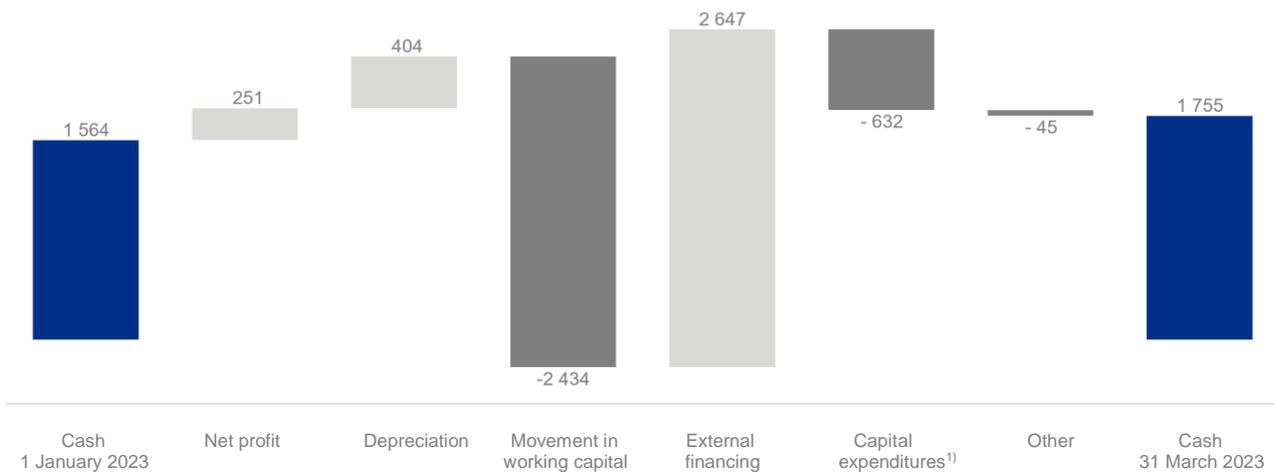
- PLN 3,555 million decrease in provisions for liabilities and other charges – including a decrease in provisions for the purchase of CO<sub>2</sub> emission allowances and the use of a portion of the provision recognized in costs in December 2022 for estimated losses under Tariff G with a simultaneous increase in provisions for energy origin certificates
- PLN 1,892 million decrease in trade payables – due to a decrease in trade liabilities, a decrease in investment liabilities, a decrease in liabilities related to collateral margins for forward CO<sub>2</sub> emission allowance transactions, a decrease in liabilities on account of advance compensation payments (compensation and advances due presented on a net basis, as at 31 December 2022 shown in liabilities, as at 31 March 2023 shown in receivables), with a concurrent increase in tax liabilities
- PLN 1,291 million increase in loans, borrowings and other debt securities – obtaining financing in the form of a syndicated loan, reclassification of certain non-current liabilities to current liabilities, with a simultaneous redemption of bonds and repayment of loan installments
- PLN 193 million increase in liabilities from contracts with customers – mainly advances for connection fees
- PLN 182 million increase in financial liabilities measured at fair value – mainly due to a remeasurement of forward contracts for the purchase of electricity, gas and property rights

## Cash position of the ENEA Group

| Statement of cash flows [PLN 000s]         | Q1 2022          | Q1 2023          | Change            | % change      |
|--|------------------|------------------|-------------------|---------------|
| Net cash flows from operating activities   | 602,371          | (1,783,628)      | -2,385,999        | -396.1%       |
| Net cash flows from investing activities   | (923,291)        | (578,003)        | 345,288           | 37.4%         |
| Net cash flows from financing activities   | (158,309)        | 2,553,133        | 2,711,442         | 1,712.8%      |
| Increase / (decrease) in net cash          | (479,229)        | 191,502          | 670,731           | 140.0%        |
| Cash at the beginning of reporting period  | 4,153,553        | 1,563,716        | -2,589,837        | -62.4%        |
| <b>Cash at the end of reporting period</b> | <b>3,674,324</b> | <b>1,755,218</b> | <b>-1,919,106</b> | <b>-52.2%</b> |

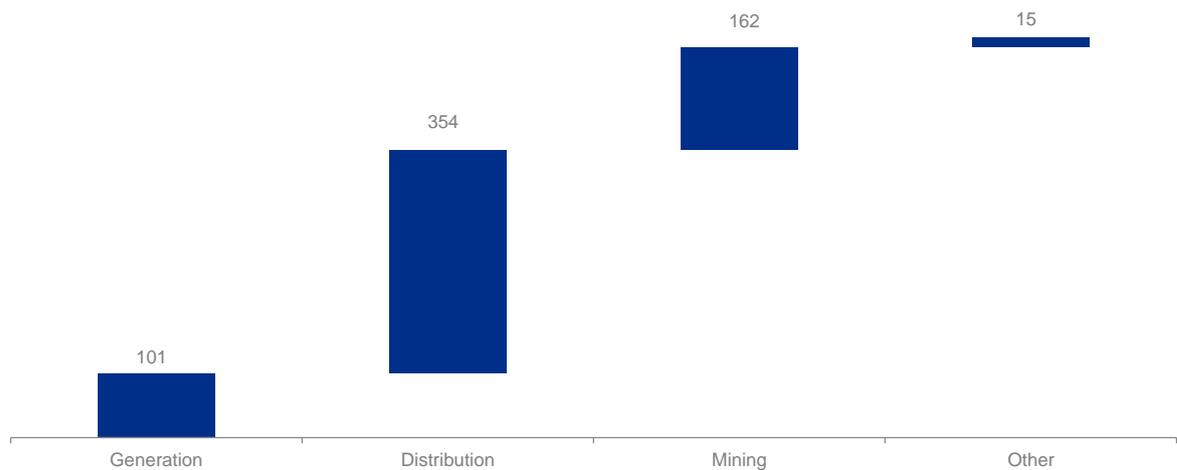
PLN  
million

### Cash flows in 2023



mIn zł

### ENEA Group capital expenditures <sup>1)</sup> in Q1 2023



<sup>1)</sup> Purchase/disposal of property, plant and equipment and intangible assets and purchase/disposal of subsidiaries, associates and jointly controlled entities

## 6. Shares and shareholders

### 6.1. Equity and shareholding structure

As at 31 March 2023 and as at the publication date of this report, the share capital of ENEA S.A. is PLN 529,731,093 and is divided into 529,731,093 ordinary bearer shares with a par value of PLN 1.00 each. The total number of votes resulting from all outstanding shares of the Issuer corresponds to the number of shares, translating into 529,731,093 votes.

All shares in the Company are book-entry bearer shares registered in the Central Securities Depository of Poland.

Since the date of publication of the previous periodic report, no changes have been made to the Issuer's shareholding structure.

The table above presents the shareholding structure of ENEA S.A. as at the date of the periodic report for Q1 2023.

| Shareholder    | Number of shares / number of votes at the General Meeting | Interest in the share capital / share in the total number of votes |
|----------------|---|--|
| State Treasury | 277,015,422   | 52.29%   |
| Other          | 252,715,671   | 47.71%   |
| <b>TOTAL</b>   | <b>529,731,093</b>  | <b>100.0%</b>  |

### 6.2. ENEA S.A. stock prices on the Warsaw Stock Exchange

ENEA S.A. stock has been listed on the Warsaw Stock Exchange (WSE) since 17 November 2008.

In Q1 2023, the ENEA S.A. stock price increased from PLN 6.00 to PLN 6.32, that is by PLN 0.32, or 5%. The highest closing price of ENEA S.A. stock in Q1 2023 was recorded on 31 January 2023 (PLN 6.75), while the lowest price was recorded on 10 January 2023 (PLN 5.82).

Share of the Company's stock in stock exchange indices as at 31 March 2023:

|   |   |   |   |
|---|---|---|---|
|  |  |  |  |
| 0.79  | 2.26  | 13.4  | 0.6   |

| Data  | Q1 2023     |
|---|-------------|
| Number of shares                                    | 529,731,093 |
| Closing price – minimum [PLN]                       | 5.82        |
| Closing price – maximum [PLN]                       | 6.75        |
| Stock price at the end of the period [PLN]          | 6.32        |
| Stock price at the end of the previous period [PLN] | 6.00        |
| Average volume                                      | 686,219     |

## 7. Company authorities

### 7.1. Composition of the ENEA S.A. Management Board

| As at 1 January 2023 and as at the publication date of the report for Q1 2023 |  |
|---|--|
| Name  | Position   |
| Paweł Majewski  | President of the Management Board                    |
| Dariusz Szymczak  | Management Board Member for Corporate Matters        |
| Marcin Pawlicki   | Management Board Member for Operational Matters      |
| Rafał Mucha   | Management Board Member for Financial Matters        |
| Lech Żak  | Management Board Member for Strategy and Development |

During the reporting period and until the publication date of the report for Q1 2023, there were no changes in the composition of the Company's Management Board.

### 7.2. Composition of the ENEA S.A. Supervisory Board

| As at 1 January 2023 |   | As at the publication date of the report for Q1 2023 |   |
|----------------------|---|--|---|
| Name                 | Position                                    | Name   | Position                                    |
| Rafał Włodarski      | Supervisory Board Chairman                  | Łukasz Ciołko  | Supervisory Board Chairman                  |
| Roman Stryjski       | Deputy Chairperson of the Supervisory Board | Roman Stryjski                                       | Deputy Chairperson of the Supervisory Board |
| Mariusz Pliszka      | Supervisory Board Secretary                 | Mariusz Pliszka                                      | Supervisory Board Secretary                 |
| Łukasz Ciołko        | Supervisory Board Member                    | Aleksandra Agatowska                                 | Supervisory Board Member                    |
| Mariusz Damasiewicz  | Supervisory Board Member                    | Mariusz Damasiewicz                                  | Supervisory Board Member                    |
| Aneta Kordowska      | Supervisory Board Member                    | Aneta Kordowska                                      | Supervisory Board Member                    |
| Tomasz Lis           | Supervisory Board Member                    | Tomasz Lis   | Supervisory Board Member                    |
| Paweł Łącki          | Supervisory Board Member                    | Paweł Łącki  | Supervisory Board Member                    |
| Mariusz Romańczuk    | Supervisory Board Member                    | Mariusz Romańczuk                                    | Supervisory Board Member                    |
| Piotr Zborowski      | Supervisory Board Member                    | Piotr Zborowski                                      | Supervisory Board Member                    |

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

On 13 March 2023, the Company's Extraordinary General Meeting adopted a resolution by the power of which Ms. Aleksandra Agatowska, as of that date, was appointed to the ENEA S.A. Supervisory Board of the 11th term of office.

On 13 March 2023, the Extraordinary General Meeting of ENEA S.A. elected Mr. Łukasz Ciołko as Chairman of the ENEA S.A. Supervisory Board.

Apart from the above changes, during the reporting period and until the publication date of the report for Q1 2023, there were no other changes in the composition of the Company's Supervisory Board.

In accordance with the provisions of the Rules and Regulations of the Supervisory Board, the following standing committees operate within the Supervisory Board: the Audit Committee, the Nominations and Remuneration Committee and the Strategy and Investment Committee.

As at the day of publication of this report, the Audit Committee operates in the following composition:

| Audit Committee                      |          |
|--------------------------------------|----------|
| Name                                 | Position |
| Tomasz Lis <sup>1) 2) 3)</sup>       | Chairman |
| Aneta Kordowska <sup>1) 2)</sup>     | Member   |
| Mariusz Damasiewicz <sup>1) 3)</sup> | Member   |
| Mariusz Pliszka <sup>1) 3)</sup>     | Member   |
| Roman Stryjski <sup>1)</sup>         | Member   |

<sup>1)</sup> An independent member within the meaning of Article 129(3) of the Act of 11 May 2017 on certified auditors, auditing firms and public supervision and within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2021

<sup>2)</sup> Member with knowledge and skills in accounting or audit of financial statements, based on his/her education and previous professional experience.

<sup>3)</sup> Member with knowledge and skills in the industry in which the issuer operates, based on his/her education and previous professional experience.

As at the publication date of this report, the Nominations and Remuneration Committee is composed of:

| Nominations and Remuneration Committee |          |
|--|----------|
| Name                                   | Position |
| Roman Stryjski <sup>1)</sup>           | Chairman |
| Łukasz Ciołko                          | Member   |
| Paweł Łącki                            | Member   |
| Mariusz Romańczuk <sup>1)</sup>        | Member   |
| Piotr Zborowski <sup>1)</sup>          | Member   |

<sup>1)</sup> An independent member within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2021.

As at the publication date of this report, the Strategy and Investment Committee is composed of:

| Strategy and Investment Committee |          |
|-----------------------------------|----------|
| Name                              | Position |
| Aleksandra Agatowska              | Chairman |
| Łukasz Ciołko                     | Member   |
| Mariusz Damasiewicz               | Member   |
| Tomasz Lis                        | Member   |
| Mariusz Pliszka                   | Member   |
| Mariusz Romańczuk                 | Member   |
| Piotr Zborowski                   | Member   |

### 7.3. Number of shares and rights to ENEA S.A. shares held by members of the Management Board and Supervisory Board

| Name            | Position                 | Number of ENEA S.A. shares as at 22 March 2023 | Number of ENEA S.A. shares as at 24 May 2023 |
|-----------------|--------------------------|--|--|
| Mariusz Pliszka | Supervisory Board Member | 3,880  | 3,880  |

As at the date of this report, other members of the Management Board and Supervisory Board hold no shares in ENEA S.A. As at the date of this report, no members of the Management Board or Supervisory Board hold any rights to shares in ENEA S.A. As at the date of this report, no members of the Management Board or Supervisory Board hold any rights to shares in any ENEA S.A. subsidiaries.

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## 8. Other information relevant to evaluation of the issuer's standing

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### 8.1. Regulatory environment

The business of ENEA S.A. and its subsidiaries is conducted in an environment that is subject to special legal regulation, both at the national level and at European Union level (regulated economic activity). A number of legal regulations applicable to utility companies have been enacted based on decisions of a political nature. For this reason, these regulations are subject to frequent amendments. Specifically these days, the dynamically evolving regulatory and legislative reality in the Polish and European law in the energy sector, which results, among others, from political decisions made also in response to the socioeconomic situation arising from the Russian Federation's invasion of Ukraine and the European Commission's wide-ranging activities aiming to reduce greenhouse gas emissions and achieve climate neutrality of Europe by 2050, makes the determination of certain effects for the pursued business activity difficult at times. This notwithstanding, ENEA S.A. and its subsidiaries ("ENEA Group") are subject to legal regulation in the field of tax system, competition and consumer protection, employee law and environmental protection. It cannot be ruled out that changes in these areas arising from specific legislation or individual interpretations related to significant areas of the ENEA Group's business may become a source of potential risks for this economic activity.

#### 8.1.1. European Union's internal electricity market

The objective behind the EU's internal market in the energy sector is to establish an efficient market characterized by fair availability, high standard of consumer protection and an appropriate level of interconnections and electricity generating capacities. The main means through which the European Union is to enable the achievement of the aforementioned objective is the legislation intending to remove the obstacles and barriers to trade, align tax and pricing policies as well as standardize norms and standards, including ones in the area of safety and natural environment.

##### 8.1.1.1. Financial markets (EMIR Refit)

The European Market Infrastructure Regulation (EMIR) is Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, along with Commission Delegated Regulations (EU) 148/2013 and 149/2013 of 19 December 2012, which entered into force on 16 August 2012, then on 17 June 2019 was amended by Regulation 2019/834 of 20 May 2019 (EMIR Refit) simplifying certain obligations especially for entities with low transaction values in financial instruments. The regulation introduced requirements for the reporting of derivative transactions to "trade repositories", risk mitigation techniques, in certain cases the obligation for central clearing of transactions by "Central Counterparties" (CCPs)<sup>1</sup> and laid down sanctions for infringements of its provisions.

##### 8.1.1.2. REMIT

REMIT is Regulation (EU) No. 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency. In accordance with this regulation, the electricity market is subject to specific restrictive rules governing the publication and disclosure of information that may affect the prices of energy products on the wholesale energy market, including an absolute prohibition of any market manipulation.

REMIT requires that every market participant be registered in the national register. Any market participant is obliged to report data on the transactions concluded on wholesale energy markets, including any orders placed.

REMIT also imposes the obligation to make public, by way of a formalized announcement, the so-called inside information concerning the capacity and use of facilities for production, storage, consumption or transmission of electricity, including concerning planned or unplanned unavailability of these facilities. REMIT prohibits manipulation or attempts to manipulate the market and prohibits the use of inside information for commercial activities. REMIT equips regulatory authorities with powers to conduct investigations, enforce the provisions of the regulation and establish penalties for failure to fulfill the obligations.

##### 8.1.1.3. EU ETS – the European Emissions Trading System

The beginning of 2021 marked the launch of Phase IV of the EU ETS. The changes introduced as part of the EU ETS (e.g. Directive 2018/410 of the European Parliament and of the Council of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814 as regards the establishment of the Modernization Fund and Decision 2015/1814 of the European Parliament and of the Council of 6 October 2015 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and amending Directive 2003/87/EC) will significantly affect the framework for the operation of entities covered by the EU ETS in Phase IV, that is in 2021-2030. On 14 July 2021, the European Commission published "Fit for 55", a legislative package which includes a directive regulating the linear reduction factor and the market stability reserve, which are the most important mechanisms within the EU ETS,

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<sup>1)</sup> A Central Counterparty (CCP) means a legal person holding an authorization from the ESMA (European Securities and Markets Authority) that interposes itself between the counterparties to the contracts for Derivatives traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer.

contributing to a decreased supply in the EU ETS market. After the change, the present value of the linear reduction factor has been 2.2% since 2021.

According to the Commission's publication of 12 May 2022 on the total number of allowances in circulation in 2021 for the purposes of the Market Stability Reserve and of the number of unallocated allowances during the period 2013-2020:

- as at 31 December 2021, there were 2,632,682,062 allowances in the Market Stability Reserve,
- from September 2022 to September 2023, 347,811,404 allowances will be placed in the Market Stability Reserve,
- as at 31 December 2021, the number of allowances in circulation amounted to 1,449,214,182.

The increased demand for EUAs is largely affected by announced and scheduled legislative initiatives of European Union institutions pursuing the objectives of the "European Green Deal" announced in 2019, including the draft amendment of the EU ETS Directive 2003/87/EC and Decision 2015/1814 on the Market Stability Reserve (specific information about the package is provided in Section 8.1.1.5.).

In this context, in January 2023, despite the decline in the prices of greenhouse gas emission allowances in the first week of the month, the prices of EUA allowances increased on average. This trend continued until the end of February, but March brought a decline in the product's market valuation.

#### **8.1.1.4. Activities aiming to liberalize gas and electricity markets**

The initial Directives on liberalization (the first energy package) were adopted in 1996 (with respect to electricity) and 1998 (with respect to gas), whereas the deadlines for their transposition to the Member States' legal systems were set for 1998 (electricity) and 2000 (gas).

The second energy package was adopted in 2003 and the Directives forming it were to be transposed to the Member States' law by 2004, yet some laws did not enter into force until 2007. From then on, industrial consumers and Member States were able to freely choose their gas and electricity suppliers from among a larger group of competitors.

The third energy package was adopted in April 2009. The extent of its regulations was supposed to further the liberalization of internal electricity and gas markets. It amended the second package and was the foundation of the internal energy market implementation process.

In June 2019, the fourth energy package was adopted. It was composed of one Directive (Directive 2019/944/EU on electricity) and three Regulations (Regulation 2019/943/EU on electricity, Regulation 2019/941/EU on risk-preparedness and Regulation 2019/942/EU establishing a European Union Agency for the Cooperation of Energy Regulators). That package introduced new regulations to satisfy the needs related to energy from renewable sources and attract investments in that area. It provided for incentives for consumers and introduced a new limit below which power plants are eligible for grants under the generating capacity mechanism. Additionally, it imposed the obligation to prepare emergency plans in case of power crises on Member States and enhanced ACER's competences in the area of cross-border regulatory cooperation where the risk of national and regional fragmentation emerges.

The fifth energy package "FIT FOR 55" was published on 14 July 2021 with a view to adapt the EU's energy targets to the new European climate targets for 2030 and 2050.

Due to Russia's invasion of Ukraine in February 2022 and after Russia completely cut off its supply of gas to Europe, which resulted in an energy crisis, the EU decided to take actions for discontinuing the import of all Russian fossil fuels as soon as possible, introducing measures to facilitate energy savings, diversifying the import of energy, adopting structural measures in electricity and gas markets and expediting the development of renewable energy sources. The EU leaders, who gathered together at the European Council's meeting, agreed that it was necessary to impose further sanctions, which were to include the energy sector, on Russia already on 24 February 2022. On 8 April 2022, the EU Council adopted the so-called 5th package of sanctions, which covered, among others, prohibition of purchase, import or transfer of coal and other solid fossil fuels to the EU if they come from Russia or are exported from Russia. The said prohibition of coal imports became effective as of August 2022. Until the imposition of the sanctions, Russia had exported approx. 20% of its bituminous coal output to the EU, thus earning around EUR 8 billion per annum. On 3 June 2022, the EU Council adopted the so-called 6th package of sanctions, which covered, among others, a ban on purchase, import or transfer of seaborne crude oil and certain petroleum products from Russia to the EU. That ban became effective as of 5 December 2022 in the case of crude oil and as of 5 February 2023 in the case of refined petroleum products. A temporary exemption from the said prohibition was granted for crude oil imported by pipeline to the EU countries which, due to their geographic location, are particularly dependent on supplies from Russia. At the end of February 2023, as part of the so-called 10th package of sanctions, the EU put a ban also on provision of gas storage capacity in the EU for gas coming from Russia. The EU sanctions did not cover natural gas from Russia, but most EU countries stopped buying fuel supplied to Europe by the Russian Gazprom in 2022. On one hand, it was an effect of the political decisions intending to diversify gas supplies to the EU and become independent of Russian gas, and on the other hand, it resulted from the measures taken by Gazprom, which terminated the existing contracts unilaterally, thus trying to force its customers to pay in rubles. The situation described above continued into 2023.

#### **8.1.1.5. "FIT FOR 55"**

In March 2020, the Commission presented a proposal on the European Climate Law for reaching net zero emissions in Europe by 2050. With the Climate Target Plan, the Commission proposed that the EU's target to reduce greenhouse gas emissions be raised to at least 55% below 1990 levels by 2030, which is a considerable increase relative to the present target of 40%. The Climate

Target Plan outlined also the actions required in all sectors of the economy, including changes in the key legislative instruments serving the purpose of reaching the more ambitious target and fulfilling the obligation specified in the communication on the European Green Deal to propose a comprehensive plan to raise the European Union's 2030 target to 55% in a responsible manner. In order to reach those targets, the European Commission's work program for 2021 announced the "Fit for 55" package with the aim to reduce greenhouse gas emissions by at least 55% by 2030 and achieve Europe's climate neutrality by 2050. The package will include among others the following documents and propose the following changes:

**– revision of the Regulation of the European Parliament and of the Council on methane emissions reduction in the energy sector and amending Regulation (EU) 2019/942**

- On 15 December 2021, the European Commission submitted a proposal to amend the Regulation of the European Parliament and of the Council on methane emissions reduction in the energy sector and amending Regulation (EU) 2019/942;
- On 15 December 2022, the Council's general approach was adopted, calling for:
  - prohibition, starting on 1 January 2025, of flaring, with a destruction and removal efficiency below 98%, of methane from methane drainage stations, except in the event of an emergency, malfunction or unavoidable and absolutely necessary maintenance;
  - starting on 1 January 2027, prohibition of the release of methane into the atmosphere from ventilation shafts in coal mines, other than coking coal mines, emitting more than 5 tons of methane per kiloton of extracted coal. Starting on 1 January 2031, prohibition of the release of methane into the atmosphere from ventilation shafts in coal mines, other than coking coal mines, emitting more than 3 tons of methane per kiloton of extracted coal. These thresholds are applicable on an annual basis per mine.
- Moreover:
  - Member States should establish their own mitigation plan, taking into consideration those constraints and the technical feasibility of AMM mitigation (as geological constraints and environmental considerations prevent a one-size-fits-all approach to mitigate methane emissions from abandoned underground coal mines);
  - each Member State is expected to be required to designate at least one competent authority to supervise operators (required to cooperate with this authority) in terms of the effective fulfillment of obligations imposed on them by the Regulation, including to the following extent: continuous measurement and quantification of methane emissions from ventilation shafts in underground coal mines; continuous measurement of methane released into the atmosphere and flared in methane drainage stations, and the use of specific emission coefficients for opencast coal mines.

**- revision of Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading (hereinunder the ETS Revision Draft)<sup>2)</sup>.**

- increase of the general emission reduction target in the sectors that are covered by the EU ETS (power, industry, intra-European aviation) to 62% by 2030 as compared to 2005;
- elimination of financial institutions from trading in emission allowances;
- extension of the EU ETS to include new sectors: road transport and construction (for commercial buildings) starting in 2027 and sea transport (gradual imposition of the obligation to surrender allowances by shipping companies: 40% for verified emissions from 2024, 70% – from 2025 and 100% – from 2026). (The Commission is assessing the possibility to include the municipal waste incineration sector to the EU ETS and will present a report on this issue by 31 July 2026 with a view to incorporate that sector starting from 2028);
- change in the rules for granting gratuitous allowances – linking reference indicators to emission reductions – increasing the indicator to 2.5% per year from 2026 instead of the current 1.6% (in order to support breakthrough/innovative technologies);
- gradual phasing out of free emission allowances and gradual introduction of the Carbon Border Adjustment Mechanism (CBAM). The free allowances will be phased out gradually. The CBAM coefficient should be 100% for the period between the entry into force of the Regulation and the end of 2025, and should be subject to the application of the provisions referred to in Article 36(2)(b) of the Regulations, namely 97.5% in 2026, 95% in 2027, 90% in 2028, 77.5% in 2029, 51.5% in 2030, 39% in 2031, 26.5% in 2032 and 14% in 2033. From 2034 onward, the CBAM will no longer be applicable. Increasing the Innovation Fund and introducing within its framework, as an additional instrument supporting climate-friendly investments, "Contracts for differences relating to carbon dioxide";
- introduction of a 95% threshold for biomass combustion with the zero rating, after excess of which installations would be excluded from EU ETS.

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<sup>2)</sup> On 17 December 2022, Members of the European Parliament and the EU Council reached an agreement on a reform of the EU Emissions Trading System (EU ETS). Before the reform enters into force, the Parliament and the Council will have to formally approve the agreement. During the negotiations, the EP and the Council agreed also to establish the Social Climate Fund. The Fund will be established for the period 2026–2032 with eligibility of expenditure from 1 January 2026. It will be part of the EU budget and its financing in the amount of EUR 65 billion will come from the EU budget, while 25% will be contributed by Member States.

On 18 April 2023, the European Parliament, and then, on 25 April 2023, the EU Council, adopted the said solutions as part of the Fit for 55 package. The legislative amendments described above will be submitted for signature by the Council and the European Parliament, and then published in the Official Journal of the EU.

**– Decision of the European Parliament and of the Council amending Decision (EU) 2015/1814 as regards the number of allowances to be placed in the market stability reserve for the Union greenhouse gas emission trading system until 2030.**

On 28 March 2023, the EU Council adopted a separate decision “amending Decision (EU) 2015/1814 as regards the number of allowances to be placed in the market stability reserve for the Union greenhouse gas emission trading system until 2030,” according to which, until 31 December 2030, the percentages and the number of 100 million allowances referred to in the respective sentences would be doubled.

The decision on the market stability reserve is intended to address the surplus of allowances that has accumulated in the EU Emissions Trading System (EU ETS) since 2009 and to make the system more resilient to major shocks by adjusting the quantity of allowances to be auctioned.

The decision on the market stability reserve has been reviewed under the Ready for 55 package, which aims to reduce EU net greenhouse gas emissions by at least 55% by 2030 compared to the 1990 levels and ensure the achievement of climate neutrality in the EU by 2050.

On 18 April 2023, the European Parliament, and then, on 25 April 2023, the EU Council, adopted subsequent solutions as part of the Fit for 55 package regarding Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme in the aviation and maritime transport sectors.

The decision is pending publication in the Official Journal of the EU and is expected to enter into force 20 days after its publication.

**- revision of Directive 2018/2001/EU on the promotion of the use of energy from renewable sources:**

- modification of the definition of renewable fuel of non-biological origin and the definition of standard value, as well as addition of new definitions, such as: renewable fuel, market area, smart metering system, charging point, market actors, electricity market, battery for home use, electrical vehicle battery, industrial battery, battery health, its charging level, power setpoint, smart charging, regulatory authority, bi-directional charging, regular power charging point, industry;
- revision of the RES share target from 45%<sup>3)</sup>;
- increased annual RES consumption target in the district heating and cooling industry, by 1.1% until 2030;
- new EU indicative targets, according to which the share of renewable energy in the final energy consumption in buildings should reach 49% by 2030;
- tightening of the existing sustainability criteria for agricultural biomass production, also to include forest biomass;
- application of greenhouse gas reduction thresholds in electricity production, heating and cooling from biomass fuels also for existing installations, i.e. 70% by the end of 2025 and 80% from the beginning of 2026;
- obligation imposed on Member States to jointly determine, and agree to cooperate on, the amount of energy produced from marine renewable sources, which should be produced in each sea basin by 2050, and to set intermediate stages for 2030 and 2040;
- tightening of the terms of participation of biomass-fired installations in support systems, also through the proposed hierarchy of handling biomass;
- introduction, starting in 2027, of a rule not to support electricity production from forest biomass in electricity-only generation facilities.

On 9 November 2022, the Commission proposed another amendment (RED IV) to the Regulation of the Council, which sets the framework for expediting the implementation of energy from renewable sources. In accordance with the proposal, the power plants using renewable energy sources will be considered as being an overriding public interest, which would enable acceleration of the new procedures for issuing permits and allow specific exemptions from the EU legislation on environmental protection.

On 30 March 2023, EU institutions reached and announced a preliminary agreement on the Directive amending the Directive on the promotion of the use of energy from renewable sources (known as the “revision of the RED” or “REDIII”), which is part of the “Fit for 55” legislative package published by the European Commission on 14 July 2021. Accordingly, the phase of trilateral talks (“trilogues”) between the European Commission, the European Parliament and the EU Council on the revision of the RED was completed. The following was agreed:

- increase in the share of renewable energy in the EU’s total energy consumption to 42.5%, and possibly (owing to an additional indicative commitment of 2.5%), the increase may even reach 45%;
- indicative target for the share of renewable energy in buildings of at least 49% by 2030. The agreement provides for an increase in binding renewable energy targets for heating and cooling at a national level: by 0.8% annually until 2026 and

<sup>3)</sup> Over 20% of the energy consumed in the EU comes from RES. The share has more than doubled since 2004. The present EU target is 32% by 2030, but it is being adjusted upward along with the updates of the objectives concerning buildings, heating and cooling as well as industry. In September 2022, the Parliament demanded that the 2030 target be raised to 45%.

by 1.1% between 2026 and 2030. The minimum annual average indicator applicable to all Member States will be supplemented by indicative additional targets calculated individually for each Member State;

- tightening the criteria for the sustainable consumption of biomass for energy generation purposes (forest biomass in particular) to reduce the risk of unsustainable bioenergy generation. At the same time, the principle of cascading biomass consumption will be introduced;
- binding sub-target: advanced biofuels (usually derived from non-food commodities) and renewable fuels of non-biological origin (mostly renewable hydrogen and hydrogen-based synthetic fuels) to generate 5.5% of the renewable energy to be supplied to the transport sector. Under this target, renewable fuels of non-biological origin are expected to generate at least 1% of the renewable energy supplied to the transport sector in 2030.
- option for Member States to select either a 14.5% target for reducing the intensity of greenhouse gas emissions in transport using RES or a 29% target for the share of RES in the final energy consumption in the transport sector in 2030;
- indicative target for the share of renewable energy in buildings of at least 49% by 2030. The agreement provides for an increase in binding renewable energy targets for heating and cooling at a national level: by 0.8% annually until 2026 and by 1.1% between 2026 and 2030. The minimum annual average indicator applicable to all Member States will be supplemented by indicative additional targets calculated individually for each Member State;
- annual increase in the consumption of renewable energy in industry by 1.6%. It was also agreed that, by 2030, 42% of the hydrogen consumed in industry should come from renewable fuels of non-biological origin, and that by 2035 this share should reach 60%. The agreement introduces the possibility for member states to discount the contribution of RFNBOs in industry use by 20% under two conditions: if the member states' national contribution to the binding overall EU target meets their expected contribution; the share of hydrogen from fossil fuels consumed in the member state is not more 23% in 2030 and 20% in 2035.
- accelerated permitting procedure. Member states will design renewables acceleration areas where renewable energy projects would undergo simplified and fast permit-granting process (for areas indicated by a member state, it will be 12 months, for other areas, it will be 24 months);
- TSOs and DSOs will be required to digitally provide information on the share of renewable electricity and the content of greenhouse gas emissions in the electricity supplied in each market area, with the greatest possible accuracy in time intervals corresponding to the frequency of market settlements, which may not be longer than one hour, along with forecasts, if available.

#### **- revision of Directive 2012/27/EU on energy efficiency (EED):**

- Member States should set indicative contributions regarding their final and primary energy consumption, in order to achieve energy efficiency;
- a change of the definition of efficient heating and cooling systems by introducing progressively changeable minimum conditions that an installation must satisfy to be classified as efficient;
- reduction of energy consumption at the EU level by 2030 by 36% for final energy and by 39% for primary energy. The EU target of 36% will be binding. The targets are based on a new baseline scenario and correspond to the reduction target of 13% compared to 2020; gradual increase of the objective of energy savings with respect to final energy consumption. Member States are supposed to reduce final energy consumption by 1.1% per annum from 1 January 2024, by 1.3% from 1 January 2026 and by 1.5% from 1 January 2028 to 31 December 2030, and they will be allowed to carry forward up to 10% of the surplus savings;
- the public sector was obliged to reduce energy consumption by 1.7% per annum or at least 1.9% per annum if excluding public transport or armed forces;
- stipulation that at least 3% of the total heated or cooled floor area of buildings owned by public institutions should be renovated annually, with the goal of at least converting them to near-zero energy buildings;
- stipulation that construction supplies, services and works awarded under public procurement contracts should have very good energy parameters;
- reduction of the period for achieving final energy consumption savings every year: from 2023 at 0.8% of the annual final energy consumption, averaged over the last three years before 1 January 2019 (with the exception Cyprus and Malta: 0.24%);
- implementation of an energy management system for enterprises whose average annual energy consumption in the last three years, for all energy carriers, exceeded 100TJ or having these enterprises subjected to an energy audit;
- introduction of seller's obligations towards final consumers and end users regarding the content of the contract and the rules governing its performance;
- a provision on transparency of energy consumption by data processing centers. Starting from 2024, they would be supposed to publish annual information on their energy consumption. The Commission is to collect the information in a public EU database.

On 14 September 2022, after the first reading in the European Parliament, the draft was forwarded to the relevant Commission.

On 14 March 2023, the European Parliament approved its position on the Energy Performance of Buildings Directive (EPBD). In accordance with the approach adopted by the Parliament as a result of the plenary vote, residential buildings must achieve at least energy class E by 2030 and at least energy class D by 2033. As regards non-residential and public buildings, they will need to achieve the same energy classes by 2027 and 2030, respectively. Moreover, all new buildings constructed in the EU will have to be emission neutral starting from 2028. The next step scheduled for the EPBD are the trilogues (a coalition of over 15 member states has signaled an opposition push for mandatory renovations of buildings).

**- revision of the Directive on taxation of energy products and electricity (ETD):**

- expansion of the catalog of energy products and setting minimum taxation for each product;
- possibility of applying reduced tax rates (as required by the directive) for RES electricity; electricity will have the lowest tax rates, regardless of its purpose;
- possibility of applying reduced tax rates for electricity produced in cogeneration, meeting the definition of high-efficiency cogeneration under the EED; The amendments to the directive do not provide an option of facultatively abolishing excise tax for co-generation. The directive does not offer a sufficiently precise stipulation for co-generation;
- a general shift in how energy sources are viewed, in order to discourage the use of fossil fuels and encourage the use of alternative sources – introduction of the minimum tax rates for individual energy products: the cleaner the energy source, the lower the taxation;
- reduction of all kinds of exemptions and discounts that lead to fragmentation of the internal market;
- an option to apply the minimum tax rate for heating fuels to vulnerable households for a transition period of 10 years;
- the proposal of minimum tax rates for heating fuels is as follows: for natural gas and non-sustainable biogas: initially EUR 0.60 per GJ in 2023 and ultimately EUR 0.90 per GJ in 2033; for coal EUR 0.90 per GJ from 2023; for sustainable biogas: EUR 0.45 per GJ from 2023, for unsustainable forest biomass EUR 0.90 per GJ from 2023; and for sustainable forest biomass EUR 0.45 per GJ from 2023;
- the proposal of the minimum tax rate for electricity is EUR 0.15 per GJ from 2023;
- harmonization with the new reduction targets of the Regulation on the inclusion of greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry (LULUCF Regulation)<sup>4)</sup>.

The draft is awaiting the position of the relevant commission.

**- revision of the Regulation on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement:**

- it proposes stricter emission reduction targets for each Member State as regards buildings, road transport and domestic maritime transport, agriculture, waste and small industries.

**- revision of the Regulation setting CO<sub>2</sub> emission performance standards for passenger cars and light commercial vehicles**

- on 28 March 2023, the Council adopted the Regulation amending Regulation (EU) 2019/631 as regards the CO<sub>2</sub> emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's more ambitious climate goals. The new legislation lays down the following targets: reduction of CO<sub>2</sub> emissions by 55% for new passenger cars and 50% for new trucks between 2030 and 2034 compared to 2021 levels; 100% reduction in CO<sub>2</sub> emissions for both new passenger cars and new trucks starting from 2035;
- From 2025 until the end of 2029, a regulatory incentive mechanism for zero and low-emission vehicles (ZLEV) will be introduced.

Moreover, the Regulation contains other provisions, calling for:

- reduction of the limit of credits allocated to manufacturers for environmentally friendly innovations that verifiably decrease road CO<sub>2</sub> emissions to a maximum of 4 g/km annually between 2030 and the end of 2034 (currently: 7 g/km annually);
- common EU methodology for assessing the full life-cycle CO<sub>2</sub> emissions and fuel and energy consumption by cars and trucks entering the EU market, to be developed by the Commission by 2025.

The Regulation retains a derogation for small manufacturers until the end of 2035.

**- revision of the Regulation on the inclusion of greenhouse gas emissions and removals resulting from activities related to land use, land use change and forestry (LULUCF):**

- it proposes a general EU objective for removing carbon dioxide by natural sinks corresponding to 310 million tons of CO<sub>2</sub> emissions by 2030. The EU should strive for climate neutrality in land use, forestry and agriculture sectors by 2035, which includes also agricultural non-CO<sub>2</sub> emissions.

<sup>4)</sup> Political agreement in the matter of increasing the contribution of the Land Use, Land-Use Change and Forestry sector.

#### - revision of the Directive on alternative fuels infrastructure development:

- it proposes that the requirement to increase the recharging capacities pro rata to the sales of zero-emission cars and the requirement to install recharging and refueling points on major highways at regular intervals: every 60 km for electricity recharging and every 150 km for hydrogen refueling be imposed on Member States.

#### - European Commission's proposal of 16 March 2023 – Regulation establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act):

- Establishment of a legal framework to support the development of the production of net-zero energy technologies in the Union with a view to supporting the Union's 2030 decarbonization targets and achieving climate neutrality by 2050, and to ensure the security of supply of net-zero energy technologies necessary to secure resilience the Union's energy system;
- Specific goals:
  - Facilitating investment in net zero technologies (pillar 1);
  - Reducing CO<sub>2</sub> emissions (pillar 2);
  - Facilitating access to markets (pillar 3);
  - Improving skills to create high-quality jobs in net zero technologies (pillar 4);
  - Supporting innovation (pillar 5);
  - Creating a dedicated structure conducive to the pursuit of these goals in terms of both management and monitoring (pillars 6 and 7).

### 8.1.1.6. EU Taxonomy

The so-called EU Taxonomy is a tool, through which private investments should become the instrument for implementing the assumptions of the European Green Deal.

On 15 July 2022, the Official Journal of the European Union published the Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.

The Regulation came into effect on 4 August 2022 and is to be applied as of 1 January 2023.

The regulation envisages the following amendments to the EU Taxonomy:

- establishing technical screening criteria for activities carried out in the natural gas and nuclear energy sectors, which must be satisfied for the project to be deemed sustainable;
- emphasizing the transitional character of accepting electricity generation or heat/cooling production or cogeneration from fossil gas as environmentally sustainable activities;
- non-financial companies conducting activities such as: electricity generation, high-efficiency cogeneration of electricity and heat/cooling and production of heat/cooling from fossil gases, as of 1 January 2023 will disclose information on which parts of their activities in the above sectors are consistent or inconsistent with the assumptions of the "Taxonomy".

The regulation also contains a declaration that RES will play a crucial role in the implementation of the EU's climate and environmental goals and a postulate to increase investments in RES.

### 8.1.1.7. REPowerEU

To address the difficulties and disruption on the global energy market caused by Russia's attack on Ukraine, on 18 May 2022 the European Commission presented the REPowerEU plan.

REPowerEU is the European Commission's plan to rapidly reduce Europe's dependence on Russian fossil fuels early before 2030 in connection with the Russian invasion of Ukraine. REPowerEU is based on the assumption of the FIT For 55 package and it does not affect the key assumptions of achieving reduction of greenhouse gas emissions by at least 55% by 2030 and climate neutrality by 2050. The measures envisaged in REPowerEU may provide a response to that ambitious goal. These measures include: energy savings, diversification of energy supplies, and accelerated roll-out of renewable energy to replace fossil fuels in homes, industry and power generation. In the area of energy savings, REPowerEU assumes, among others: an increase from 9% to 13% of the binding Energy Efficiency Target set in the FIT for 55 package. The accelerated roll-out of renewable energy assumes, among others: an increase of the 2030 target for renewables from 40% to 45% of total energy production across EU; a phased-in legal obligation to install solar panels on rooftops – starting in 2026, photovoltaic systems are to be mandatory on new public and commercial buildings and new residential buildings with surfaces above 250 m<sup>2</sup>; departure from natural gas in favor of accelerated development of clean hydrogen and biomethane; doubling of the rate of deployment of heat pumps, and measures to integrate geothermal and solar thermal energy in modernized district and communal heating systems.

On 8 October 2022, the Council Regulation (EU) on an emergency intervention to address high energy prices came into effect. The regulation assumes that common measures be introduced to reduce demand for electricity and to collect surplus revenues of the energy sector and pass them on to final consumers. A voluntary and general goal of reducing gross electricity consumption by 10% and a mandatory goal of reducing electricity consumption by 5% during peak hours. The Member States are required to identify peak hours corresponding in total to at least 10% of all hours in the period between 1 December 2022 and 31 March 2023 in order

to reduce their total monthly gross electricity consumption by 10% compared to the average gross electricity consumption in the corresponding months of the reference period. The states will have the discretion to choose the appropriate measures to achieve their energy consumption with a view of achieving both goals in this period. The assumption underlying the regulation is to set a cap on market revenues at 180 EUR per MWh for electricity producers, including intermediaries that use “inframarginal technologies” for energy production, such as renewables, nuclear and lignite. Setting a limit at this level is to ensure profitability of the operators and to make sure they do not unduly prevent investments in renewables. The regulation also sets forth the rules for introducing a temporary solidarity tax on profits of companies with activities in the crude petroleum, natural gas, coal and refinery sectors. The contribution is to be calculated on the basis of taxable profits calculated in accordance with the national tax regulations in the fiscal year starting in 2022 or 2023 that exceed 20% of the average annual taxable profits since 2018. The solidarity contribution is to be applied over and above the regular taxes and charges applicable in the member states. The Member States will use the proceeds from the solidarity contribution to provide financial support to households and businesses and to mitigate the effects of high retail prices of electricity. According to the regulation, Member States will be able to temporarily set the price of electricity supplied to small and medium enterprises in order to provide more support to SMEs (small and medium enterprises) struggling with high energy prices. Member States will have the opportunity, exceptionally and temporarily, to set the price for the delivery of electricity below the cost level, if certain conditions are satisfied. The measures are temporary and extraordinary in nature. They will be in effect from 1 December 2022 to the end of 2023, while the reduction targets for energy consumption, in accordance with Article 4 in conjunction with Article 22(2) of the said Regulation were in effect from 1 December 2022 to 31 March 2023. The mandatory limit on revenues will end in the middle of next year.

At the beginning of December 2022, the European Commission held a series of consultation meetings, including in particular with European trade societies, on a review of the internal electricity market structure. It was a harbinger of intensification of the works on a reform of the internal electricity market. In mid-December 2022, the Commission published a non-paper, where it officially announced launching a public consultation in order to develop a scenario of a reform of the internal electricity market. In its non-paper, the Commission informed that the scope of the announced consultation would be broad and the main purpose of the designed reform was to be the development of lasting ways of mitigating the impact of high gas prices on electricity bills. The public consultation was carried out at the turn of February 2023.

**On 14 March 2023, the European Commission (hereinafter: EC) presented the first official proposal regarding a reform of the internal energy market – EMD (Electricity Market Design). The reform proposal consists of the following two drafts:**

- Draft Regulation amending Regulations (EU) 2019/943 and (EU) 2019/942 as well as Directives (EU) 2018/2001 and (EU) 2019/944 to improve the Union’s electricity market design (hereinafter: draft EMD revision). The draft calls for amendments to:
  - Regulation of the European Parliament and of the Council (EU) 2019/943 of 5 June 2019 on the internal market for electricity;
  - Regulation of the European Parliament and of the Council (EU) 2019/942 of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (ACER);
  - Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources; Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity.
- Draft Regulation amending Regulations (EU) 1227/2011 and (EU) 2019/942 to improve the Union’s protection against market manipulation in the wholesale energy market (hereinafter: draft REMIT revision). The draft calls for amendments to:
  - Regulation (EU) 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency;
  - Regulation of the European Parliament and of the Council (EU) 2019/942 of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators (ACER).

The key objectives of the reform include:

- Stronger consumer protection;
- Increased competitiveness of the EU economy through improvements in the stability and predictability of energy costs;
- Boost to investments in renewable energy
- Amendments to the REMIT [including: extension of the scope of data collected by the ACER through, without limitation, taking account of related markets, new balancing markets, balancing markets agreements; elevating the role of insider information platforms (IIPs) in the effective and timely disclosure of inside information to the public. The disclosure of inside information on special IIPs is expected to be mandatory to make that information easily accessible and to increase transparency; transaction data reporting is proposed to be carried out through Registered Reporting Mechanisms (RRMs), with the operation of RRM platforms to be authorized by the ACER].

**On 16 March 2023, the EC proposed the wording of the Regulation establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act):** The key drivers of the proposal, expected to support the achievement of 40% of demand, include:

- Simplifying the regulatory framework and reducing administrative burdens for manufacturing and strategic projects with zero net worth;
- Improving investment certainty;
- Accelerating access to finance;
- Improving qualifications to create quality jobs;
- Supporting innovation through “regulatory sandboxes”;
- Facilitating carbon dioxide capture and storage.

**On 16 March 2023, the EC published a draft Regulation on critical and strategic raw materials for the European Union economy.** The document also contains a new updated list of critical raw materials (CRMs). Due to the accelerated energy transition process, it is expected that the demand for critical raw materials will increase 5 or 6 times by 2030 and 21 times by 2050. While domestic supplies currently fulfill only a fraction of existing needs, the Regulation strives to provide the EU with tools to ensure access to secure and sustainable supplies of critical raw materials, mainly by establishing clear priorities for action. The Regulation distinguishes between strategic materials and critical raw materials and sets benchmarks for national production capacities:

- At least 10% of the EU's annual consumption for mining,
- At least 40% of the EU's annual consumption for processing,
- At least 15% of the EU's annual consumption for recycling,
- No more than 65% of the Union's annual consumption of any strategic raw material at any significant processing stage from a single third country.

**On 16 March 2023, the European Commission, in parallel with the presentation of the Green Industrial Plan, presented a communication on the European Hydrogen Bank (EHB).** The purpose of the project is to support and develop the production and use of hydrogen fuel and to stimulate new investments. The funds will enable the development of investments and the pursuit of the goals set in the [REPowerEU plan](#), which calls for the production of green hydrogen at a level of 10 million tons by 2030. The European Union intends to be a leader in innovation and green hydrogen technology and to support regions in the deployment of new solutions. To achieve this, the EHB is intended to perform the following four main functions:

- Fostering transparency and coordination;
- Coordinating existing project funding at EU and international levels;
- Preparing collection contracts within the EU;
- Preparing international collection contracts

The EHB's operation will be based on:

- Financing mechanisms for the EU internal market and the international market (outside the EU);
- Financing mechanisms for the coordination of investments, that is for the assessment of demand, infrastructural needs and investment costs;
- Streamlining existing support mechanisms and focusing them on the EHB's goals.

## 8.1.2. Domestic electricity market

### 8.1.2.1. Demand for electricity

According to the document entitled “Development plan in terms of satisfaction of the current and future demand for electricity in 2021–2030”, the projected total net demand for electricity in Poland will increase from 159.9 TWh to 204.2 TWh in the period 2020–2040<sup>5)</sup>.

### 8.1.2.2. Capacity Market

In 2018-2022, pursuant to the provisions of:

- Capacity Market Act of 8 December 2017;
- Capacity Market Regulations approved by the decision of the ERO President of 10 November 2021;
- Regulation of the Minister of Energy:
  - of 18 July 2018 on performance of the capacity obligation, its settlement and demonstration, and execution of transactions on the secondary market;
  - of 3 September 2018 on financial collateral provided by power suppliers and participants of preliminary auctions,

<sup>5)</sup> [https://www.gov.pl/documents/33372/436746/Wnioski\\_z\\_analiz\\_do\\_PEP2040\\_2018-11-23.pdf](https://www.gov.pl/documents/33372/436746/Wnioski_z_analiz_do_PEP2040_2018-11-23.pdf)

- Regulation of the Minister of Climate and the Environment of 10 August 2022 on the parameters of the main auction for delivery year 2027 and the parameters of additional auctions for delivery year 2024,

Polskie Sieci Elektroenergetyczne S.A. conducted the following Capacity Market processes:

- general certifications;
- certifications for the main auctions for the years 2021-2027;
- certifications for the additional auctions for the years 2021-2024;
- main auctions for the years 2021-2027 and additional auction for 2021-2023.

As well as in 2023:

- general certifications,
- additional auctions for 2024 – 16 March 2023.

#### 8.1.2.2.1. Contracted capacity obligations of ENEA Wytwarzanie and ENEA Elektrownia Połaniec

| [MW]                         | 2023         | 2024         | 2025         | 2026         | 2027         | 2028       | 2029       | 2030       | 2031       | 2032       | 2033       | 2034       | 2035       |
|------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1-year contract              | -            | -            | -            | 1,004        | 1,004        | -          | -          | -          | -          | -          | -          | -          | -          |
| 5-year contract (modernized) | 2,711        | 2,711        | 2,711        | -            | -            | -          | -          | -          | -          | -          | -          | -          | -          |
| 15-year contract (new)       | 915          | 915          | 915          | 915          | 915          | 915        | 915        | 915        | 915        | 915        | 915        | 915        | 915        |
| <b>Total</b>                 | <b>3,626</b> | <b>3,626</b> | <b>3,626</b> | <b>1,919</b> | <b>1,919</b> | <b>915</b> |

#### 8.1.2.2.2. Estimated revenue from the Capacity Market of ENEA Wytwarzanie and ENEA Elektrownia Połaniec

| [PLN million] <sup>1)</sup>  | 2023       | 2024       | 2025       | 2026       | 2027       | 2028       | 2029       | 2030       | 2031       | 2032       | 2033       | 2034       | 2035       |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1-year contract              | -          | -          | -          | 402        | 408        | -          | -          | -          | -          | -          | -          | -          | -          |
| 5-year contract (modernized) | 652        | 652        | 652        | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| 15-year contract (new)       | 220        | 220        | 220        | 220        | 220        | 220        | 220        | 220        | 220        | 220        | 220        | 220        | 220        |
| <b>Total</b>                 | <b>872</b> | <b>872</b> | <b>872</b> | <b>622</b> | <b>628</b> | <b>220</b> |

<sup>1)</sup> Non-indexed value.

ENEA Elektrownia Połaniec participated in all the aforementioned processes and, as a result, signed 2 capacity contracts for 5-year periods of 2021-2025, for units 2 and 7. This resulted from the ENEA Group's strategy approved by decisions of the ENEA S.A. Management Board before each of the main auctions. At the same time ENEA Elektrownia Połaniec signed capacity contracts for 1-year period for delivery year 2026 for units 2 and 4-7. The other units, except for unit 9, were notified for participation in the secondary market. ENEA Elektrownia Połaniec and ENEA Wytwarzanie executed a joint venture agreement in the area of the capacity market providing for the companies' joint operation in the capacity market and mutual reservations.

ENEA Wytwarzanie participated in all the aforementioned processes and, as a result, signed:

- nine capacity contracts for 5-year delivery periods of 2021-2025, for units 1-10 without unit 3,
- one capacity contract for a 15-year delivery period of 2021-2035 for unit 11,
- 1-year supply contracts for 2021, 2022, 2023, 2024 and 2025, for three Capacity Market units from the RES Segment (hydro power plants) with a total capacity of approx. 37 MW were transferred to ENEA Nowa Energia.

In 2021 and 2022, ENEA Elektrownia Połaniec participated in the Capacity Auction for delivery years 2026 and 2027. As a result, it signed 1-year capacity contracts for delivery years 2026 and 2027 for units 2, 4, 5, 6 and 7 with a total capacity of 1,004 MW, unit 3 is a backup for the above-mentioned units.

#### 8.1.2.2.3. Contracted capacity obligations of MEC Piła

| [MW]                | 2023     | Q1 2024  | Q2 2024  | Q3 2024  | Q4 2024  |
|---------------------|----------|----------|----------|----------|----------|
| Quarterly contracts | -        | 6        | 6        | 6        | 6        |
| 1-year contract     | 6        | -        | -        | -        | -        |
| <b>Total</b>        | <b>6</b> | <b>6</b> | <b>6</b> | <b>6</b> | <b>6</b> |

#### 8.1.2.2.4. Estimated revenue from the capacity market of MEC Piła

| [PLN million]       | 2023     | 2024       |
|---------------------|----------|------------|
| Quarterly contracts | -        | 1,8        |
| 1-year contract     | 1        | -          |
| <b>Total</b>        | <b>1</b> | <b>1,8</b> |

### 8.1.2.2.5. Contracted capacity obligations of ENEA Ciepło

| [MW]                           | 2023      |          |          |           | 2024      | 2025                   | 2026     | 2027     |
|--------------------------------|-----------|----------|----------|-----------|-----------|------------------------|----------|----------|
|                                | Q1        | Q2       | Q3       | Q4        |           |                        |          |          |
| Quarterly contracts (existing) | 38        | -        | -        | 23        | -         | -                      | -        | -        |
| 1-year contract (existing)     | -         | -        | -        | -         | 29        | 37 <sup>1)</sup>       | -        | 9        |
| <b>Total</b>                   | <b>38</b> | <b>-</b> | <b>-</b> | <b>23</b> | <b>29</b> | <b>37<sup>1)</sup></b> | <b>0</b> | <b>9</b> |

<sup>1)</sup> The capacity contract of ENEA Ciepło for 2025 is valid from 1 January 2025 to 30 June 2025.

### 8.1.2.1.6. Estimated revenue from the Capacity Market of ENEA Ciepło

| [PLN million] <sup>1)</sup>    | 2023     | 2024     | 2025                  | 2026     | 2027     |
|--------------------------------|----------|----------|-----------------------|----------|----------|
| Quarterly contracts (existing) | 5        | -        | -                     | -        | -        |
| 1-year contract (existing)     | -        | 8        | 3 <sup>2)</sup>       | -        | 4        |
| <b>Total</b>                   | <b>5</b> | <b>8</b> | <b>3<sup>2)</sup></b> | <b>0</b> | <b>4</b> |

<sup>1)</sup> Non-indexed value

<sup>2)</sup> The capacity contract of ENEA Ciepło for 2025 is valid from 1 January 2025 to 30 June 2025.

ENEA Ciepło participated in the aforementioned processes and, as a result, concluded two quarterly capacity contracts for delivery year 2022 (Q1 and Q4) for unit 2, two quarterly capacity contracts for delivery year 2023 (Q1 for unit 2 and Q4 for unit 3), one 1-year capacity contract for delivery year 2024 for unit 3, one 6-month capacity contract for delivery period from 1 January 2025 to 30 June 2025 for unit 3 and one 1-year capacity contract for delivery year 2027 for unit 1. This results from the documents entitled: "Strategy for participation of ENEA Ciepło CMU in the main auction of the capacity market (...)" for delivery years 2024, 2025, 2026, 2027 and "Strategy for participation of ENEA Group CMU in additional auctions (...)" for delivery years 2022, 2023 drawn up under the leadership of ENEA Trading and approved by decisions of the ENEA Ciepło Management Board before the auctions.

In accordance with the document "Strategy for participation of ENEA Ciepło CMU in the main auction of the capacity market for 2026", it is assumed that unit 1 and/or unit 4 (TZ4) will be registered for certification for additional auctions for delivery year 2026, which will be carried out in 2024, after being informed about the physical condition of unit 1 after or during the major overhaul.

Unit 3 was registered for participation in the secondary market for 2022, units 1 and 4 were registered for 2023 and units 1, 2 and 4 were registered for 2024 and 2025. Units 2, 3 and 4 were registered for participation in the secondary market for 2027.

### 8.1.2.2.7. Contracted capacity obligations of Enea Nowa Energia

| [MW]                       | 2023      | 2024      | 2025      | 2026      | 2027      |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| 1-year contract (existing) | 37        | 38        | 37        | 24        | 24        |
| <b>Total</b>               | <b>37</b> | <b>38</b> | <b>37</b> | <b>24</b> | <b>24</b> |

### 10.1.2.2.8. Estimated revenue from the Capacity Market of Enea Nowa Energia

| [MW]                       | 2023     | 2024      | 2025     | 2026      | 2027      |
|----------------------------|----------|-----------|----------|-----------|-----------|
| 1-year contract (existing) | 8        | 10        | 6        | 10        | 10        |
| <b>Total</b>               | <b>8</b> | <b>10</b> | <b>6</b> | <b>10</b> | <b>10</b> |

ENEA Nowa Energia (formerly: ENEA Wytwarzanie RES Segment) participated in all main auctions of the capacity market and, as a result, concluded one-year capacity contracts:

- for the period 2021-2025, for three units with the average capacity of approx. 37 MW in a given delivery year,
- for 2026, for two units with the total capacity of 24 MW,
- for 2027, for two units with the total capacity of 24 MW.

### 8.1.2.3. Electromobility and Alternative Fuels Act

The Electromobility and Alternative Fuels Act of 11 January 2018 requires distribution system operators to build publicly accessible charging points for electric vehicles in the areas of their operation installed in generally accessible charging stations (GACS). In the area of operation of ENEA Operator, this obligation involves the construction of 417 charging points located in publicly available charging stations in 4 townships: Poznań, Szczecin, Bydgoszcz and Gorzów Wielkopolski. The amendment to the Act on Electromobility and Alternative Fuels and certain other acts of 2 December 2021, implementing Directive (EU) 2019/944 of the European Parliament and of the Council into the Polish legal system, allows for constructing charging stations for electric vehicles if the relevant townships fail to complete the task. For this reason, ENEA Operator is currently carrying out a project entitled "Implementation of ENEA Operator's statutory obligations related to electromobility under the Electromobility and Alternative Fuels Act". The adopted amendment to the act repeals the provisions concerning the intervention scheme connected with the construction

of GACS by DSOs and also introduces transitional provisions. These provisions make it possible to complete the already started investment projects.

In Q1 2023, in fulfillment of its statutory obligation, ENEA Operator sold part of the GACS, those built and those currently under construction, in accordance with the terms of the tender agreed upon with the President of the Energy Regulatory Office and based on the proposals submitted as part of the tender by entities interested in purchasing the GACS.

#### **8.1.2.4. Act on Special Solutions to Counteract the Provision of Support to Aggression against Ukraine and to Protect National Security**

On 16 April 2022, the Act of 13 April 2022 on Special Solutions to Counteract the Provision of Support to Aggression against Ukraine and to Protect National Security entered into force. Article 8 of the said Act, in consideration of the existing threat to national security, imposed a ban on imports and/or transport of coal originating from Russia or Belarus to or through, as the case may be, the territory of the Republic of Poland. Moreover, the Act, in Article 13, requires entities marketing coal in the Republic of Poland (including domestic mines) to be in possession of documentation indicating the country of origin of such coal and to issue declarations for coal buyers indicating the country of its origin. The Act has directly translated into a further strengthening of demand for domestic coal.

### **8.1.3. Amendment to the Energy Law**

#### **8.1.3.1. Act of 20 May 2021 Amending the Energy Law Act and Certain Other Acts**

On 18 June 2021, the Act of 20 May 2021 Amending the Energy Law Act and Certain Other Acts was published in the Journal of laws. It introduces a number of solutions that are important for the functioning of the members of the energy market. Key amendments include the roll-out of smart metering in Poland. This action will be deployed by distribution system operators, and thus also by ENEA Operator. The amended legislation contains a schedule for the installation of remote reading meters at electricity offtake points and stipulates that by 31 December 2028 such meters must be installed by at least 80% of end users. Moreover, the law provides that by 31 December 2023 there must be 15% of such users, by 31 December 2025 – 35%, and by 31 December 2027 – 65%.

The Act also introduces, among other things, changes in the scope of activity of the Negotiations Coordinator working for the ERO President, rules for entering into agreements with dynamic pricing, strengthens the existing customer rights and introduces new rights associated with the sales of electricity (new contractual terms, settlement obligations, dispute resolution with the seller, disclosure obligations).

The Act established the Energy Market Information Operator (OIRE). Since 3 July 2021, this function has been performed by Polskie Sieci Elektroenergetyczne S.A. The Energy Market Information Operator will manage the Central Energy Market Information System (CSIRE), scheduled to be deployed within 3 years from the date of entry into force of the amended Energy Law, the uses of which will include the processing of data obtained from smart meters. The Central Energy Market Information System will usher in fundamental changes to the method of information exchange between energy market participants. The amended law also contains solutions reinforcing the position of consumers and improving consumer protection on the energy and gaseous fuel market, and facilitating the operation of energy companies by creating a legal framework for the operation of closed distribution systems and energy storage facilities.

#### **8.1.3.2. Act of 29 September 2022 Amending the Energy Law and the Renewable Energy Sources Act**

The Act of 29 September 2022 Amending the Energy Law Act and the Renewable Energy Sources Act, which lifts the so-called exchange obligation, that is the obligation to sell electricity on the Polish Power Exchange by an energy generating utility company (deletion of e.g. Article 49a), entered into force on 6 December 2022. The “exchange obligation” remains valid for the transmission system operator as part of its activity consisting in transmitting electricity and for utility companies trading in gaseous fuels, which are obliged to sell at least 55% of methane-rich natural gas supplied to the transmission grid in a given year: 1) in entry points to the national transmission system on interconnections with transmission systems of other countries or 2) an upstream pipeline network or 3) liquefied natural gas terminals.

#### **8.1.3.3. Implementation of Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU.**

Works are being performed on another amendment to the Energy Law Act and the Renewable Energy Sources Act, which covers in particular proposed laws to implement Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU to the Polish legal system.

#### **8.1.3.4. Other regulatory changes in retail trading and distribution**

On 29 January 2022, the Act of 26 January 2022 on Special Solutions for Protecting Customers of Gaseous Fuels in connection with the Situation on the Gas Market (Journal of Laws 2022, Item 202) entered into force. The Act introduced special protective solutions, which enabled measures to mitigate the negative social and economic effects of a sudden, sharp rise in natural gas

prices on the market. The amendments extended the list of entities covered by a tariff protection until 31 December 2023 and introduce a mechanism to compensate natural gas sellers for the effects of freezing prices for the protected entities.

On 26 February 2022, the Act of 27 January 2022 Amending the Act on Renewable Energy Sources and the Act Amending the Act on Renewable Energy Sources and Certain Other Acts (Journal of Laws 2022, Item 467) came into effect. This Act permitted the prosumers, who signed the agreement for the purchase, installation of a micro-installation or an agreement on co-funding of such installation with a local government unit by 31 March 2022 to operate under the previous net-metering billing scheme.

On 1 April 2022, the Act of 29 October 2021 Amending the Act on Renewable Energy Sources and Certain Other Acts (Journal of Laws 2021, Item 2376) came into effect. The Act introduced a number of changes, among others the concepts of a virtual renewable energy prosumer (for an installation remote from a given offtake point) and a collective renewable energy prosumer (for installations built within multi-unit buildings), along with mechanisms that allow prosumers to operate an installation not owned by them. In addition, the Act imposed on Sellers the obligation to ensure, as of 1 July 2022, the operation of an ICT system used to provide renewable energy prosumers, collective renewable energy prosumers or virtual renewable energy prosumers with detailed information relating to billing. In addition, the Act prolonged the possibility for prosumers to benefit from the existing net-metering billing scheme for micro-installations connected by 31 March 2022. The micro-installations connected since 1 April 2022, which were not connected under the Act of 27 January 2022 Amending the Act on Renewable Energy Sources and the Act Amending the Act on Renewable Energy Sources and Certain Other Acts (Journal of Laws 2022, Item 467), will be settled on the basis of net billing principles.

On 1 October 2022, the Regulation of the Minister of Climate and Environment of 27 September 2022 amending the Regulation on detailed conditions of operation of the power system came into force (Journal of Laws of 2022, Item 2007). The Regulation introduced, among others, the obligation to submit balancing bids in the balancing market based on individual variable costs of energy generation by entities submitting balancing bids, regulations on the maximum bid price (MaxBP) along with the specification of its determination method and mechanisms for automatic limitation of the bid prices submitted by participants of the balancing market up to the MaxBP if the price submitted in the balancing bid is higher than the MaxBP.

On 18 October 2022, the Act of 7 October 2022 on Special Solutions for Protecting Electricity Buyers in 2023 in connection with the Situation on the Electricity Market (Journal of Laws of 2022, Item 2127) entered into force. The Act introduced, among others, the obligation for trading companies to apply in 2023, for Tariff Group G buyers, the 2022 prices if electricity consumption is within the specified limits, a compensation system for utility companies, the electricity allowance, which is available to a household in which electricity is the main source of heating, a 10% discount arising from the total amount of electricity billing and the distribution service for the period from 1 October 2022 to 31 December 2023 if the consumption in this period is no more than 90% of the consumption from 1 October 2021 to 31 December 2022, and imposed an obligation on managers of public finance entities to reduce their energy consumption in 2023 by 10% compared to 2022. Additionally, the Act of 7 October 2022 among others introduced a mechanism to mitigate electricity distribution costs by freezing the rates of the electricity distribution fee for 2023 at the 2022 levels for eligible buyers enumerated in the act. In connection with the above, the Act provides for a compensation payable to the operators, which is to be equal to the difference between the approved distribution price for 2023 and the 2022 price, up to the specified energy consumption limit.

On 4 November 2022, the Act of 27 October 2022 on emergency measures to reduce electricity prices and support certain consumers in 2023 came into force (Journal of Laws of 2022, item 2242). The Act introduced, among others, an obligation to apply, in settlements with eligible buyers, prices that are not greater than the maximum price set in the Act, a compensation system for entities eligible to the maximum price and an obligation to contribute to the Price Difference Fund<sup>6)</sup>.

On 21 December 2022, the Act of 15 December 2022 on Special Protection of Certain Customers of Gaseous Fuels in 2023 in connection with the Situation on the Gas Market (Journal of Laws 2022, Item 2687) came into force. The Act introduced, among others, an obligation to apply, in settlements with eligible buyers referred to in Article 62b(1)(2) of the Energy Law Act (households, communities, entities obliged to supply gas, night shelters, etc.), prices that are not greater than the maximum price set in the Act, a compensation system for entities eligible to the maximum price and a possibility to apply for VAT refund in respect of the gaseous fuel purchased in 2023 by an eligible customer provided that the income criterion is satisfied.

On 1 January 2023, the Act of 4 November 2022 Amending the Consumer Rights Act, the Civil Code and the Private International Law (Journal of Laws of 2022, Item 2337) as well as the Act of 1 December 2022 Amending the Consumer Rights Act and Certain Other Acts (Journal of Laws of 2022, Item 2581) entered into force. The Acts introduced, among others, regulations regarding accountability for incompliance of goods with the contract or communication of a price reduction.

On 15 February, the Act of 8 February 2023 amending the Act on Special Solutions for Certain Heat Sources in Connection with the Situation on the Fuel Market and Certain Other Acts entered into force (Journal of Laws of 2023, item 295) which introduced, among others, amendments to the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023. The purpose of the Act was to clarify certain provisions, remove interpretation doubts and reduce the financial burden on trading companies and industrial buyers.

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<sup>6)</sup> Pursuant to the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Consumers in 2023 and the Regulation of the Council of Ministers of 8 November 2022 on the method for calculating a price limit, a producer or a trading company is to recognize a write-off to the Fund designated under the aforementioned Act and Regulation.

## 8.1.4. ENEA GROUP

### 8.1.4.1. Electricity tariffs

By decision of 17 December 2022, ref. no. DRE.WRE.4211.71.9.2022.MBa, the President of the Energy Regulatory Office approved the “Electricity tariff for Tariff Group G customers” of ENEA S.A. for the period from 1 January 2023 to 31 December 2023. The tariff was published in the Industry Bulletin of the Energy Regulatory Office, “Energia Elektryczna”, No. 284(3795) of 17 December 2022.

The level of prices in the approved tariff does not cover the anticipated costs of energy purchases in the segment of household tariff customers. Accordingly, on 3 January 2023, ENEA applied to the ERO President to change the electricity tariff for household customers approved and published by the ERO President on 17 December 2022.

In response to the request submitted on 3 January 2023 by ENEA S.A. to the ERO President for approval of the amendments to the “Electricity tariff for Tariff Group G customers” of ENEA S.A. for 2023, by letter of 24 February 2023, the ERO President requested ENEA S.A. to submit an updated tariff application and additional information.

The Company’s reply was sent to the ERO President on 9 March 2023.

By letter of 23 March 2023, the ERO President notified ENEA S.A. of the setting of a new time limit for the approval of the tariff change for 2023 by 19 May 2023. In response to this letter, the Company submitted a request to issue the decision no later than by 7 April 2023. The ERO President responded to the said letter on 14 April 2023, finding no reason for the need to issue a decision approving the tariff change by 7 April 2023.

By letter of 3 April 2023, the ERO President notified the Company of the completion of evidentiary proceedings and stated that the Company failed to demonstrate that the requested tariff change was justified. The Company maintains its current stance regarding the reasonability of changing the tariff for 2023 and expects the ERO President to issue a decision approving the tariff change.

On 13 February 2023, the President of the Energy Regulatory Office approved the Change of the Tariff for electricity distribution services of ENEA Operator for 2023. The Decision of the ERO President was published in the ERO Industry Bulletin Energia Elektryczna (‘Electricity’) No. 111 (3928) of 13 February 2023. Pursuant to Resolution No. 80/2023 of the ENEA Operator Management Board of 16 February 2023, the Change of the Tariff has been in force since 1 January 2023.

### 8.1.4.2. Signing the Charter of Effective Transformation of Distribution Grids of the Polish Energy System

On 7 November 2022, the ERO President and 5 major DSOs (ENEA Operator, Energa Operator, PGE Dystrybucja, Stoen Operator, Tauron Dystrybucja) signed the “Charter of Effective Transformation of Distribution Grids of the Polish Energy System” (hereinafter the “Charter”). The signatories of the Charter focused on the role played in the process of transforming the Polish energy system by distribution grids and their adaptation to the new energy market model, which is increasingly based on renewables. Without rebuilding and upgrading the grids, effective transformation of the energy sector will not be possible. According to the assumption of the Charter, by 2030 the capacity of installed distributed sources (including prosumers) will increase by about 230%, or up to 50 GW, on the national scale, which will represent a 50% share of renewable energy sources in the electricity mix.

This requires a complete reconfiguration of the previous passive grid to an active, bi-directional, reliable transmission of electricity. This will translate to high flexibility of the system and comprehensive support for distributed energy production. In order to achieve these effects, the distributors’ investment and development needs must be properly diagnosed and the DSO regulatory model and the legislative process must also be changed to facilitate capital expenditures in grids and financing.

The charter also refers to the necessity to increase capital expenditures for digitization and automation of grids, smart grid services and implementation of strategic connection investments, which will enable connection of 2 million new buyers by 2030. It also assumes that 100% buyers will have remote reading meters by 2030 and 100% MV/LV substations will have balancing meters installed by 2025.

Is noted by the ERO President, in order to satisfy the postulates of the Charter, as the following steps, proposals will have to be developed for the necessary changes in the DSO regulatory models and the investment programs will have to be consistently implemented; also the necessary legislative changes will have to be initiated that take new regulatory requirements into account and ensure, among others, aid for DSOs. Also, ongoing monitoring of the transformation process will be necessary, by analyzing the outcomes achieved and rationally changing the desired course of investment processes by making the necessary corrections.

### 8.1.4.3. Significant trends in the Distribution area

Provisions of the European law, in particular the energy package named Clean Energy for All Europeans, have an increasing impact on the functioning of ENEA Operator. These include Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity and Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU. These regulations contribute to the achievement of the EU’s goals of achieving a more competitive, secure and sustainable energy system and reducing greenhouse gas emissions by 2030. Commitments in this respect provide for a reduction of greenhouse gas emissions by at least 40% compared to 1990 levels while increasing energy efficiency by 32.5% and increasing the share of energy generation from renewable sources to 32% of final consumption. A consequence of the pursuit of these commitments will be a steady, as has

already been observed, increase in installed capacity from renewable energy sources, which has created room for new energy market participants, led to a change in the manner of the power grid management and changed the roles of existing participants, including DSOs.

This effect was strengthened by “Fit for 55”, a legislative package on climate and energy announced by the European Commission on 14 July 2021, which includes, among others, proposals for further reduction of greenhouse gas emissions by 55% by 2030 and, which is particularly important from the DSO point of view, a revision of the RED II directive, which features the assumption that the share of RES in electricity consumption would rise to 40% in 2030, or a revision of the energy efficiency directive. All the member states will have to contribute to the achievement of these goals. “Fit for 55” is a key element of the European Green Deal, adopted in December 2019, which aims to transform member states’ economies to adjust them to the largest climate and energy reform in the European Union’s history. Currently, work is underway on the final shape of the package, aiming to reduce greenhouse gas emissions by at least 55% by 2030 (compared to 1990 levels) and achieve climate neutrality by 2050. It also adopts a reform of the EU Emissions Trading System (EU ETS) and a new Carbon Border Adjustment Mechanism (CBAM). The Social Climate Fund (SCF) was also established. The acceleration of the transformation is additionally guaranteed by the “REPowerEU” plan formally approved by the European Commission, which aims to rapidly reduce the dependence of EU countries on Russian fossil fuels and, at the same time, to prop up joint European efforts towards safe and sustainable energy generation at an affordable price. Accelerating the deployment of renewable energy generation is among the priorities called for by REPowerEU. It is expected that improving the energy efficiency and setting more ambitious renewable energy targets will accelerate the environmental transition and ensure a truly connected and resilient energy grid in Europe that will guarantee energy security for its participants.

The rapid development of distributed energy sources combined with new technologies, including ICT (Information and Communication Technologies), has had a significant impact on the distribution network, while shaping the new role of DSOs on the energy market. New challenges in this area for ENEA Operator include: the new role of DSOs as entities supporting market development (local markets in particular), tapping into the flexibility of distributed energy sources, data management, cooperation with TSOs/DSOs, new IT and ICT technologies, development of smart grids, transformation of a passive (unidirectional) grid into an active one (bi-directional), activation of customers, dynamic increase in the number and capacity of dispersed energy sources, in particular microinstallations, emergence of energy communities (energy clusters and cooperatives, local balancing areas, owners of energy storage, electric cars and car charging stations), cyber security and development of research and development and innovation activities.

It should be also noticed that the amendment to the Energy Law Act, which came into force on 3 July 2021, imposed on the Company the duty to install, by 31 December 2028, AMI meters at no fewer than 80% of end users connected to at most a 1 kV grid and, consequently, to install AMI meters at 15% of such users by the end of 2023, at 35% of such users by the end of 2025, and at 65% of such users by the end of 2027. ENEA Operator has completed a tender procedure for the purchase of 327 thousand remote electricity meters. The purchase enables the installation of modern meters for over 15% of customers connected to our network. Remote meters are a key component of the smart power grid being developed by ENEA Operator. Investments in a modern distribution network, including the so-called smart grid, are among the Group’s key development directions.

The main consequence of changes on the energy market will be the gradual decline in the volume of energy distributed through DSO’s grids. On the other hand, the quantity of energy produced by end users for their own needs, especially by prosumers, will increase. The changing model of the energy market and the consequences for its current players, such as distribution system operators, will also require transformation of the current regulatory model.

Ensuring energy security, active participation in the energy transformation towards zero emissions and facing up to challenges described above requires, most of all, capital expenditures on the modernization and expansion of distribution networks, which means that ensuring sources of funding for the pursuit of these plans will be of key significance.

#### **8.1.4.4. ENEA Operator’s Distribution System User Nondiscriminatory Treatment Assurance Program**

During the reporting period, the Company complied with the provisions of the Compliance Program – ENEA Operator’s Distribution System User Nondiscriminatory Treatment Assurance Program (hereinafter referred to as “Compliance Program”) to fulfill the obligation arising from Article 9d sec. 4 of the Energy Law. Projects undertaken and executed by ENEA Operator in accordance with the Compliance Program during the reporting period gave the system users and the potential system users an equal access to the distribution system and enabled them to use the electricity distribution services on equal rules.

The monitoring of the implementation and execution of the Compliance Program is the responsibility of the Compliance Inspector, whose duties also include operational supervision of the Compliance Program’s execution. The implementation and execution of the Compliance Program are supervised by the ENEA Operator Management Board as well as managers of organizational units and cells of ENEA Operator, who are responsible for implementing and supervising the observance and performance of the Compliance Program in the units managed by them. Detailed measures taken to perform the Compliance Program are found in annual reports on the performance of the Compliance Program sent to the ERO President.

#### **8.1.4.5. Research and development and innovation carried out in ENEA Operator**

ENEA Operator executed numerous research & development projects in Q1 2023:

1. The project entitled “eNeuron: greEN Energy hUbs for local integRated energy cOMmunities optimizatioN” carried out under the Horizon 2020 program. The goal of the project is to develop innovative tools to optimize the process of designing and

operating local power systems with the main purpose of effectively integrating distributed energy sources- The outcome is to ensure effective, economical and sustainable solutions offered to entities potentially interested in implementing such systems, including, among others, distribution network operators, local communities and individual prosumers.

2. The project entitled “DRES2Market: Technical, business and regulatory approaches to enhance the renewable energy capabilities to take part actively in the electricity and ancillary services markets”, executed as part of the Horizon 2020 program. The primary goal of the DRES2Market project is to prepare a comprehensive and cost-efficient approach to facilitate the effective participation of distributed generation based on renewable energy in electricity markets and to enable the provision of balancing and storage services in accordance with market criteria.

Changes occurring in the energy market force market participants to implement a number of innovative solutions. ENEA Operator is following the same path. For this reason, ENEA Operator has in place a framework enabling both employees and external entities to suggest and jointly execute various pilot and innovative projects with the Company. The pursuit of such initiatives will provide the opportunity to jointly develop or test new innovative technical and technological solutions in real-life conditions. Such actions permit a reliable assessment of new solutions regarding technological maturity, development prospects, benefits and costs, as well as risk factors. This way ENEA Operator appreciates the potential of its employees and establishes cooperation with successive external entities. Through innovative activities and execution of research and development projects, ENEA Operator also cooperates with numerous research institutions.

#### **8.1.4.6. Membership of ENEA Operator in international organizations**

ENEA Operator is involved in international cooperation with two entities operating within the EU. One is E.DSO, or European Distribution System Operators. It is an organization that associates 39 leading distribution system operators for electricity from 24 European countries, operating within the EU structures as a voluntary association of DSO (there are no members that are DSOs). Its purpose is, on the one hand, to influence European regulations pertaining to electricity, while on the other hand, to provide European DSOs with the possibility of mutual exchange of information and cooperation in legal, technical, technological or R&D and innovation issues.

The other is the EU DSO Entity. The organization was established by Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity; it associates all distribution system operators (including DSOs) from the member states that applied for membership. Its goal is to support the achievement and functioning of the internal market for electricity and to promote optimal management of distribution and transmission systems and to ensure their coordinated operation.

#### **8.1.4.7. General Data Protection Regulation (GDPR)**

GDPR (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC) is a legal act of the European Union, which has been in effect in all member states since 25 May 2018. These laws define the rules for processing personal data and impose certain obligations on data controllers. In its business, the ENEA Group observes the requirements of the indicated regulations, also by ensuring an appropriate level of security of personal data processing, paying particular attention to the protection of the rights and freedoms of data subjects. Pursuant to Article 37 of GDPR, ENEA Group companies appointed Data Protection Officers, who discuss important matters concerning personal data protection in the ENEA Group.

#### **8.1.4.8. Rules for the preparation of financial statements**

The condensed financial statements of ENEA S.A. and the ENEA Group included in the extended consolidated report of ENEA S.A. for the period of Q1 2023 have been prepared in accordance with the requirements of IAS 34 *Interim Financial Reporting*, as endorsed by the European Union.

These condensed financial statements have been prepared based on the assumption that the Company will continue its business activity as a going concern in the foreseeable future. The Company's Management Board has not ascertained, as at the date of signing the condensed financial statements, any facts or circumstances that would indicate a threat to the Company's ability to continue its business activity as a going concern over the 12 months following the balance sheet date as a result of an intentional or induced discontinuation or a material curtailment of its existing activity. Unless indicated otherwise, the financial data presented in the statements are denominated in PLN thousand. In some instances, the numbers in tables and graphs may not add up to the stated totals, the differences being due to rounding.

#### **8.1.4.9. Concessions**

Power industry groups operate in the Polish power market on the basis of concessions granted to them. Considering the medium and long-term validity of the individual concessions, detailed information of the concessions held by each company from the ENEA Group is presented in annual reports.

## 8.2. Natural environment

### 8.2.1. Curtailing emissions of air pollutants

In accordance with the applicable EU regulations, in particular Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions – IED (integrated pollution prevention and control), new and more stringent environmental protection standards have been in force since 1 January 2016. Accordingly, all electricity generators in Poland, who predominantly use high-emission coal-firing technologies, were required to adapt their power units to the new environmental requirements. Another important amendment to the law making the environmental requirements stricter, published on 17 August 2017, was Commission Implementing Decision (EU) 2017/1442 of 31 July 2017 laying down BAT (best available techniques) conclusions for large combustion plants in accordance with Directive 2010/75/EU of the European Parliament and of the Council (the so-called kBAT). The published BAT conclusions introduced more stringent (than in the IED) requirements for pollutants such as sulfur dioxide, nitrogen oxides and dust. The BAT-associated emission levels (so-called BAT-AELs) also apply to other substances, such as mercury, hydrogen chloride, hydrogen fluoride and ammonia. The BAT conclusions started to apply from 18 August 2021, following the 4-year adjustment period. As kBAT were appealed against by the Polish government in October 2017 and the Court of Justice of the European Union (CJEU) issued a judgment of 28 January 2021 canceling kBAT of 31 July 2017, then on 30 December 2021 “new” BAT conclusions were published (Commission Implementing Decision (EU) 2021/2326 of 30 November 2021). The new conclusions are identical in content to the annulled ones, thus maintaining the continuity of the prevailing legal requirements.

In 2023, the emission fee rates increased:

SO<sub>2</sub>: 0.58 PLN/kg in 2022 => 0.61 PLN/kg in 2023

NO<sub>x</sub>: 0.58 PLN/kg in 2022 => 0.61 PLN/kg in 2023

Dust: 0.39 PLN/kg in 2022 => 0.41 PLN/kg in 2023

| SO <sub>2</sub>                                | Emissions [Mg] | Emission factor [kg/MWh] | Emission fee [PLN thousand] |
|--|----------------|--------------------------|-----------------------------|
| <b>Kozienice Power Plant – units 1-10</b>      |                |                          |                             |
| Q1 2022  | 1,389.0        | 0.477                    | 805.6                       |
| Q1 2023  | 1,124.3        | 0.444                    | 685.8                       |
| % change                                       | -19.1%         | -6.9%                    | -14.9%                      |
| <b>Kozienice Power Plant – unit 11</b>         |                |                          |                             |
| Q1 2022  | 463.0          | 0.297                    | 268.6                       |
| Q1 2023  | 391.7          | 0.317                    | 238.9                       |
| % change                                       | -15.4%         | 6.7%                     | -11.1%                      |
| <b>ENEA Elektrownia Połaniec</b>               |                |                          |                             |
| Q1 2022  | 1,035.1        | 0.443                    | 600.4                       |
| Q1 2023  | 790, 6         | 0.446                    | 482.3                       |
| % change                                       | -23.6%         | 0.7%                     | -19.7%                      |
| <b>Białystok Combined Heat and Power Plant</b> |                |                          |                             |
| Q1 2022  | 63.8           | 0.109                    | 37.0                        |
| Q1 2023  | 49.8           | 0.092                    | 30.4                        |
| % change                                       | -21.9%         | -15.6%                   | -17.8%                      |
| <b>Białystok “Zachód” Heat Plant</b>           |                |                          |                             |
| Q1 2022  | 5.7            | -                        | 3.2                         |
| Q1 2023  | 14.7           | -                        | 9.0                         |
| % change                                       | 157.9%         | -                        | 181.3%                      |

| NO <sub>x</sub>                                | Emissions [Mg] | Emission factor [kg/MWh] | Emission fee [PLN thousand] |
|--|----------------|--------------------------|-----------------------------|
| <b>Kozienice Power Plant – units 1-10</b>      |                |                          |                             |
| Q1 2022  | 1,497.7        | 0.514                    | 868.7                       |
| Q1 2023  | 1,332.4        | 0.526                    | 812.8                       |
| % change                                       | -11.0%         | 2.3%                     | -6.4%                       |
| <b>Kozienice Power Plant – unit 11</b>         |                |                          |                             |
| Q1 2022  | 623.0          | 0.400                    | 361.3                       |
| Q1 2023  | 548.5          | 0.444                    | 334.6                       |
| % change                                       | -12.0%         | 11.0%                    | -7.4%                       |
| <b>ENEA Elektrownia Polaniec</b>               |                |                          |                             |
| Q1 2022  | 1,179.2        | 0.501                    | 683.9                       |
| Q1 2023  | 861.7          | 0.486                    | 525.7                       |
| % change                                       | -26.9%         | -3.0%                    | -23.1%                      |
| <b>Białystok Combined Heat and Power Plant</b> |                |                          |                             |
| Q1 2022  | 135.0          | 0.230                    | 78.3                        |
| Q1 2023  | 123.8          | 0.230                    | 75.5                        |
| % change                                       | -8.3%          | -                        | -3.6%                       |
| <b>Białystok “Zachód” Heat Plant</b>           |                |                          |                             |
| Q1 2022  | 1.7            | -                        | 1.0                         |
| Q1 2023  | 7.5            | -                        | 4.6                         |
| % change                                       | 341.2%         | -                        | 360.0%                      |

| Dust   | Emissions [Mg] | Emission factor [kg/MWh] | Emission fee [PLN thousand] |
|--|----------------|--------------------------|-----------------------------|
| <b>Kozienice Power Plant – units 1-10</b>      |                |                          |                             |
| Q1 2022  | 87.1           | 0.030                    | 33.9                        |
| Q1 2023  | 78.3           | 0.031                    | 32.1                        |
| % change                                       | -10.1%         | 3.3%                     | -5.3%                       |
| <b>Kozienice Power Plant – unit 11</b>         |                |                          |                             |
| Q1 2022  | 18.6           | 0.012                    | 7.3                         |
| Q1 2023  | 13.6           | 0.011                    | 5.6                         |
| % change                                       | -26.9%         | -8.3%                    | -23.3%                      |
| <b>ENEA Elektrownia Polaniec</b>               |                |                          |                             |
| Q1 2022  | 54.1           | 0.023                    | 21.1                        |
| Q1 2023  | 32.9           | 0.019                    | 13.5                        |
| % change                                       | -39.2%         | -17.4%                   | -36.0%                      |
| <b>Białystok Combined Heat and Power Plant</b> |                |                          |                             |
| Q1 2022  | 10.5           | 0.018                    | 4.1                         |
| Q1 2023  | 5.4            | 0.010                    | 2.2                         |
| % change                                       | -48.6%         | -43.4%                   | -46.3%                      |
| <b>Białystok “Zachód” Heat Plant</b>           |                |                          |                             |
| Q1 2022  | 0.6            | -                        | 0.2                         |
| Q1 2023  | 0.3            | -                        | 0.1                         |
| % change                                       | -50.0%         | -                        | -50.0%                      |

| CO <sub>2</sub>  | Emissions [Mg] | Emission factor [kg/MWh] | Gross electricity generation [MWh] |
|--|----------------|--------------------------|------------------------------------|
| <b>Kozienice Power Plant – units 1-10</b>                    |                |                          |                                    |
| Q1 2022  | 2,471,700.2    | 848.6                    | 2,912,529.7                        |
| Q1 2023  | 2,204,296.9    | 871.0                    | 2,532,092.5                        |
| % change   | -10.8%         | 2.6%                     | -13.1%                             |
| <b>Kozienice Power Plant – unit 11</b>                       |                |                          |                                    |
| Q1 2022  | 1,176,907.1    | 755.1                    | 1,558,633.8                        |
| Q1 2023  | 960,265.9      | 777.0                    | 1,236,425.9                        |
| % change   | -18.4%         | 2.9%                     | -20.7%                             |
| <b>ENEA Elektrownia Połaniec</b>                             |                |                          |                                    |
| Q1 2022  | 1,787,654.0    | 759.1                    | 2,355,070.8                        |
| Q1 2023  | 1,218,406.0    | 687.7                    | 1,771,684.3                        |
| % change   | -31.8%         | -9.4%                    | -24.8%                             |
| <b>Białystok Combined Heat and Power Plant <sup>1)</sup></b> |                |                          |                                    |
| Q1 2022  | 123,578.0      | 210.6                    | 165,930.1                          |
| Q1 2023  | 109,380.0      | 202.9                    | 151,724.7                          |
| % change   | -11.5%         | -3.7%                    | -8.6%                              |
| <b>Białystok “Zachód” Heat Plant</b>                         |                |                          |                                    |
| Q1 2022  | 3,887.0        | -                        | -                                  |
| Q1 2023  | 7,817.0        | -                        | -                                  |
| % change   | 101.1%         | -                        | -                                  |
| <b>MEC Piła</b>  |                |                          |                                    |
| Q1 2022  | 22,516.0       | 1,785.3                  | 12,611.8                           |
| Q1 2023  | 18,657.0       | 543.0                    | 34,357.0                           |
| % change   | -17.1%         | -69.6%                   | 172.4%                             |

<sup>1)</sup> The table for the Białystok “Zachód” Heat Plant does not include data on electricity generation or the emission factor as it produces only heat

## 8.2.2. Compliance with formal and legal requirements

### ENEA Wytwarzanie

At the Kozienice Power Plant, a program was completed to adapt the plant to the BAT conclusions, which had been in force since 18 August 2021. As a result, the Power Plant now meets both the emission standards and the threshold emission levels (TELs). Pursuant to the Regulation of the Minister of Climate of 24 September 2020 on emission standards for certain installation types, fuel combustion sources and waste combustion or co-combustion installations (Journal of Laws of 2020, Item 1860), in relation to the installations of units 1-10 and the installation of unit 11 for emissions of all pollutants, the following conditions for deeming the emissions standards complied with apply: (i) none of the approved average monthly concentrations of substances exceeds 100% of the emission standard, (ii) none of the approved average daily concentrations of substances exceeds 110% of the emission standard, (iii) 95% of all approved average hourly concentrations of substances during the calendar year does not exceed 200% of the emission standard.

If even one of the conditions specified in items (i), (ii), (iii) is not met, there is a risk that a penalty will be imposed for each hourly exceedance counted from the beginning of the year. The kBAT requirements were implemented to integrated permits for three power installations for fuel combustion operating in the Company – units 1-10, unit 11 and a start-up boiler house. The requirements considerably tightened the acceptable levels of emitted pollutants. Apart from the prevailing average monthly standards, very reduced average annual threshold emission levels (TELs) were introduced for previously limited emissions of SO<sub>2</sub>, NO<sub>x</sub>, CO and dust, as well as for newly introduced limited HCl, HF, NH<sub>3</sub> and Hg pollutants (not applicable to start-up boiler installations). The threshold emission levels were also applied to average daily concentrations of emitted SO<sub>2</sub>, NO<sub>x</sub> and dust. According to the current regulations, all the TELs – both average daily and annual levels must be complied with without considering measurement uncertainties. No exceedance of the emission standards, threshold emission levels (TELs) and other formal and legal requirements was ascertained in Q1 2023.

Kozienice Power Plant meets the objectives set by the national and community law (IED directive, BAT conclusions). The Power Plant operates five flue gas desulfurization (FDG) installations, which guarantee the required reduction of SO<sub>2</sub> emissions from flue gases of all units. All units of the Kozienice Power Plant are equipped with highly efficient electrostatic precipitators, which are upgraded on an ongoing basis in order to maintain high dust removal efficiency. All units (excluding unit 3) are also equipped with highly efficient selective catalytic NO<sub>x</sub> reduction (SCR) installations.

### **ENEA Ciepło**

The end of 2022 marked the expiration of the heating derogation that applied to the “Zachód” Heat Plant. Currently, the “Zachód” Heat Plant holds a new integrated permit, no. DOŚ-I.6223.1.11.2022, of 9 January 2023, which contains new terms for releasing pollutants into the environment in accordance with Directive 2010/75/EU of the European Parliament and of the Council (known as BAT).

### **ENEA Elektrownia Połaniec**

ENEA Elektrownia Połaniec takes advantage of the derogation arising from the IED – natural derogation of 17,500 hours covering boiler 1. In total, 15,824 hours were used, including 109 hours in Q1 2023.

## **8.3. Other information**

### **8.3.1. Court and administrative proceedings**

As at the date of this report, there are no pending proceedings regarding payables or receivables to which ENEA S.A. or any of its subsidiaries would be a party. A detailed description of the proceedings is provided in Note 25 to the “Condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to 31 March 2023”.

### **8.3.2. Collective disputes**

As at the date of publication of this report, no collective disputes are in progress in the ENEA Group.

### **8.3.3. Employment**

As at 31 March 2023, the headcount in ENEA Group companies included 17,640 employees with employment contracts. As at 31 March 2023, the headcount in ENEA S.A. was 441 employees with employment contracts.

These figures, broken down by operating segments, are as follows:

Distribution: 5,394; Trading: 555; Mining: 5,882; Generation: 4,116; Other: 1,693.

### **8.3.4. Projected financial results**

The ENEA S.A. Management Board did not publish any projections of its financial results for 2023.

### **8.3.5. Rating**

On 18 April 2023, Fitch Ratings issued a statement where it changed the ENEA S.A.’s rating outlook from stable to negative and affirmed the Company’s long-term foreign- and local-currency issuer default ratings at BBB, of which the Company announced in Current Report No. 19/2023. The full wording of the statement in English is available on the agency’s website at <https://www.fitchratings.com/site/pr/10232150>.

### **8.3.6. Termination/rescission of property right purchase agreements by ENEA S.A.**

On 28 October 2016, ENEA S.A. made a statement of termination or rescission of long-term property right purchase agreements resulting from the certificates of origin of energy from renewable sources (the so-called green certificates). These agreements were dissolved. The reason for the Company’s termination/rescission of the individual agreements was exhaustion of all possibilities of restoring contract balance and equivalence of the parties’ performances resulting from amendments to the law. The financial consequences of dissolving the abovementioned agreements will be the avoidance by the Company of the loss being the balance of the contractual prices and the market price of green certificates.

As a result of termination notices submitted by ENEA S.A., the agreements became terminated, according to ENEA S.A.’s assessment, generally as of the end of November 2016. The contractual date of termination of each agreement resulted from the pertinent contractual terms. The reason for the termination/rescission of these agreements by the Company was the absence of their renegotiation by means of adaptation clauses, which was justified by the need to restore the contractual balance between the parties and the equivalence of their performances in the light of the regulatory amendments introduced in the meantime.

ENEA S.A. is a party to litigation focused on contracts for the purchase of property rights resulting from certificates of origin for energy generated from renewable sources. In December 2022, ENEA S.A. signed arrangements with parties to the property rights purchase agreements, all of them PGE Group companies, on an amicable settlement of the disputes arisen in connection therewith. In performance of the arrangements made in December 2022, the parties executed settlements in December 2022 and January 2023.

A detailed description of the proceedings is provided in Note 25 to the “Condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to 31 March 2023”.

### **8.3.7. Analyses of the transmission and collection of gaseous fuel from the transmission grid in the Kozenice Power Plant**

On 11 February 2020, ENEA Wytwarzanie and GAZ-SYSTEM signed an agreement to design the connection of Kozenice Power Plant to the GAZ-SYSTEM transmission network and obtain all necessary administrative permits. The agreement will open the process of designing a gas service connection for the Kozenice Power Plant. Expansion of the transmission system by GAZ-SYSTEM will increase its capacity to supply higher volumes of natural gas throughout Poland. This will increase the capacity for connecting industrial plants as well as individual customers to the network. Currently, GAZ-SYSTEM is in the process of developing design documentation for the gas connection.

In ENEA Wytwarzanie, conceptual work on the selection of technological solutions and economic analyses for the “Restoration of generation capacity of 200 MW coal-fired units in ENEA Wytwarzanie based on the gaseous fuel combustion technology” has been completed. Corporate approvals have been obtained to launch Stage 1, which entails pre-investment work, i.e. preparation of the Terms of Reference (ToR), including a model contract and update of the project’s financial model (including an audit of the financial model).

On 16 March 2022 ENEA S.A. established a special-purpose vehicle ENEA ELKOGAZ with its registered office in Warsaw, in which it is the sole shareholder. The newly established company replaces the generation capacity of 200 MW power units with gaseous fuel combustion technology. This is one of the Group’s strategic investments in the process of the power company’s rational transition. CCGT power units will be a low emission source of energy strengthening energy security and providing support to the generation of energy from RES during the transition phase.

On 1 May 2022, all functions and tasks carried out by ENEA Wytwarzanie under the project entitled “Restoration of the generation capacity of 200 MW coal-fired units in ENEA Wytwarzanie based on gaseous fuel combustion technology” were transferred to ENEA ELKOGAZ. The transfer was confirmed by the execution, on 24 May 2022 by and between ENEA Wytwarzanie and ENEA ELKOGAZ, of an agreement for the purchase of project assets generated by 30 April 2022.

On 18 July 2022, a tender procedure was launched on the “e-zamówienia” [“e-procurement orders”] platform of the Public Procurement Authority to select the General Contractor for the investment project. Under the procedure, the prequalification process was carried out and contractors were invited to participate in a competitive dialogue.

On 30 September 2022, the meeting opening the Competitive Dialogue under the project entitled “Restoration of generation capacity of 200 MW coal-fired units in the Kozenice Power Plant based on the gaseous fuel combustion technology”. Competitive dialogue will be conducted in three stages split into general and industrial parts. On 6 April 2023, the first stage of the Competitive Dialogue was completed and meetings under the second stage were launched. According to the assumed schedule of the project, in Q4 2023, an agreement should be concluded with the General Contractor of the combined cycle units. The underlying concept for the construction of the CCGT power units calls for new low emission sources to stabilize RES as they develop in the initial phase of the ENEA Group’s efforts to achieve climate neutrality and will provide for the security of the electric power system.

### **8.3.8. Interest in ElectroMobility Poland S.A.**

On 19 October 2016, PGE Polska Grupa Energetyczna S.A., Energa S.A., ENEA S.A. and Tauron Polska Energia S.A. founded a company by the name of ElectroMobility Poland S.A. The company’s business is intended to contribute to the execution of a program aimed at building a Polish electric vehicle, marketing it on a mass sale and creating an electromobility system in Poland.

On 28 December 2022, the Extraordinary General Meeting of ElectroMobility Poland S.A. adopted a resolution to reduce the company’s share capital by PLN 17,557,328.00 through a decrease in the par value of all its shares from the current amount of PLN 5,230.05 each to a new par value of PLN 4,926.29 per share. The reduction in the share capital is aimed at reducing the par value of the company’s shares in order to facilitate the acquisition of capital through new share issues. The General Meeting also adopted a resolution to increase the share capital by PLN 249,999,364.92 to PLN 534,738,926.92, for the total issue price of PLN 250,000,000.00, to be contributed exclusively in cash. The issue of the new shares was effected by way of a private placement. All the new shares are ordinary registered shares. The share premium (excess of the total issue price over the total par value) was transferred to supplementary capital. The new shares were taken up and paid for by the State Treasury. On 16 January 2023, the registration court registered the share capital increase. ENEA S.A. currently holds a 2.30% stake in the company’s share capital.

The State Treasury’s investment in the Company guarantees the development of the Polish Electric Car project and will, above all, enable the conduct of introductory activities necessary to prepare and launch the manufacture of electric cars.

### **8.3.9. Activity of ENEA Innowacje**

ENEA Innowacje is a company dedicated to managing the area of innovation in the ENEA Group. The company is focused on the development of innovations through investments in third-party enterprises (start-ups), but is also involved in the internal development of innovative initiatives. The business of ENEA Innowacje is aimed at pursuing the concept of a zero-carbon transformation of the electricity market globally and in Poland, which is a major challenge and will be groundbreaking for a wide range of market players in the coming years. Over the next decade, what should be expected is not only a massive technological change, but also a change in philosophy regarding the operation of the electricity market that will affect customers’ decisions and choices. The innovations to be deployed within the ENEA Group will play a crucial role in the accomplishment of the broadly construed energy transformation. The core interests of ENEA Innowacje include seeking and implementing technological solutions

as well as new business models in such areas as e.g. circular economy, energy storage and new RES technologies, exploitation of hydrogen and other energy carriers, electromobility, Smart Cities, Internet of Things, artificial intelligence and automation of operating and manufacturing processes. In 2022, the company, acting on behalf of the ENEA Group, launched work on the deployment of SMR (small modular nuclear reactors) technology, which may be applied in electricity generation, but also in ensuring heat supplies for heating systems.

In Q1 2023, the Company continued the activities pursued in 2022, including:

- conducted ongoing intense analyses and identification of the market and technology environment, the energy sector, its competitiveness, etc.; the purpose of these analyses was to support the directions of activities and management decisions on future investments in the company's innovations, which is shown by more than a dozen signed non-disclosure agreements serving as the basis for sharing information with the entities reviewed by the company,
- identified more than a dozen key innovation initiatives and ideas in the field of production and use of alternative fuels, energy storage, pursuit of the circular economy idea, and performed in-depth analyses and assessments focused on them taking into account the potential for development and competitiveness in the ENEA Group,
- activities aimed at assessing the feasibility and building new sources of electricity and heat based on the use of small modular nuclear reactor technology,
- continued and extended cooperation with additional universities and companies on the basis of letters of intent or cooperation agreements.

### **8.3.10. Construction of a photovoltaic farm on land owned by LW Bogdanka**

The photovoltaic farm project to be developed on the land owned by LW Bogdanka will enable proper development of the mine's land and may contribute to a significant reduction of the costs of electricity powering the LW Bogdanka's technical infrastructure, while protecting the environment and using renewable technologies.

In 2020, "Feasibility study for the construction of photovoltaic farms in the areas of LW Bogdanka" was completed. Based on that document, in 2021 a procedure was launched to select a contractor for the photovoltaic farm project for the needs of the field of Bogdanka, following which a contractor was selected and a contract was signed. In 2022, the design work was performed and the required permits and decisions were required and then a tender procedure was announced to build a photovoltaic farm. In December 2022, a contractor was selected as a result of the tender procedure. In Q1 2023, construction sites were delivered and support structures for photovoltaic panels were installed. The time limit for the performance of the agreement was set for 30 July 2023.

### **8.3.11. Publication of the LW Bogdanka Group Development strategy for 2023-2030 with an outlook until 2040.**

On 17 May 2023, LW Bogdanka S.A. published the "Development strategy of the LW Bogdanka Group for 2023-2030 with an outlook until 2040". The document outlines the key directions of development and transformation for Bogdanka. The company aims to create an innovative multi-commodity corporate group driving the green transition and securing the economic growth of the Lublin region.

The new strategy is based on 5 pillars. The first one is a strong coal foundation, based on which Bogdanka will remain the leader in efficiency in coal mining until the decommissioning of the mine. The other four are: Multi-Commodity Corporate Group, Sustainable Energy Guarantor, Green Transition, and Future of the Lublin Region.

### **8.3.12. Execution of the Ostrołęka C Power Plant construction project**

Detailed information on the execution of the Ostrołęka C Power Plant construction project are described in Note 11 of the "Condensed Interim Consolidated Financial Statements of the ENEA Group for the period from 1 January to 31 March 2023".

### **8.3.13. National Energy Security Agency**

On 1 March 2022, the Council of Ministers adopted the document "Transformation of the power sector in Poland. Spin-off of coal assets from companies with a State Treasury shareholding" ("Transformation Program"). The document was created in order to adapt power industry groups to the challenges of transformation in accordance with the directions laid down in "Poland's Energy Policy until 2040" (PEP2040). The Transformation Program presents a concept of spinning off, from the corporate groups of each utility company, assets associated with the generation of electricity in conventional coal-fired units ("coal assets"). The objectives of the Transformation Program envisage, among other outcomes, the integration of the coal assets within a single entity, specifically PGE Górnictwo i Energetyka Konwencjonalna S.A. ("PGE GiEK"), which is a subsidiary of PGE S.A. and will ultimately run its business under the name of Narodowa Agencja Bezpieczeństwa Energetycznego (National Energy Security Agency, "NABE"). The role of NABE will be to secure energy security through stable deliveries of power produced from coal. The spin-off of coal-fired generation assets will allow power industry groups to focus on accelerating investments in low- and zero-carbon energy sources and industrial infrastructure.

In Q1 2023, the Group carried out tasks associated with demerging coal assets to the State Treasury in accordance with the updated schedule of establishment of NABE. The vendor due diligence ("VDD") was updated (as at 30 September 2022). The VDD

update covered the following areas: legal, and tax and financial. In order to ensure the continuation of business by the spun-off companies after their incorporation into the NABE structures, negotiations with financial institutions in this area were continued.

Moreover, the Group carried out work related to internal ownership and reorganization changes. One of such activities was the spin-off of ENEA Trading sp. z o.o. (under Article 529 §1(4)) of the Commercial Company Code), as a result of which, in accordance with the Demerger Plan of ENEA Trading sp. z o.o. of 29 July 2022, the demerger was effected through a spin-off and transfer of certain assets and liabilities of ENEA Trading sp. z o.o. in the form of an Organized Part of the Enterprise to ENEA Power & Gas Trading sp. z o.o. on 3 April 2023.

Currently, the valuation of generation companies is in progress, carried out separately by each entity involved and independently by the State Treasury. Following the completion of this process, the ENEA Group is expected to receive a preliminary (non-binding) proposal from the Ministry of State Assets for the acquisition of shares in the Group's generation companies.

#### **8.3.14. Political and economic situation in Ukraine**

Detailed information on the political and economic situation in Ukraine is provided in sec. 10.3.18 of the "Management Board Report on the activity of ENEA S.A. and the ENEA Group in 2022" and remains current as at the date of this report.

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## 9. CSR – Corporate social responsibility

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### Jogging – Collecting – Helping

The “Jogging – Collecting – Helping” project has been implemented by the ENEA Group for several years now. In the most recent edition of the program, the goal was to collect PLN 50,000. Participating employees collected points by covering certain distances and registering the number of kilometers and in a special mobile app. ENEA Group employees covered more than 100,000 kilometers in daily activities and in triathlon, cycling or running competitions. Additional points were given for commuting to work by bicycle and for performing several sports activities per day. The points were then converted into Polish zlotys by the company and the collected amount was spent on thermal modernization of the orphanage in Szamotuły. In March 2023, during a special event, the ENEA Foundation visited the facility to bring the check and organize a special meeting for the children. Last year’s edition of the “Jogging – Collecting – Helping” program also had certain educational qualities. After covering a specific number of kilometers, the participants received a dose of knowledge about Sustainable Development Goals (SDGs).

### ENEA Academy of Talent

The ENEA Academy of Talent is a joint initiative of ENEA and the ENEA Foundation the purpose of which is to support young talents through attractive scholarships and grants for talented students of primary and secondary schools as well as schools and organizations with an initiative to actively support talented young people. Nearly 600 students and 100 organizations applied for the 4th edition of the project. In February 2023, the jury and Internet users selected the winners: 43 finalists and 20 organizations and schools each of which received financial support of PLN 3,000 and PLN 10,000, respectively. The project included students training martial arts and athletics, history and mathematics enthusiasts, constructors and programmers, musicians as well as devotees of drawing, dancing and photography. Owing to the grants provided to the organizations and schools, students were provided with an opportunity to participate in additional sports, dance and theater activities, and carry out projects in robotics and physics.

### Exempt From Theory

The ENEA Group became a partner of the nationwide contest for students called “Exempt from theory”, for the 5th time. The contest participants – university and high school students, on their own or in teams, took action for the benefit of their immediate surroundings, executing their ideas and gaining practical skills and experience in the planning and management of projects. In the most recent edition, the ENEA Group’s patronage was focused on projects in science and medicine. To date, 70 projects have been completed as part of the program supported by the ENEA Group.

### To the aid of Ukraine!

The ENEA Group continues its aid directed to refugees. It offers help with accommodation, making the centers owned by Group companies available to the citizens of Ukraine. The children and youth staying in the centers may count on support from the ENEA Foundation in relation to school supplies and other articles. The Foundation also helps with essential daily necessities, such as clothing and cleaning supplies, or other items requested by the centers’ administrators, as the need arises. To date, the Foundation has allocated over PLN 4.1 million for the maintenance of refugees in the Group’s centers, and more than PLN 1.4 million on projects for Ukrainian refugees carried out by NGOs – over PLN 5.5 million in total.

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## 10. Non-financial reporting

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### Responsible Management Practices – Non-Financial Statement of ENEA Group for 2022

In March 2023, in performance of the obligation imposed by the Accounting Act of 29 September 1994 implementing Directive 204/95/EU of the European Parliament and of the Council into the Polish legal order, the ENEA Group published the “Non-Financial Statement of ENEA Group for 2022” as a separate but at the same time an integral part of the annual “Management Board Report on the activity of ENEA S.A. and the ENEA Group in 2022”.

The Statement contains a concise description of the entity’s business model, key non-financial performance indicators related to its operations and a description of the policies applied by the entity in relation to issues including social relations, employees, natural environment, respect for human rights and counteracting corruption, and a description of the outcomes of the application of these policies.

The Statement contains a description of material risks related to the entity’s operations that may exert an adverse impact on the said issues, including risks related to the entity’s products or relations with the external environment, and a description of their management.

In the Statement, for the first time, the Group reports, in relation to several companies, data on scope 3 greenhouse gas emissions, that is other indirect CO<sub>2</sub> emissions generated throughout the company’s value chain.

Moreover, in the Statement, the Group discloses for the first time the share of its activities compliant with the EU Taxonomy and for the second time the share of activities qualifying for the EU Taxonomy, arising from the obligation imposed by Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, commonly known as the EU Taxonomy.

The data presented in the Statement have been developed based on the most recent version of the Core option of the (non-financial) Global Reporting Initiative (GRI) Standards.

Information collected for the purpose of preparing the Statement will be presented more comprehensively in the form of the ENEA Group’s ESG Report for 2022. Its publication, in the form of an online platform, is scheduled for May/June 2023. The report will be available at <https://raport2022.esg.enea.pl/> and will constitute a continuation of the Group’s sustainability reporting practice.

## 11. Appendices

### Appendix 1 – Statement of profit and loss of ENEA Operator in Q1 2023

| [PLN 000s]   | Q1 2022        | Q1 2023          | Change         | % change     |
|--|----------------|------------------|----------------|--------------|
| Revenue from sales of distribution services to end users   | 819,075        | 1,111,012        | 291,937        | 35.6%        |
| Revenue from additional fees   | 1,026          | 1,374            | 348            | 33.9%        |
| Revenue from non-invoiced sale of distribution services  | 14,134         | 58,471           | 44,337         | 313.7%       |
| Clearing of the Balancing Market   | -419           | 10,592           | 11,011         | 2,627.9%     |
| Revenue from connection fees   | 14,298         | 31,970           | 17,672         | 123.6%       |
| Revenue from illegal electricity consumption   | 2,872          | 1,994            | -878           | -30.6%       |
| Revenue from other services  | 7,518          | 8,098            | 580            | 7.7%         |
| Revenue from sales of distribution services to other entities  | 5,719          | 7,580            | 1,861          | 32.5%        |
| Revenue from sales of goods and materials  | 313            | 339              | 26             | 8.3%         |
| <b>Net revenue from sales</b>  | <b>864,536</b> | <b>1,231,430</b> | <b>366,894</b> | <b>42.4%</b> |
| Compensation   | 0              | 121,630          | 121,630        | 100.0%       |
| <b>Revenue from sales and other income</b>   | <b>864,536</b> | <b>1,353,060</b> | <b>488,524</b> | <b>56.5%</b> |
| Amortization and depreciation  | 168,447        | 175,756          | 7,309          | 4.3%         |
| Employee benefit costs   | 147,474        | 160,618          | 13,144         | 8.9%         |
| Consumption of materials and supplies and cost of goods sold   | 10,056         | 12,634           | 2,578          | 25.6%        |
| Purchase of energy for own needs and network losses  | 134,810        | 425,964          | 291,154        | 216.0%       |
| Costs of transmission services   | 110,995        | 176,247          | 65,252         | 58.8%        |
| Other third-party services   | 69,285         | 71,469           | 2,184          | 3.2%         |
| Taxes and charges  | 68,305         | 66,355           | -1,950         | -2.9%        |
| <b>Tax-deductible expense</b>  | <b>709,372</b> | <b>1,089,043</b> | <b>379,671</b> | <b>53.5%</b> |
| Other operating revenue  | 20,452         | 21,340           | 888            | 4.3%         |
| Other operating costs  | 40,971         | 41,894           | 923            | 2.3%         |
| Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets | (238)          | 4,982            | 5,220          | 2,193.3%     |
| <b>Operating profit / (loss)</b>   | <b>134,407</b> | <b>248,445</b>   | <b>114,038</b> | <b>84.8%</b> |
| Finance costs  | 30,723         | 94,348           | 63,625         | 207.1%       |
| Finance income   | 537            | 2,879            | 2,342          | 436.1%       |
| <b>Profit / (loss) before tax</b>  | <b>104,221</b> | <b>156,976</b>   | <b>52,755</b>  | <b>50.6%</b> |
| Income tax   | 20,783         | 38,638           | 17,855         | 85.9%        |
| <b>Net profit / (loss) for the reporting period</b>  | <b>83,438</b>  | <b>118,338</b>   | <b>34,900</b>  | <b>41.8%</b> |
| <b>EBITDA</b>  | <b>302,854</b> | <b>424,201</b>   | <b>121,347</b> | <b>40.1%</b> |

#### Key drivers of the change in ENEA Operator's EBITDA in Q1 2023 (up by PLN 121.3 million):

- (+) an increase in revenue from sales of distribution services to end users (including revenue from sales of uninvoiced distribution services and revenue from compensation) by PLN 458 million, driven mainly by higher rates in the approved tariff for 2023
- (-) an increase in costs of transmission and distribution services (balance) by PLN 63 million, caused mainly by an increase in the rates of fixed and variable fees in settlements with PSE S.A. and neighboring DSOs
- (+) higher revenues from grid connection fees by PLN 18 million, resulting from a greater number of RES facilities connected in the current year in the 3rd connection group and a facility in the 2nd connection group
- (-) an increase in costs of purchasing electricity to cover the balancing difference (balance) by PLN 280 million, chiefly as a result of an increase in wholesale prices with delivery in 2023
- (-) higher operating expenses by PLN 16 million resulted mainly from higher employee benefit costs
- (+) higher result on other operating activities by PLN 5 million, caused mainly by profit from the sale and liquidation of property, plant and equipment

## Appendix 2 – Statement of profit and loss of ENEA Wytwarzanie in Q1 2023

| [PLN 000s]   | Q1 2022          | Q1 2023          | Change           | % change      |
|--|------------------|------------------|------------------|---------------|
| Revenue from sales of electricity  | 1,848,673        | 4,032,435        | 2,183,762        | 118.1%        |
| generation license   | 1,773,816        | 3,899,053        | 2,125,237        | 119.8%        |
| trading license  | 63,568           | 113,749          | 50,181           | 78.9%         |
| Regulatory System Services   | 11,289           | 19,633           | 8,344            | 73.9%         |
| Revenue from the Capacity Market   | 159,945          | 170,132          | 10,187           | 6.4%          |
| Revenue from sales of heat   | 5,021            | 6,479            | 1,458            | 29.0%         |
| Revenue from sales of other products and services  | 1,418            | 791              | -627             | -44.2%        |
| Revenue from sales of goods and materials  | 6,897            | 9,268            | 2,371            | 34.4%         |
| <b>Net revenue from sales</b>  | <b>2,021,954</b> | <b>4,219,105</b> | <b>2,197,151</b> | <b>108.7%</b> |
| Revenue from leases and operating subleases  | 116              | 239              | 123              | 106.0%        |
| <b>Net revenue from sales and other income</b>   | <b>2,022,070</b> | <b>4,219,344</b> | <b>2,197,274</b> | <b>108.7%</b> |
| Amortization and depreciation  | 62,558           | 63,757           | 1,199            | 1.9%          |
| Employee benefit costs   | 73,507           | 86,172           | 12,665           | 17.2%         |
| Consumption of materials and supplies and cost of goods sold   | 1,390,763        | 2,894,345        | 1,503,582        | 108.1%        |
| Purchase of energy for subsequent sale   | 231,785          | 255,900          | 24,115           | 10.4%         |
| Other third-party services   | 21,978           | 43,035           | 21,057           | 95.8%         |
| Taxes and charges  | 19,179           | 689,393          | 670,214          | 3,494.5%      |
| <b>Tax-deductible expense</b>  | <b>1,799,770</b> | <b>4,032,602</b> | <b>2,232,832</b> | <b>124.1%</b> |
| Other operating revenue  | 2,730            | 7,660            | 4,930            | 180.6%        |
| Other operating costs  | 2,968            | 8,430            | 5,462            | 184.0%        |
| Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-to-use assets | 4                | 10               | 6                | 150.0%        |
| <b>Operating profit / (loss)</b>   | <b>222,066</b>   | <b>185,982</b>   | <b>-36,084</b>   | <b>-16.2%</b> |
| Finance costs  | 35,012           | 55,275           | 20,263           | 57.9%         |
| Finance income   | 1,904            | 1,220            | -684             | -35.9%        |
| <b>Profit / (loss) before tax</b>  | <b>188,958</b>   | <b>131,927</b>   | <b>-57,031</b>   | <b>-30.2%</b> |
| Income tax   | 36,282           | 26,617           | -9,665           | -26.6%        |
| <b>Net profit / (loss) for the reporting period</b>  | <b>152,676</b>   | <b>105,310</b>   | <b>-47,366</b>   | <b>-31.0%</b> |
| <b>EBITDA</b>  | <b>284,624</b>   | <b>249,739</b>   | <b>-34,885</b>   | <b>-12.3%</b> |

### Key drivers of the change in ENEA Wytwarzanie's EBITDA in Q1 2023 (down by PLN 34.9 million):

- (-) PLN 670.2 million contribution to the Price Difference Fund
- (-) fixed costs up by PLN 33.5 million
- (-) other drivers down by PLN 7.8 million
- (+) generation margin up by PLN 441.9 million
- (+) Balancing Market repurchase margin up by PLN 141.7 million
- (+) trading margin up by PLN 74.5 million
- (+) revenue from the Capacity Market up by PLN 10.2 million
- (+) revenue from Regulatory System Services up by PLN 8.3 million

### Appendix 3 - Statement of profit and loss of ENEA Elektrownia Połaniec in Q1 2023

| [PLN 000s]   | Q1 2022          | Q1 2023          | Change          | % change      |
|--|------------------|------------------|-----------------|---------------|
| Revenue from sales of electricity                            | 1,096,965        | 1,686,423        | 589,458         | 53.7%         |
| generation license   | 912,329          | 1,566,392        | 654,063         | 71.7%         |
| trading license  | 180,082          | 109,807          | -70,275         | -39.0%        |
| Regulatory System Services                                   | 4,554            | 10,224           | 5,670           | 124.5%        |
| Revenue from the Capacity Market                             | 62,970           | 68,078           | 5,108           | 8.1%          |
| Revenue from certificates of origin                          | 82,996           | 87,916           | 4,920           | 5.9%          |
| Revenue from sales of heat                                   | 19,305           | 19,058           | -247            | -1.3%         |
| Revenue from sales of other products and services            | 1,339            | 1,844            | 505             | 37.7%         |
| Revenue from sales of goods and materials                    | 964              | 4,087            | 3,123           | 324.0%        |
| Excise duty  | 14               | 18               | 4               | 28.6%         |
| <b>Revenue from sales and other income</b>                   | <b>1,264,525</b> | <b>1,867,388</b> | <b>602,863</b>  | <b>47.7%</b>  |
| Amortization and depreciation                                | 24,117           | 26,642           | 2,525           | 10.5%         |
| Employee benefit costs                                       | 19,858           | 34,328           | 14,470          | 72.9%         |
| Consumption of materials and supplies and cost of goods sold | 794,329          | 1,347,879        | 553,550         | 69.7%         |
| Purchase of energy for subsequent sale                       | 181,120          | 103,609          | -77,511         | -42.8%        |
| Transmission services  | 96               | 152              | 56              | 58.3%         |
| Other third-party services                                   | 56,549           | 65,443           | 8,894           | 15.7%         |
| Taxes and charges  | 8,816            | 209,799          | 200,983         | 2,279.8%      |
| <b>Tax-deductible expense</b>                                | <b>1,084,885</b> | <b>1,787,852</b> | <b>702,967</b>  | <b>64.8%</b>  |
| Other operating revenue                                      | 1,459            | 9,101            | 7,642           | 523.8%        |
| Other operating costs  | 497              | 1,004            | 507             | 102.0%        |
| <b>Operating profit / (loss)</b>                             | <b>180,602</b>   | <b>87,633</b>    | <b>-92,969</b>  | <b>-51.5%</b> |
| Finance costs  | 5,307            | 14,465           | 9,158           | 172.6%        |
| Finance income   | 890              | 348              | -542            | -60.9%        |
| <b>Profit / (loss) before tax</b>                            | <b>176,185</b>   | <b>73,516</b>    | <b>-102,669</b> | <b>-58.3%</b> |
| Income tax   | 33,826           | 15,770           | -18,056         | -53.4%        |
| <b>Net profit / (loss) for the reporting period</b>          | <b>142,359</b>   | <b>57,746</b>    | <b>-84,613</b>  | <b>-59.4%</b> |
| <b>EBITDA</b>  | <b>204,719</b>   | <b>114,275</b>   | <b>-90,444</b>  | <b>-44.2%</b> |

#### Key drivers of the change in ENEA Elektrownia Połaniec's EBITDA in Q1 2023 (down by PLN 90.4 million):

##### **System Power Plants Segment (EBITDA down by PLN 159.2 million):**

- (-) PLN 152.3 million contribution to the Price Difference Fund
- (-) generation margin down by PLN 25.9 million
- (-) fixed costs up by PLN 9.5 million
- (+) Balancing Market repurchase margin up by PLN 10.8 million
- (+) trading margin up by PLN 7.0 million
- (+) revenue from Regulatory System Services up by PLN 5.7 million
- (+) revenue from the Capacity Market up by PLN 5.1 million

##### **RES Segment (EBITDA up by PLN 96.6 million):**

- (+) RES energy production margin up by PLN 139.2 million
- (+) Green Unit's margin on sales of green certificate inventories up by PLN 9.3 million
- (-) PLN 48.5 million contribution to the Price Difference Fund
- (-) fixed costs up by PLN 2.1 million
- (-) other variable expenses up by PLN 1.3 million

##### **Heat Segment (EBITDA down by PLN 27.8 million):**

- (-) lower heat margin by PLN 27.9 million due to: PLN -20.8 million higher coal costs, PLN -8.1 million higher CO<sub>2</sub> cost, PLN +0.9 million higher heat selling price
- (+) fixed costs down by PLN 0.1 million

## 12. Glossary of terms and abbreviations

This is a glossary of terms and abbreviations used in this report. Definitions and calculation methodologies of alternative performance measures are the same as the definitions and calculation methodologies of the same measures used in the activity reports / additional information forming part of ENEA Group's previous periodic reports. Some of the definition may are also included in the glossary of terms and abbreviations available on the Company's website at <https://ir.enea.pl/slownik>.

Information on the individual measures calculated for respective reporting periods is monitored on a regular basis and presented in the Company's successive periodic reports. The presented measures are typical ratios used in financial analysis with special consideration of the industries, in which the ENEA Group operates.

| Financial ratios   | Description  |
|--|--|
| <b>CAPEX</b>   | Capital expenditures on property, plant and equipment, intangible assets and right-to-use asset  |
| <b>Current receivables turnover in days</b>  | Average balance of trade and other receivables x days / Revenue from sales and other income  |
| <b>Trade and other payables turnover in days</b>                                   | Average balance of trade and other payables x days / Cost of products, goods and materials sold  |
| <b>Inventory turnover in days</b>  | Average balance of inventories x days / Cost of products, goods and materials sold   |
| <b>Net debt / EBITDA</b>   | (Loans, borrowings and non-current and current debt securities + non-current and current finance lease liabilities + non-current and current financial liabilities measured at fair value - cash and cash equivalents - non-current and current financial assets at fair value - non-current and current debt financial assets measured at amortized cost - other current investments) / EBITDA LTM  |
| <b>EBITDA</b>  | Operating profit (loss) + depreciation and amortization + impairment losses on non-financial non-current assets.   |
| <b>EBITDA LTM</b>  | EBITDA for the last 12 months  |
| <b>EBIT</b>  | Operating profit (loss)  |
| <b>External financing</b>  | Sum of the following items of the Statement of cash flows: Loans and borrowings received, Issue of bonds, Repayment of loans and borrowings, Redemption of bonds   |
| <b>Operating expenses</b>  | Depreciation and amortization; Employee benefit costs Consumption of materials and supplies and cost of goods sold; Purchase of energy and gas for subsequent sale; Transmission services; Other third-party services; Taxes and charges   |
| <b>Cost of goods and materials sold</b>  | Consumption of materials and supplies and cost of goods sold; Purchase of energy for resale; Transmission services; Other third-party services; Taxes and charges; Excise duty   |
| <b>Fixed costs</b>   | Costs that are independent of the electricity production volume. These costs include: payroll costs and charges, depreciation and amortization, costs of consumption of materials and supplies, costs of third-party services, costs of taxes and charges  |
| <b>Own costs</b>   | Direct and indirect selling costs of ENEA S.A. and ENEA Trading  |
| <b>Margin on heat</b>  | Margin on sales of heat calculated as the difference between revenue from sales of heat and its variable production costs  |
| <b>Margin on trading</b>   | Difference between revenue from sales and cost of electricity purchased in trading operations  |
| <b>Margin on RES energy production</b>   | Margin on sales of energy and production of green certificates from the Green Unit, calculated as the difference between revenue from sales of energy and from the valuation of certificates produced and the variable costs of producing them   |
| <b>Margin on the Balancing Market</b>  | Difference between revenue from sales and cost of electricity purchased on the Balancing Market  |
| <b>Margin on generation</b>  | Difference between revenue from sales of electricity produced and revenue from certificates, and the variable costs related to production of that electricity  |
| <b>Margin on licensed activity</b>   | Indicator incorporating revenues and costs related to business activity involving distribution of electricity to customers located in a specific area. Those include primarily: revenue from sales of distribution services to end users, costs of transmission and distribution services, costs of electricity purchased to cover the balancing difference and for own needs, revenue from grid connection fees for connection to ENEA Operator's grid. |
| <b>Green Unit's margin on sales/remeasurement of green certificate inventories</b> | Margin on the sale of green certificates from the Green Unit calculated as a difference between revenue from sales and the cost of sales of the certificates, which takes into account the updated inventories of green certificates, i.e. the updated average weighted price of the inventory of certificates to market price in case their market price drops significantly  |
| <b>Coverage of non-current assets with equity</b>                                  | Equity / Non-current assets  |
| <b>Operating profitability</b>   | Operating profit (loss) / Revenue from sales and other income  |
| <b>Return on equity (ROE)</b>  | Net profit (loss) for the reporting period / Equity  |
| <b>Return on assets (ROA)</b>  | Net profit (loss) for the reporting period / Total assets  |
| <b>Net profitability</b>   | Net profit (loss) for the reporting period / Revenue from sales and other income   |
| <b>EBITDA profitability</b>  | EBITDA / Revenue from sales and other income   |

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|---|---|
| <b>Adjusted first contribution margin</b>   | Margin on retail trading of electricity and gaseous fuel earned by ENEA S.A., presented together with wholesale sales of ENEA Trading adjusted for presentation by other conditional factors, such as: revenues and costs from sales and purchases of CO <sub>2</sub> emission allowances, valuation of CO <sub>2</sub> contracts, forward transactions for energy and gas presented in operating activities. |
| <b>Result on other operating activities</b> | Result on the following items: Other operating revenue, Other operating costs, Profit/loss on a change, sale and liquidation of property, plant and equipment   |
| <b>Current liquidity ratio</b>              | Current assets / Current liabilities  |
| <b>Total debt ratio</b>                     | Total liabilities / Total assets  |
| <b>Change in working capital</b>            | An item of the consolidated statement of cash flows   |

| Abbreviation/term                               | Description   |
|---|---|
| <b>Advanced Metering Infrastructure (AMI)</b>   | Advanced Metering Infrastructure, advanced metering and billing systems with two-way metering and billing.  |
| <b>Capacity auction</b>                         | A mechanism introduced by the Capacity Market Act of 8 December 2017 (Journal of Laws 2020, Item 247). In capacity auctions, electricity producers offer the operator a capacity obligation for the duration of a delivery period, which means that they undertake to maintain readiness in the delivery period to deliver the specified electric power output to the system and to deliver the specified electric power output to the system in emergency periods.   |
| <b>BAT</b>                                      | Best Available Techniques – a document drawing conclusions on best available techniques for the installations concerned and indicating the emission levels associated with the best available techniques.   |
| <b>CDS (Clean dark spread)</b>                  | Difference between revenue from sales of electricity produced and the variable costs related to production of that electricity (unit CO <sub>2</sub> cost and unit cost of coal including transportation).  |
| <b>Baseload price (BASE)</b>                    | Contract price for delivery of the same volume of electricity in each hour of the day   |
| <b>CO</b>                                       | Carbon monoxide   |
| <b>CO<sub>2</sub></b>                           | Carbon dioxide  |
| <b>CSR (Corporate Social Responsibility)</b>    | Corporate Social Responsibility. Responsibility of an organization for the impact exerted by its decisions and actions on society and the environment; it is ensured by transparent and ethical conduct, which: <ul style="list-style-type: none"> <li>– contributes to sustainable development, including wellbeing and health of the society,</li> <li>– takes stakeholder expectations into account,</li> <li>– complies with the applicable law and consistent with international standards of conduct,</li> <li>– is integrated with the organization's activities and is practiced in its relations.</li> </ul> |
| <b>CSIRE</b>                                    | Central Energy Market Information System  |
| <b>IED</b>                                      | Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 concerning industrial emissions. It tightens the standards for emissions of sulfur dioxide, nitrogen oxides and dust from combustion plants  |
| <b>ENVI</b>                                     | Committee on the Environment, Public Health and Food Safety   |
| <b>EUA</b>                                      | EU Emission Allowance - emission allowance under the European Emissions Trading System  |
| <b>EU ETS European Emissions Trading System</b> | Market for carbon dioxide emission allowances. It is the foundation of the European policy to combat climate change and aims to reduce greenhouse gas emissions in a cost-effective and economically efficient manner   |
| <b>GWh</b>                                      | Gigawatt-hour   |
| <b>GJ</b>                                       | Gigajoule   |
| <b>HF</b>                                       | Hydrogen fluoride   |
| <b>Hg</b>                                       | Mercury   |
| <b>ICE</b>                                      | Platform for trading EU CO <sub>2</sub> Emission Allowances (EUAs) and Certified Emission Reduction units (CERs) on the futures market  |
| <b>ICT</b>                                      | Information and Communication Technologies (ICT).   |
| <b>IRGIT</b>                                    | Izba Rozliczeniowa Gield Towarowych S.A.  |
| <b>Stakeholder</b>                              | A person or group of persons interested in decisions or activities of an organization. A stakeholder is anyone who influences an organization or is influenced by it  |
| <b>FGD</b>                                      | Flue gas desulphurization and heavy metal reduction installation.   |
| <b>Combined heat and power generation</b>       | A technological process of simultaneous generation of electricity and useful thermal energy in a CHP plant  |
| <b>Polish Power System (KSE)</b>                | A collection of devices used to generate, transmit, distribute, store and use electricity, connected together in a functional system supporting continuous and uninterrupted supply of electricity in Poland.   |
| <b>LULUCF</b>                                   | Political agreement in the matter of increasing the contribution of the Land Use, Land-Use Change and Forestry sector.  |
| <b>Supply chain</b>                             | A sequence of actions or parties supplying products or services to an organization.   |

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| <b>Mg</b>                                  | Megagram, or a ton.   |
| <b>MWe</b>                                 | Megawatt of electrical power  |
| <b>MWh</b>                                 | Megawatt-hour (1 GWh = 1,000 MWh)   |
| <b>MW<sub>t</sub></b>                      | Megawatt of thermal power   |
| <b>NH<sub>3</sub></b>                      | Ammonia.  |
| <b>Nm<sup>3</sup></b>                      | Normalized cubic meter of gas, i.e. the number of cubic meters that the gas would occupy in normal conditions.  |
| <b>LV</b>                                  | Low voltage grid supplying individual users with 50 Hz alternating current at 230 V phase voltage.  |
| <b>NO<sub>x</sub></b>                      | Nitrogen oxides   |
| <b>Transmission System Operator (TSO)</b>  | Polskie Sieci Elektroenergetyczne S.A., a company wholly-owned by the State Treasury, which owns highest voltage grids and therefore is the operator of the power transmission system.  |
| <b>OIRE</b>                                | Energy Market Information Operator  |
| <b>DSO</b>                                 | Distribution System Operator  |
| <b>DSOn</b>                                | A Distribution System Operator, whose distribution network has no direct connection with the TSO's transmission network.  |
| <b>RES</b>                                 | Renewable energy sources  |
| <b>PJ</b>                                  | Petajoule   |
| <b>PMOZE</b>                               | Property rights under certificates of origin for energy from renewable sources  |
| <b>PSCMI1</b>                              | Reflects the price level of class 20-23/1 fine steam coal in sales to commercial and industrial energy sector.  |
| <b>Prosumer</b>                            | A person who generates electricity from renewable energy sources for own needs using a micro-installation, capable of storing energy and transferring surplus energy to the power grid  |
| <b>PV</b>                                  | Photovoltaics   |
| <b>DAM</b>                                 | Day-Ahead Market (DAM) has been operating since 30 June 2000. It is a spot electricity market in Poland. Since the beginning of quotation, DAM prices are a benchmark for energy prices in bilateral contracts in Poland. The DAM is intended for the companies that want to actively and safely close their electricity purchase/sales portfolios on an ongoing basis at particular hours of the day |
| <b>REPowerEU</b>                           | The European Commission's plan to reduce Europe's dependence on Russian fossil fuels before 2030.   |
| <b>Balancing Market</b>                    | Technical market operated by TSOs. Its objective is to ensure real-time balancing of demand for electricity and its production in the Polish Power System (NPS)   |
| <b>SAIDI</b>                               | System Average Interruption Duration Index – index of the system average duration of a long and very long interruptions (expressed in minutes per Customer)   |
| <b>SAIFI</b>                               | System Average Interruption Frequency Index – indicator of the system average frequency of long interruptions in energy supply (expressed in the number of interruptions per Customer)  |
| <b>SCR (Selective Catalytic Reduction)</b> | Catalytic flue gas denitrification installation – it operates based on the principle of reduction of nitrogen oxides to atmospheric nitrogen on the surface of a catalyst, using substances containing ammonia.   |
| <b>Smart Grid</b>                          | Smart electrical grids, which feature communication between all the participants on the energy market, in order to supply energy services at lower costs, enhance efficiency and integrate dispersed energy sources, including renewable energy sources.  |
| <b>SPOT Market</b>                         | Cash (spot) market  |
| <b>Forward Market</b>                      | Electricity market where forward products are listed  |
| <b>MV</b>                                  | Medium voltage grid, in which the phase-to-phase voltage ranges from 1 kV to 60 kV  |
| <b>SO<sub>2</sub></b>                      | Sulfur dioxide  |
| <b>EU Taxonomy</b>                         | Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment   |
| <b>POLPX</b>                               | Polish Power Exchange   |
| <b>TWh</b>                                 | Terawatt-hour   |
| <b>ERO</b>                                 | Energy Regulatory Office  |
| <b>Energy Law</b>                          | The Energy Law Act of 10 April 1997   |
| <b>HV</b>                                  | High voltage grid. An electric power transmission grid, in which the phase-to-phase voltage ranges from 60 to 200 kV (in Poland: 110 kV). This grid is used to transmit electricity over large distances.   |
| <b>RAB</b>                                 | Regulatory Asset Base   |

## Signatures of the Management Board

Date of approval and publication of “Additional information to the extended consolidated report of ENEA S.A. for Q1 2023” – 24 May 2023.

Signed by:

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Rafał Mucha

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Marcin Pawlicki

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Lech Żak