



# Information to the condensed consolidated report of the Energa Group for Q1 2023

Gdańsk, 24 May 2023

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## 1. SUMMARY

### ENERGA GROUP IN 3M 2023



One of the leading energy groups and a reliable supplier of electricity and services for 1/4 of Poland, with a 54% share of RES in own production.


#### Financial data

Revenues	EBITDA	EBITDA margin
PLN 7,423 m	PLN 2,331 m	31.4%

#### Renewable energy sources

Installed capacity	RES production	
565 MWe	545 GWh	





#### Operating data

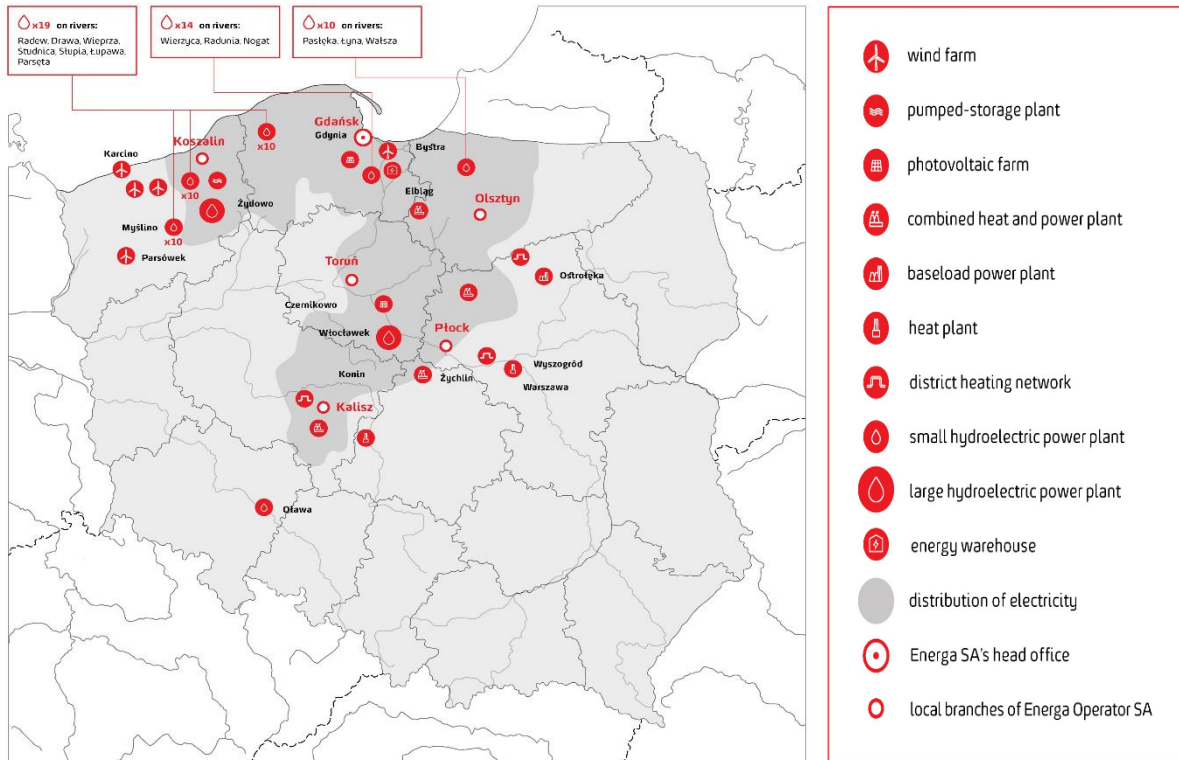
Volume of electricity supplied	Gross electricity production	Retail sales of electricity
 <b>5.8 TWh</b>	 <b>1.0 TWh</b>	 <b>4.6 TWh</b>

#### Investor's guide\*

Capitalization	Share price	Fitch rating	Moody's rating
PLN 2.9 billion	PLN 6.98	BBB+	Baa2

\* As at 31 March 2023

Key resources			
Distribution grid	Installed capacity	Number of clients	Number of employees
195 k km 	1.40 GWe of which 40% are RES 	Distribution: 3.3 m  Sales: 3.3 m 	8.7 k 



Key Business Lines		
Distribution	Generation	Sales
<b>Energa Operator</b>	<b>Energa Wytwarzanie</b>	<b>Energa Obrót</b>
EBITDA: PLN 1,632 m	EBITDA: PLN 301 m	EBITDA: PLN 445 m

Investments			
PLN 713 m	New customer connections	Modernization of HV, MV and LV lines	New RES*
Of which Distribution: PLN 469 m	17 k	672 km	356 MW

\*connected to the distribution grid



Straszyn hydro plant

## Key information about the Energa Group

## 2. KEY INFORMATION ABOUT THE ENERGA GROUP

### 2.1. Activities and structure of the Group

The core business of the Energa Group ("Group", "Energa Group") involves the distribution, generation and the sale of electricity and heat. Activities of the Group concentrate on the following business lines:

**Distribution Business Line.** This is the Business Line of key importance to the Group's profitability, involved in the distribution of electricity (which is a regulated activity in Poland) conducted on the basis of tariffs approved by the President of the Energy Regulatory Office ("ERO"). Energa Operator SA ("Energa Operator", "EOP") acts as the leading entity in this Line. The Energa Group has a natural monopoly position in the northern and central part of Poland which hosts the Group's distribution assets through which the Group supplies electricity to 3.3 million customers, approximately 3.1 million of whom are customers with universal agreements and 162 thousand are TPA (Third Party Access) customers. At the end of March 2023, the total length of the power lines operated by the Group was over 195 thousand km and covered almost 75 thousand sq. km, i.e. approximately 24% of the area of country.

**Generation Business Line** operates on the basis of four Generation Areas: the Ostrołęka Power Plant, Hydro, Wind and Other (including cogeneration – CHP). At the end of March 2023, the total installed generation capacity in the Group's power plants was approx. 1.4 GW. The leading entity in this Business Line is Energa Wytwarzanie SA ("Energa Wytwarzanie"). In Q1 2023 the Group generated approx. 1.0 TWh of gross electricity, of which 43% originated from coal, 37% from hydro, 17% from wind and 2% from biomass. The Energa Group owes its leading position, in terms of the percentage of electricity from renewable energy sources in the total energy generated, primarily to the generation of energy by its hydro power plants and wind power plants. Green energy is produced by 46 hydro power plants, 6 wind farms, as well as biomass-fired installations (in Energa Kogeneracja entity) and photovoltaic installations owned by the Group. As at the end of March 2023, the Group had c.a. 0.6 GW of renewable capacity, with a gross production of electricity totalling 545 GWh throughout Q1 2023.

**Sales Business Line.** Its leading entity is Energa Obrót SA ("Energa Obrót", "EOB"). It sells electricity, gas and additional services (e.g. photovoltaic installations, charging stations for electric vehicles) both as separate products and in bundles to all customer segments – from industry through large, medium and small enterprises, to households. As at the end of Q1 2023, the Energa Group had approximately 3.3 million customers, including c.a. 3.0 million classified as G tariff customers, with the remainder being customers from: C, B and A tariff groups, in a decreasing order.

### Changes in the Group's structure and organization

As at 31 March 2023, the Energa Group consisted of 26 companies, including its parent company, Energa SA ("Energa", "Company", "Issuer"). In Q1 2023 there were no changes in the composition of the Group.

### 2.2. Material events in the reporting period and after the balance sheet date

#### Changes in the Management Board and Supervisory Board of Energa SA

On 16 February 2023 the Supervisory Board of the Company adopted a resolution to dismiss as of 16 February 2023 Mr. Dominik Wadecki, performing the function of the Vice-President of the Management Board of Energa SA for Operations and Climate, from the composition of the Management Board of Energa SA of the 7th term of office.

On 22 February 2023 Mr. Michał Róg submitted a statement of resignation from the position of Member of the Supervisory Board of the Company, effective as of the end of 22 February 2023.

On 27 April 2023 the majority shareholder of the Company, PKN ORLEN S.A ("PKN ORLEN"), submitted a statement informing that as of 1 May 2023 it appointed Mr. Artur Michalski to the Company's Supervisory Board.

#### Energa SA Management Board's recommendation on distribution of the Company's net profit for 2022

On 9 May 2023 the Management Board of the Company decided to recommend to the General Meeting of Energa SA ('GM') to transfer the Company's net profit for 2022 in the amount of PLN 49,875,171.18 to increase the supplementary capital. On 11 May 2023 the Supervisory Board of Company positively assessed the Company Management Board's motion to the GM on transferring the Company's net profit for 2022 to increase the supplementary capital. The Management Board's motion along with the assessment of the Supervisory Board was submitted to the GM, which will make the final decision on distribution of the Company's net profit for 2022.

## The situation in Ukraine and its impact on the Energa Group's performance

Russia's attack on Ukraine shall undoubtedly have a significant impact on the domestic and international economy.

The Group monitors the situation in Ukraine on an ongoing basis in terms of its impact on business operations. However, the situation is very volatile and forecasting economic consequences of the war is subject to a high risk of making erroneous assumptions. Given the high dynamic of changes in the geopolitical and economic conditions as well as difficulties in processing or obtaining unambiguous and highly probable economic and financial forecasts, the potential impact of the conflict on the Group's operations and financial results cannot be reliably estimated at this time.

Further military actions, the scope and effectiveness of sanctions imposed on Russia and Belarus and the response from central banks and other financial institutions to the crisis shall be of key relevance for a full assessment of the implications of the current situation for the future financial results of the Group.

Bearing in mind the above, the Group has identified the following market risks:

- The risk of the Polish currency's weakening against major currencies, including specifically against euro.  
The Group hedges currency risk to liabilities held in foreign currencies and takes measures aimed at hedging currency risk with respect to planned investment projects.
- The risk of an increase in prices of energy inputs (coal and gas) as a result of their limited availability due to the embargo imposed on Russia. It needs to be stressed that the Group no longer purchases fuels from operators based in Russia, Belarus or Ukraine.  
The Group understands that the current situation may significantly affect the hard coal availability and prices, and therefore the Group identifies as risk the adverse impact of that factor on its operations and financial performance. The Group monitors the availability and level of prices of that fuel on an ongoing basis for the respective periods and takes actions to secure the supply and prices that allow uninterrupted and profitable operations of the Generation Business Line.  
The existing production sources of the Group hardly rely on gaseous fuel in their operations (currently, only peak load and reserve boilers in Elbląg shall be exposed to this risk).
- The risk of the Group's operations being adversely affected by the Polish government's intervention on the domestic electricity market (as a response to the increase in electricity prices in the aftermath of the war in Ukraine) – including the statutory cap on electricity prices for selected groups of customers; compensation for energy trading companies in an amount that will not cover the full range of costs; the need for energy producers to return part of their revenues that exceed the statutory level, and the tariff policy of the President of the Energy Regulatory Office.
- The risk of unavailability and increase in the price of electrical engineering materials being purchased as well as other components. Price growth in that area may lead to higher costs of ongoing repairs and higher expenditure on ongoing investment projects of distribution and generation infrastructure.  
In particular, the Group monitors the timeliness of delivery of measuring infrastructure items, and takes the corresponding adaptive actions required to ensure the continuity of operations as regards the installation of meters in the distribution network.
- Greater risk of attacks against the IT, generation and distribution infrastructure which is required to achieve the Group's main business goals, which necessitates higher expenditure on protection of IT systems and building facilities, as well as use of more advanced tools, equipment and security systems.
- The risk of further growth of inflation and interest rates, and consequently the risk of reduced access to or less favourable terms of external funding, may drive up the cost of debt financing for the Group.
- In addition, the economic situation (high inflation, worsening GDP forecasts, high borrowing costs) may affect the liquidity situation of businesses and households in Poland, potentially resulting in a deterioration of payment behaviours of the Group's customers. At the time of preparing this report, the Group does not identify any significant delays in the collection of receivables from its customers, however, it takes this possibility into account, and therefore appropriate actions are taken to monitor the payment performance of individual customer groups.

The Group has not identified any direct negative impact of the war in Ukraine on its financial performance in Q1 2023.

The Group's companies have no business relations with business operators registered in the territory of Ukraine, Russia or Belarus.

### 2.3. Capital expenditures and execution of key projects

During the first 3 months of 2023, capital expenditures of the Energa Group totalled PLN 713 m, up by PLN 397 m (126%) over the same period last year. Investments in the Distribution Business Line accounted for 66% of the total expenditures made by the Group and amounted to PLN 469 m.

Investments in the Distribution Business Line included connections of customers and energy sources and the related construction of new grids, as well as upgrading and reconstruction of existing assets, associated with improvement in service quality and/or increased power demand.

In the Generation Business Line, capital expenditures totalled PLN 166 m, a significant portion of which were outlays for the construction of new photovoltaic farms.

The Sales Business Line, in turn, allocated PLN 15 m to investments, most of which was spent on works related to lighting assets.

#### Status of implementation of the investment programme in 3M 2023

Project description	Capital expenditure in 3M 2023 (PLN m)
<b>Distribution Business Line</b>	<b>469</b>
Connecting electricity customers and sources and the associated construction of new grids	299
Upgrading and reconstruction of the existing assets, associated with improvement in service quality and increased power demand	124
Other capital expenditures, collisions and corrections	46
<b>Generation Business Line</b>	<b>166</b>
Energa Wytwarzanie   New PV generation capacity (PV Wielbark)	149
Energa Kogeneracja Sp. z o.o.   KRS 2x20 MWt + 1x10MWt + SUW (Kalisz)	5
Other investments	12
<b>Sales Business Line</b>	<b>15</b>
Capital expenditures for lighting assets	13
Other capital expenditures	2
<b>Other companies, projects and corrections</b>	<b>63</b>
CCGT Ostrołęka	49
Other expenditures	14
<b>Total</b>	<b>713</b>

#### Investment programme in the area of heat assets

Preparations are under way for a task involving the construction of 3xSG10 gas engines at the Elbląg site – the conditions for connecting to the power grid and the Decision on Environmental Conditions have been obtained. Work is underway to launch a tender for the general contractor of the investment.

A contract for the construction of a peak-load/reserve boiler house and a water treatment plant is being executed at the Kalisz site. The boilers were brought into the boiler house building and placed on a supporting structure. Work is also underway on the construction of a cogeneration system based on 2xSG10 gas engines. Demolition is underway in the building where the engines are to be located.

At the Ostrołęka site, work was carried out to develop a concept for a new source of heat (CHP plant Ostrołęka). Work is under way to prepare submissions for administrative decisions and documentation for a contract award procedure to select a general contractor.

In Q1 2023, development and upgrade investments were also made in the area of district heating networks.



### **CCGT Ostrołęka power plant development project**

The schedule of the project stipulates handing over for operation of the CCGT unit in 2025, and the launch of the power service on 1 January 2026. In December 2021, as a result of the main auction of the capacity market for the year 2026, CCGT Ostrołęka Sp. z o.o. signed a capacity contract for a period of 17 years (capacity requirement of 695.951 MW). On 24 March 2022 the company CCGT Ostrołęka Sp. z o.o. had issued the Commencement Order (a notice to proceed - NTP) related to the construction of a 745 MWe net gas-fired combined cycle gas turbine (CCGT) power plant in Ostrołęka for the general contractor - GE Power Sp. z o.o. with its registered office in Warsaw together with General Electric Global Services, GmbH with its registered office in Baden, Switzerland (operating through a branch in Poland). Construction is currently underway.

### **CCGT Grudziądz power plant development project**

The project schedule assumes that the CCGT unit will be handed over for operation in 2025 and that the provision of power service will commence from 1 January 2026. In December 2021, as a result of the main auction of the capacity market for the year 2026, CCGT Grudziądz Sp. z o.o. signed a capacity contract for a period of 17 years (capacity requirement of 518.370 MW). On 18 May 2022, CCGT Grudziądz sp. z o.o. signed a contract with the general contractor - consortium of Siemens Group companies and Mytilineos. On 24 June 2022, the company gave possession of the site to the general contractor. In Q1 2023, the company continued its cooperation with the general contractor of the power plant under the concluded EPC contract, the works were carried out in accordance with the assumed schedule.

### **CCGT Gdańsk project**

On 16 September 2022, Energa and PKN ORLEN signed an agreement regarding the financing of the construction of a CCGT plant in Gdańsk. In Q1 2023, the procedure for selecting the general contractor (EPC) and maintenance service provider (LTSA) for a CCGT unit in Gdańsk with a capacity of up to 456 Mwe was continued.

### **Smart Grid**

The project aims to ensure the stability and flexibility of the distribution system through the implementation of smart grid solutions and is co-financed by the EU under the Operational Programme Infrastructure and Environment. As part of the project, a fault localisation module will be added to a SCADA power grid control system to shorten the duration of power outages. The project also includes the construction of an energy storage facility to stabilise the performance of the distribution system at the connection of a 4 MW photovoltaic farm in Czerników. In 2022, an opening ceremony of the energy storage facility in Czerników took place. In Q1 2023, an IT environment for SCADA was launched.

### **PV Gryf 1 and PV Gryf 2 project**

The goal of the project is to build a photovoltaic farm of approx. 25 MW. In accordance with the renewable energy auction results published in December 2020, Energa Wytwarzanie won the regular auction for the installation. The farm is being built in Przykona on a redeveloped brownfield site, formerly the Adamów open-cast lignite mine. On 30 June 2022, final acceptance of PV Gryf (approximately 20 MW) was completed and activities were initiated to expand the farm by approx. 5.25 MW (PV Gryf 2) – on 29 July 2022, the company issued the notice to proceed (NTP). On 23 March 2023, the final acceptance of PV Gryf 2 was made.

### **PV Mitra project**

The goal of the project is to prepare, build and put into service a photovoltaic installation consisting of a complex of photovoltaic power plants with a total installed capacity of approximately 65 MW, 23 30/0.8kV substations, a 110 kV high voltage power connection with an optical fibre link, a 110/30 kV wind farm substation, 30 kV medium voltage and telecommunication cable lines, an earthing system and an internal road system with complete associated infrastructure. In Q1 2023, a tender procedure was launched to select the general contractor for this investment.

### **5xPV**

The purpose of the project is to build five photovoltaic farms (PV Czernikowo+, PV Samolubie 1, PV Samolubie 2, PV Przykona, PV Pierzchały) up to 1 MW each and power offtake points. In Q1 2023, the final acceptance of PV Przykona and PV Czernikowo+ was carried out, works related to the power supply of PV Samolubie 1 and PV Samolubie 2 are in progress. Works on the assembly of structures and panels for PV Pierzchały were also completed.



Straszyn hydro plant

## Financial and assets situation

### 3. FINANCIAL AND ASSETS SITUATION

#### 3.1. Principles used in the preparation of the quarterly consolidated financial statements

The Condensed Interim Consolidated Financial Statements of the Energa Group for the 3 month period ended 31 March 2023 have been prepared:

- in accordance with the International Financial Reporting Standards endorsed by the European Union,
- on a historical cost basis, except for financial instruments measured at fair value through profit or loss and hedging derivatives,
- in millions of Polish zlotys ("PLN m"),

based on the assumption that the Group would continue as a going concern in the foreseeable future. As at the date of drawing up the financial statements, there is no evidence indicating that the continuation of the Energa Group's business activities as a going concern may be at risk.

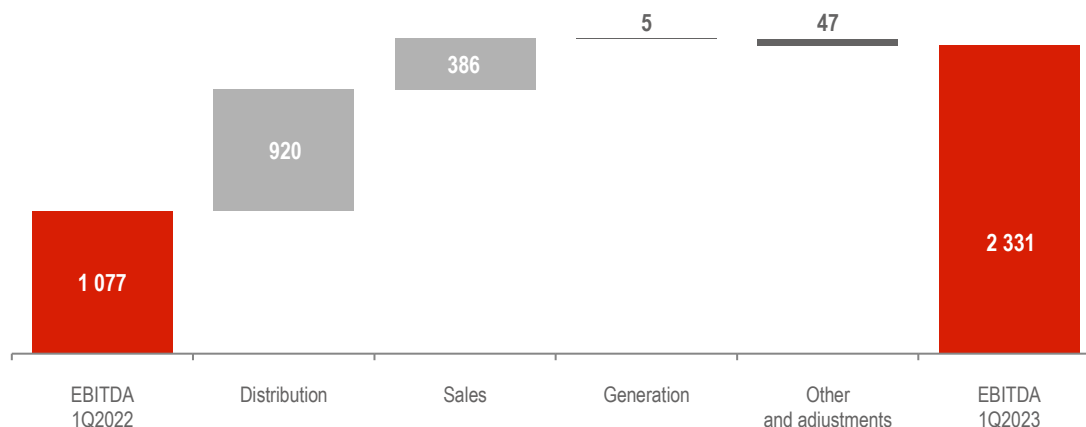
The accounting principles (policy) used in the preparation of the Condensed Interim Consolidated Financial Statements have been presented in Note 7 to the Condensed Interim Consolidated Financial Statements of the Energa Group as at and for the 3 month period ended 31 March 2023.

#### 3.2. Explanation of the economic and financial data disclosed in the condensed consolidated financial statements

Table 1: Consolidated statement of profit or loss (PLN million)

PLN m	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
<b>Sales revenues</b>	<b>4,938</b>	<b>5,980</b>	<b>1,042</b>	<b>21%</b>
<b>Revenue from the Price Difference Payment Fund</b>	<b>-</b>	<b>1,443</b>	<b>1,443</b>	<b>-</b>
Cost of sales	(3,794)	(4,616)	(822)	22%
<b>Gross profit</b>	<b>1,144</b>	<b>2,807</b>	<b>1,663</b>	<b>&gt; 100%</b>
Other operating income	131	127	(4)	-3%
Selling and distribution expenses	(247)	(635)	(388)	> 100%
General and administrative expenses	(79)	(136)	(57)	72%
Other operating expenses	(143)	(122)	21	-15%
<b>Operating profit</b>	<b>806</b>	<b>2,041</b>	<b>1,235</b>	<b>&gt; 100%</b>
Result on financial activity	(70)	(116)	(46)	66%
Share in profit/(loss) of entities measured by the equity method	33	1	(32)	-97%
<b>Profit or loss before tax</b>	<b>769</b>	<b>1,926</b>	<b>1,157</b>	<b>&gt; 100%</b>
Income tax	(158)	(355)	(197)	> 100%
<b>Net profit or loss for the period</b>	<b>611</b>	<b>1,571</b>	<b>960</b>	<b>&gt; 100%</b>
<b>EBITDA</b>	<b>1,077</b>	<b>2,331</b>	<b>1,254</b>	<b>&gt; 100%</b>

Figure 1: EBITDA bridge by Business Lines (PLN m)



The Group's EBITDA in Q1 2023 was PLN 2,331 m vs. PLN 1,077 m in the same period last year.

The highest rise in EBITDA, by PLN 920 m to PLN 1,632 m, was seen in the Distribution Business Line, mainly on the back of an increase in the margin on distribution of electricity (with grid losses), attributable to a higher average distribution service rate as well as advantageous valuation of estimated non-invoiced grid losses.

A major improvement in EBITDA, by PLN 386 m year on year, was also reported by the Sales Business Line. The key contributor was a partial reversal of a provision for onerous contracts created in December 2022. Margin on sales of electricity was also higher year on year as a result of an increase in average unit margin, partly due to a low base effect.

The performance of the Generation Business Line in Q1 2023 was similar to the same period of the previous year.

The Distribution Business Line was the greatest contributor to the Group's EBITDA in Q1 2023 (70%), while the contributions of the Sales Business Line and the Generation Business Line were, respectively, 19% and 13%.

In Q1 2023, the Group's operating profit ("EBIT") was PLN 2,041 m, up by PLN 1,235 m year on year. The y/y change in EBIT was primarily due to the operating factors described above.

In Q1 2023, a share in results of associates and joint ventures was recognised at PLN 1 m vs PLN 33 m in the corresponding period of the previous year. In Q1 2022, the provision for the settlement of the Ostrołęka Power Plant C project was partially reversed (with a positive effect on net profit of ca. PLN 30 m).

The result from financial operations in Q1 2023 decreased by PLN 46 m y/y. The lower balance was due to increased interest expense, mostly as a result of a substantially higher indebtedness.

As a result, the Group's net profit in Q1 2023 amounted to PLN 1,571 m as compared to PLN 611 m in the corresponding period of 2022.

The Group's sales revenue in Q1 2023 was PLN 7,423 m (including PLN 1,443 million for compensation from the Settlement Manager covering the loss of revenue from customers covered by regulations on electricity prices and distribution service rates), up by 50%, or PLN 2,485 m, compared to Q1 2022. The primary factor contributing to the improved sales revenue y/y was increased revenue in the Sales Business Line attributable to higher selling prices of electricity and gas reflecting their dynamic growth in the market. The Energa Group's revenue from the Capacity Market in Q1 2023 totalled PLN 68 m (PLN 65 m in Q1 2022).

The effect of material non-recurring events (assuming a materiality threshold of PLN 25 m) on EBITDA is presented below.

Table 2: EBITDA after material one-off events (PLN million)

EBITDA (PLN m)	
Q1 2023	
EBITDA	2,331
Adjusted EBITDA	2,335
Q1 2022	
EBITDA	1,077
Adjusted EBITDA	1,060

Table 3: Consolidated statement of financial position (PLN million)

	As at 31 December 2022	As at 31 March 2023	Change 2023/2022	Change 2023/2022 (%)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	17,386	17,826	440	3%
Intangible assets	1,487	826	(661)	-44%
Right-of-use assets	1,050	1,060	10	1%
Investments in associates and joint ventures measured using the equity method	153	154	1	1%
Deferred tax assets	418	463	45	11%
Other non-current financial assets	190	150	(40)	-21%
Other non-current assets	702	544	(158)	-23%
	<b>21,386</b>	<b>21,023</b>	<b>(363)</b>	<b>-2%</b>
<b>Current assets</b>				
Inventories	346	425	79	23%
Current tax receivables	399	279	(120)	-30%
Trade receivables	3,271	5,561	2,290	70%
Other current financial assets	210	176	(34)	-16%
Cash and cash equivalents	1,100	1,068	(32)	-3%
Other current assets	478	757	279	58%
	<b>5,804</b>	<b>8,266</b>	<b>2,462</b>	<b>42%</b>
Assets classified as held for sale	58	82	24	41%
<b>TOTAL ASSETS</b>	<b>27,248</b>	<b>29,371</b>	<b>2,123</b>	<b>8%</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	4,522	4,522	-	-
Foreign exchange differences from translation of a foreign entity	6	6	-	-

**Information to the condensed consolidated report  
of the Energa Group for Q1 2023**

Reserve capital	1,031	1,031	-	-
Supplementary capital	1,661	1,661	-	-
Cash flow hedge reserve	55	13	(42)	-76%
Retained earnings	3,706	5,305	1,599	43%
<b>Equity attributable to equity holders of the parent company</b>	<b>10,981</b>	<b>12,538</b>	<b>1 557</b>	<b>14%</b>
<b>Non-controlling interest</b>	<b>559</b>	<b>823</b>	<b>264</b>	<b>47%</b>
	<b>11,540</b>	<b>13,361</b>	<b>1,821</b>	<b>16%</b>
<b>Non-current liabilities</b>				
Loans and borrowings	1,531	1,424	(107)	-7%
Bonds issued	1,965	1,964	(1)	-0%
Non-current provisions	696	658	(38)	-5%
Deferred tax liabilities	931	1,108	177	19%
Deferred income and non-current grants	326	317	(9)	-3%
Liabilities on account of leases	817	785	(32)	-4%
Other non-current financial liabilities	5	6	1	20%
Contract liabilities	9	8	(1)	-11%
	<b>6,280</b>	<b>6,270</b>	<b>(10)</b>	<b>-0%</b>
<b>Current liabilities</b>				
Trade liabilities	2,388	2,051	(337)	-14%
Contract liabilities	314	366	52	17%
Current credits and loans	2,537	3,992	1,455	57%
Bonds issued	609	589	(20)	-3%
Current income tax liability	3	5	2	67%
Deferred income and grants	202	174	(28)	-14%
Short-term provisions	2,496	1,827	(669)	-27%
Other financial liabilities	609	335	(274)	-45%
Other current liabilities	245	382	137	56%
	<b>9,403</b>	<b>9,721</b>	<b>318</b>	<b>3%</b>
Liabilities directly related to assets classified as held for sale	25	19	(6)	-24%
<b>Total liabilities</b>	<b>15,708</b>	<b>16,010</b>	<b>302</b>	<b>2%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>27,248</b>	<b>29,371</b>	<b>2,123</b>	<b>8%</b>

As at 31 March 2023, the balance sheet total of the Energa Group was PLN 29,371 m, up by PLN 2,123 m compared to the end of 2022.

In non-current assets, the most significant change was recorded under intangible assets and was related to a redemption of CO<sub>2</sub> emission allowances. This decline was partially offset by an increase in property, plant and equipment and mainly involved expenditure less depreciation in the Distribution Business Line (expenditure for grid expansion and upgrades; connection of customers and sources of electricity).

In current assets, the most important change was recorded in trade receivables and was associated, in particular, with a favourable valuation of the estimate of network losses of Energa Operator and an increase in receivables on the back of a higher value of electricity sales to final customers being the result of a sharp rise in energy prices and recognition of compensation estimates by Energa Obrót.

As at 31 March 2023, the Energa Group's equity was PLN 13,361 m and financed the Group's assets in 45%.

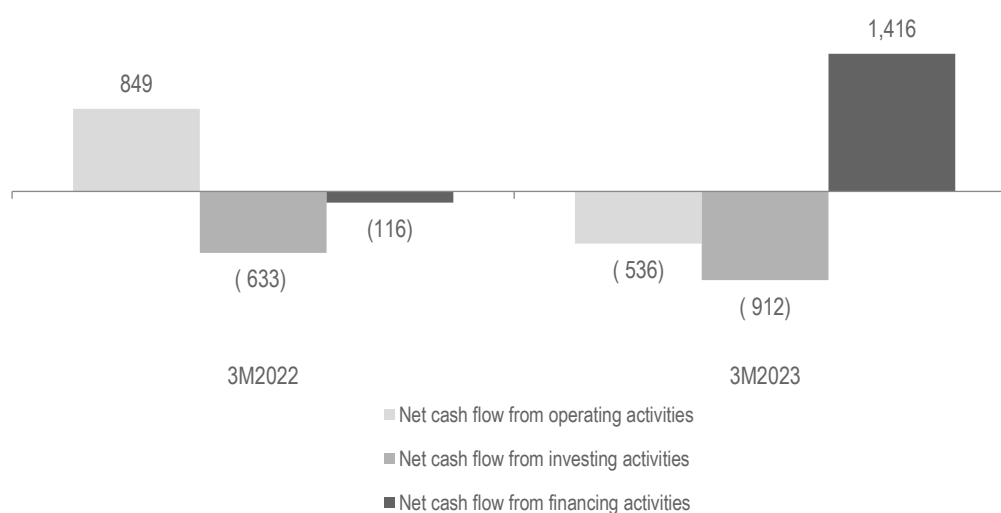
Under liabilities, major changes were recorded in the current portion of loans and borrowings, where the increased debt was due to higher indebtedness under a syndicated credit facility. A decline in liabilities, on the other hand, was mostly seen in current provisions and was related to the use of a provision for gas emission commitments.

As at 31 March 2023, the following line items were identified in the consolidated statement of financial position: assets classified as held for sale and liability directly associated with assets classified as held for sale, in view of efforts undertaken by the Group to sell shares in its subsidiary, Energa Invest Sp. z o.o.

**Table 4: Consolidated cash flow statement (PLN million)**

in PLN million	3 months of 2022	3 months of 2023	Change	Change (%)
Net cash flow from operating activities	849	(536)	(1,385)	< -100%
Net cash flows from investment activities	(633)	(912)	(279)	-44%
Net cash flows from financial activities	(116)	1,416	1,532	> 100%
Net increase / (decrease) in cash	100	(32)	(132)	< -100%

**Figure 2: Consolidated cash flow statement (PLN m)**



Total net cash flows from operating, investing and financing activities of the Group in Q1 2023 were negative at PLN (32) m, compared to positive flows of PLN 100 m in Q1 2022.

Cash flows from operating activities amounted to PLN (536) m compared to PLN 849 m in the corresponding period of 2022. Negative cash flows from operating activities in Q1 2023 were mostly due to a negative change in working capital of PLN (2,975) m (which was positive at PLN 60 m in the corresponding period of 2022), resulting mainly from an increase in trade receivables at Energa Obrót. The negative change in working capital was partially offset by profit before tax of PLN 1,926 m, compared to PLN 769 m in Q1 2022.

Cash flows from investing activities in Q1 2023 totalled PLN (912) m, compared to PLN (633) m in the corresponding period of 2022. The main contributor was expenditure on property, plant and equipment and intangible assets, which totalled PLN (986) m in Q1 2023 vs. PLN (647) m in the corresponding period of 2022.

Cash flow from financing activities totalled PLN 1,416 m and was generated mainly by new financial liabilities of PLN 2,100 m and PLN 249 m in capital contributions to CCGT Ostrołęka Sp. z o.o. by PKN ORLEN. On the other hand, financing outflows in Q1 2023 resulted mainly from scheduled repayments of current loans and borrowings totalling PLN (756) m, PLN (57) m in lease repayments and PLN (120) m in current interest payments. In the corresponding period of 2022, cash flows from financing activities were negative at PLN (116) m, mostly as a result of the fact that disbursements under new financial liabilities totalling PLN 550 m were lower than debt repayments of PLN (751) m.

### 3.3. Structure of assets and liabilities in the consolidated statement of financial position

Figure 3: Structure of assets and liabilities

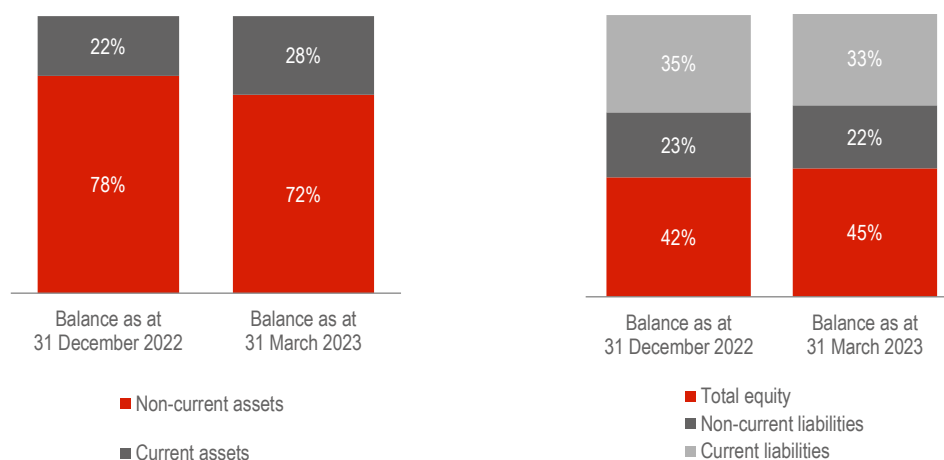


Table 5: Financial ratios of the Energa Group

Ratio	Definition	Q1 2022	Q1 2023
<b>Profitability</b>			
EBITDA margin	operating result + depreciation and amortization + impairment losses on non-financial non-current assets / sales revenues	21.8%	31.4%
return on equity (ROE)	net profit for the period* / equity at the end of the period	10.8%	14.7%
return on sales (ROS)	net profit for the period / sales revenues	12.4%	21.2%
return on assets (ROA)	net profit for the period* / total assets at the end of the period	5.2%	6.7%

\* net profit for the last 12 months

Ratio	Definition	As at 31 December 2022	As at 31 March 2023
<b>Liquidity</b>			
current liquidity ratio	current assets/current liabilities	0.6	0.9
<b>Debt</b>			
financial liabilities (PLN m)*	total liabilities due to loans and borrowings, debt securities and leases (both long- and short-term)	7,504	8,799
net financial liabilities (PLN m)	financial liabilities - cash and cash equivalents	6,404	7,731
net debt**/EBITDA* ratio	net financial liabilities/EBITDA	1.8	1.7

\* EBITDA for the last 12 months

\*\* net financial liabilities included in the calculation of the net debt/ EBITDA ratio include the key elements defined in the financing agreements;

Both sales revenue and EBITDA recorded an increase in Q1 2023 compared to the same period of the previous year (the factors contributing to these changes have been described in the section discussing financial figures). The EBITDA margin ratio improved on the back of accelerated EBITDA growth. On the other hand, the strong operating performance in Q1 2023 described above contributed to an improvement of the annualised net result and hence the profitability ratios.

The higher level of current assets, including trade receivables, contributed to improving the current liquidity ratio.

The net debt/EBITDA ratio improved mostly as a result of a higher EBITDA, despite an increase in net financial liabilities as at 31 March 2023 compared to 31 December 2022.

### 3.4. Description of significant off-balance sheet items

Information in this respect can be found in the consolidated financial statements - note 20: *Contingent assets and liabilities*.



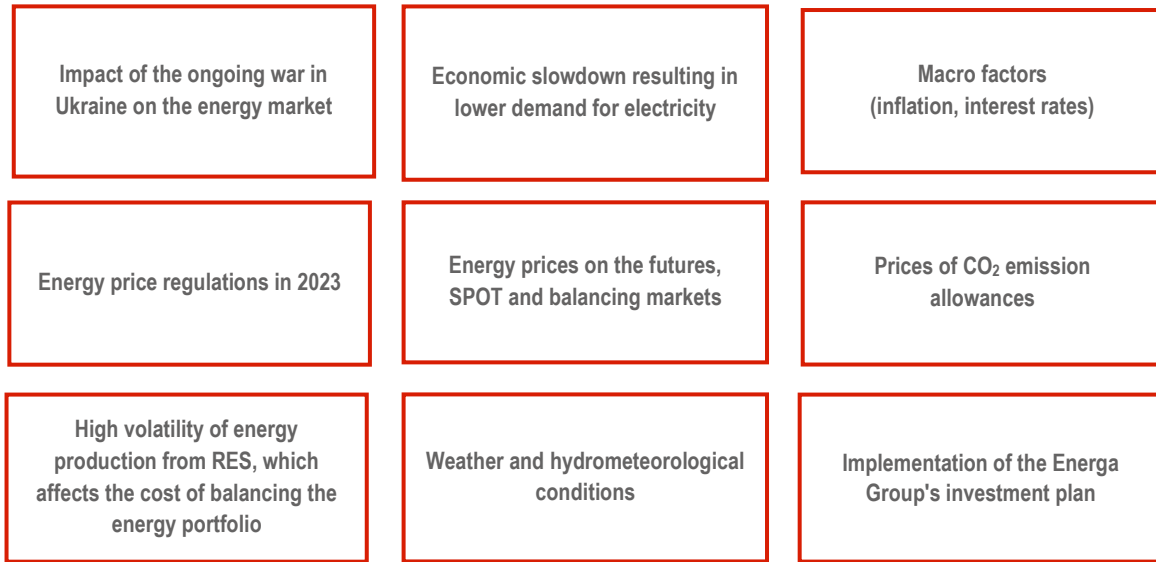
### 3.5. Projected financial results

The Management Board of the Company has not published projections for separate and consolidated financial results for the financial year of 2023.

### 3.6. Factors affecting the Energa Group's performance within at least the next quarter

In the opinion of the Management Board of the Company, the factors described below will affect the performance and operations of the Company and the Energa Group within at least the next quarter.

Figure 4: Factors affecting the Energa Group's performance within the next quarter





Lidzbark Hydro plant

## Operations of the Energa Group Segments

## 4. ACTIVITIES OF THE ENERGA GROUP'S BUSINESS LINES

The Energa Group's financial performance by Business Line was as follows:

Table 6: EBITDA of the Energa Group, by Business Lines (PLN million)

EBITDA in PLN m	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
DISTRIBUTION	712	1,632	920	> 100%
GENERATION	306	301	(5)	-2%
SALES	59	445	386	> 100%
OTHER and consolidation eliminations and adjustments	-	(47)	(47)	0%
<b>Total EBITDA</b>	<b>1,077</b>	<b>2,331</b>	<b>1,254</b>	<b>&gt; 100%</b>

### 4.1. Distribution Business Line

#### 4.1.1. Business and operating activities

Table 7: Distribution of electricity by tariff groups (GWh)

Distribution of electricity by tariff groups (billed sales) in GWh	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
Tariff group A (HV)	920	846	(74)	-8%
Tariff group B (MV)	2,430	2,170	(260)	-11%
Tariff group C (LV)	1,168	1,041	(127)	-11%
Tariff group G (LV)	1,693	1,771	78	5%
<b>Total distribution of electricity</b>	<b>6,211</b>	<b>5,828</b>	<b>(383)</b>	<b>-6%</b>

Tariff group A – the largest customers connected to HV grid (110 kV), such as mills, melting plants, mines, shipyards and other large industrial facilities;

Tariff group B – large industrial facilities connected to MV grid (1 kV to 60 kV), such as manufacturing plants, hospitals, shopping centres, leisure and entertainment facilities;

Tariff group C – institutional customers connected to LV grid (up to 1 kV), such as banks, shops, clinics, retail and service outlets, street lighting;

Tariff group G – households and similar customers, regardless of power supply voltage.

In Q1 2023, the volume of electricity supplied was on average 6% lower than in the same period of the previous year. The largest volume decreases were reported in B and C groups. The increase was reported by G group only. The lower volume of the distribution service was related to the difficult economic situation caused by inflation - in a situation of rising prices, consumers reduced their electricity consumption. A similar trend did not occur in G group due to the regulations freezing the price of electricity for households introduced at the end of 2022.

Table 8: SAIDI and SAIFI indicators

	SAIDI			SAIFI		
	Unplanned incl. catastrophic	Planned	Total	Unplanned incl. catastrophic	Planned	Total
	Minutes per customer in the period			Disruptions per customer in the period		
Q1 2022	297.,7	4.7	302.4	1.6	0.0	1.7
<b>Q1 2023</b>	<b>68.3</b>	<b>6.2</b>	<b>74.5</b>	<b>0.5</b>	<b>0.0</b>	<b>0.6</b>
Change	(229.4)	1.5	(227.9)	(1.1)	0.0	(1.1)
Change (%)	-77%	32%	-75%	-68%	17%	-66%

In Q1 2023, the Energa Group's SAIDI (planned and unplanned incl. catastrophic) was high at 74.5 minutes per consumer compared to 302.4 minutes per consumer in the corresponding period of 2022. The value of SAIFI index also improved. The

combined values of SAIDI and SAIFI supply reliability indices obtained in Q1 2022 were the effect of three significant mass breakdowns caused by hurricanes in January and February 2022. No such significant events were reported in Q1 2023.

#### 4.1.2. Financial results

Figure 5: Results of the Distribution Business Line of the Energa Group (PLN m)

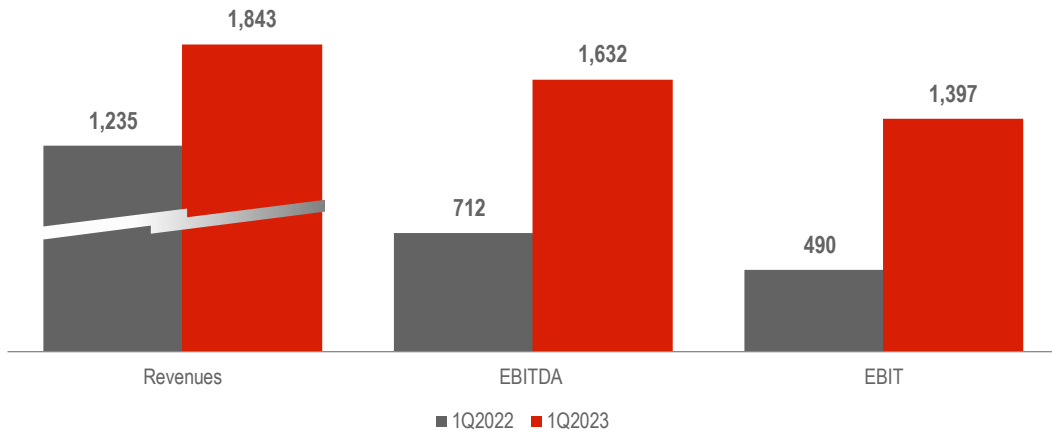


Table 9: Results of the Distribution Business Line (PLN million)

PLN m	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	1,235	1,843	608	49%
<b>EBITDA</b>	<b>712</b>	<b>1,632</b>	<b>920</b>	<b>&gt; 100%</b>
amortization and depreciation	222	235	13	6%
impairment of non-financial non-current assets	-	-	-	0%
EBIT	490	1,397	907	> 100%
Net result	353	1,060	707	> 100%
CAPEX	276	469	193	70%

Figure 6: EBITDA Bridge of the Distribution Business Line (PLN m)



In Q1 2023, the Distribution Business Line generated 70% of the EBITDA for the Energa Group (vs. nearly 66% in Q1 2022). Sales revenues of the Distribution Business Line in Q1 2023 totaled PLN 1,843 m, a 49% increase year on year, which was mainly caused by a 43% increase in the average price of distribution service and higher revenues from connection fees.

EBITDA for this Line amounted to PLN 1,637 m and was more than twice higher than in the same period of the previous year.

An increase in the distribution margin by PLN 880 m (taking into account grid losses) had a significant impact on the increase in the EBIT operating result by PLN 907 m yoy (up to PLN 1,397 m). This was primarily the effect of a higher average price of distribution service y/y with a 6% lower volume. The balance valuation of estimated non-invoiced grid losses at the purchase price applicable in 2023 also had a significant positive impact.

The remaining factors contributing to the change in the level of EBIT operating result include i.a. base effect of 2022 - in Q1 2022, due to mass breakdowns, work was carried out to remove them, which burdened other operating activities, not OPEX. This year, due to the lack of such significant breakdowns covered by insurance, normal maintenance works are carried out, hence the shift between OPEX and other operating activities y/y. In addition, OPEX in Q1 2023 was burdened with an unfavorable valuation of actuarial provisions (in the same period of the previous year, the impact of the valuation was positive). Additionally, higher revenues from the connection fee had a positive impact on the EBIT result y/y.

In Q1 2023, the Distribution Business Line reported net profit of PLN 1,060 m, by PLN 707 m higher yoy. The improvement was mainly the result of the change in EBIT.

Capital expenditure of the Line totaled PLN 469 m and was higher (by 70%) than in Q1 2022.

## 4.2. Generation Business Line

### 4.2.1. Business and operating activities

**Table 10: Gross electricity production (GWh)**

Gross electricity production (GWh)	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
Power plants – coal-fired	752	439	(313)	-42%
CHP plants - coal-fired	5	-	(5)	-100%
CHP plants - biomass-fired	13	25	12	89%
Power plants – hydro	295	343	48	16%
Pumped storage plant	23	26	3	13%
Power plants – wind	189	173	(16)	-8%
Power plants – photovoltaics	1	3	2	> 100%
<b>Total production of electricity</b>	<b>1,278</b>	<b>1,009</b>	<b>(268)</b>	<b>-21%</b>
<i>including from RES</i>	498	545	47	9%

The generating assets of the Energa Group produced 1.0 TWh of electricity in Q1 2023 compared to 1.3 TWh in Q1 2022, or 21% less y/y. The decreasing trend related mainly to the Ostrołęka power plant and wind power plants. The increase of production reported hydro plants and PV. In Q1 2023, 43% of the Group's gross electricity production originated from coal, 37% from hydro, 17% from wind and 2% from biomass.

The production level at the Ostrołęka power plant was determined by must-run operation for the Transmission System Operator in Poland and was indirectly dependent upon the availability of the units and the adopted sales strategy. Energy production in hydro sources is the effect of hydrological conditions, while the level of production in wind sources resulted from the prevailing weather conditions. Energy production in the Group's CHP plants was related to the heat production, which was mainly dependent on the heat demand from the Group's local consumers. The volume of energy production was also influenced by the availability of the co-generation units as well as availability and current prices of fuels.

**Table 11: Gross heat production (TJ)**

Gross heat production in TJ	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
Energa Kogeneracja Sp. z o.o.	719	811	92	13%
Energa Elektrownie Ostrołęka S.A.	443	414	(29)	-7%
Energa Ciepło Kaliskie Sp. z o.o.	130	124	(6)	-5%
<b>Total gross heat production</b>	<b>1,292</b>	<b>1,349</b>	<b>57</b>	<b>4%</b>

In Q1 2023, the Group produced 1,349 TJ of heat energy, up by 4% compared to Q1 2022, which was influenced, among others, by the ambient temperature shaping the demand for heat from the Group's consumers in local markets in the cities of Ostrołęka, Elbląg and Kalisz.

Table 12: Volume and cost of consumption of key fuels\*

Consumption of fuels*	Q1 2022	Q1 2023	Change	Change (%)
Hard coal				
Quantity (k tonnes)	365	220	(145)	-40%
Cost (PLN m)	132	259	127	97%
Biomass				
Quantity (k tonnes)	13	22	9	67%
Cost (PLN m)	11	32	21	> 100%
<b>Total fuel consumption (PLN m)</b>	<b>143</b>	<b>291</b>	<b>148</b>	<b>&gt; 100%</b>

\* including the cost of transport

In Q1 2023, the Group's producers consumed 145 thousand tons less hard coal and 9 thousand tons more biomass compared to the same period of 2022. Lower consumption of coal was an effect of lower electricity production, mainly by the Ostrołęka power plant, whereas higher consumption of biomass was dependent, among other things, upon the raw material's availability for the co-generation unit in Elbląg as well as the availability of this unit. At the same time, higher unit costs of coal and biomass purchase were recorded.

#### 4.2.2. Financial results

Figure 7: Results of the Generation Business Line of the Energa Group (PLN m)

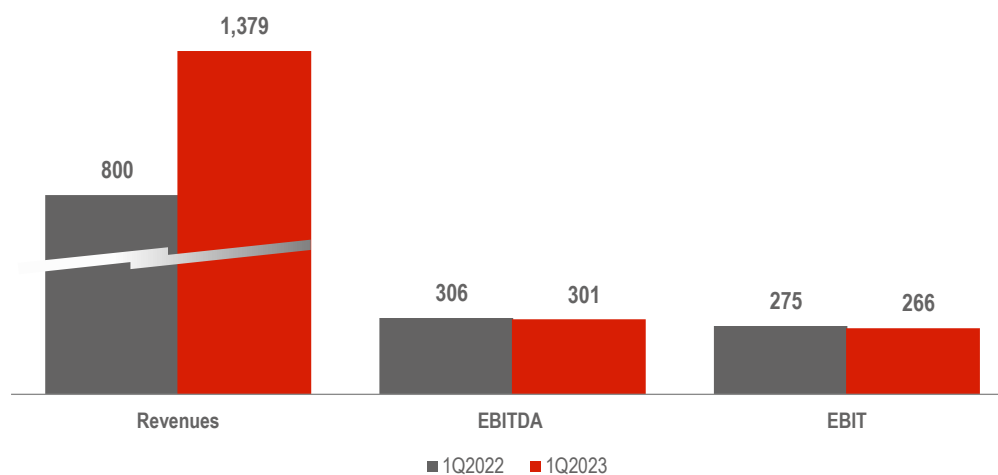


Table 13: Results of the Generation Business Line of the Energa Group (PLN million)

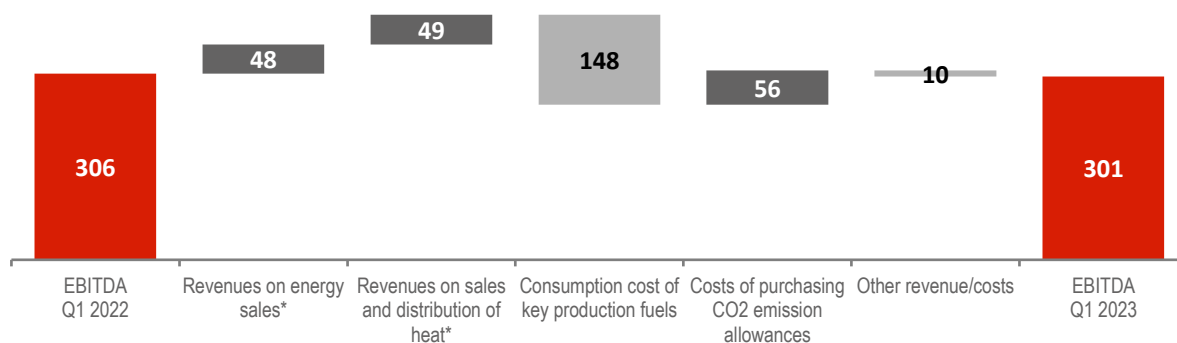
PLN m	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	800	1 379	579	72%
<b>EBITDA</b>	<b>306</b>	<b>301</b>	<b>(5)</b>	<b>-2%</b>
amortization and depreciation	37	36	(1)	-3%
impairment of non-financial non-current assets	(6)	(1)	5	83%
EBIT	275	266	(9)	-3%
Net result	198	211	13	7%
CAPEX	20	166	146	> 100%

The following table presents EBITDA breakdown of the Generation Business Line into individual Generation Segments. The statement presents unit data with the elimination of mutual transactions among business segments and consolidation adjustments

Table 14: EBITDA for Generation Business Line broken down to Generation Segments (PLN million)

EBITDA in PLN m	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
Water	114	85	(28)	-25%
Wind	91	76	(16)	-17%
Ostrolęka power plant	136	157	21	15%
Other and Adjustments	(35)	(17)	18	51%
<b>Generation total</b>	<b>306</b>	<b>301</b>	<b>(5)</b>	<b>-2%</b>

Figure 8: EBITDA bridge of the Generation Business Line (PLN m)



\* includes net electricity trading (revenue less cost) and write-off for the Price Difference Payment Fund

The EBITDA of the Generation Business Line in Q1 2023 amounted to PLN 301 m (PLN 5 m less yoy) accounting for 17% of the Group's total EBITDA (compared to 28% in Q1 2022). The key factors driving the Line's EBITDA in Q1 2023 included, among other things, the revenue from the sale of electricity, revenue from heat, the costs of consumption of key fuels for production and the costs of purchase of emission allowances.

The higher revenues from electricity sales (despite taking into account the write-down for the Price Difference Payment Fund at the level of over PLN 446 million) mainly result from the applicable mechanism for settling the reduction of production in the Ostrolęka power plant with the Transmission System Operator, as well as from the settlement of sales for 2022. Additionally, the amount of the Line's electricity revenue depended on the generated production volumes.

**Information to the condensed consolidated report  
of the Energa Group for Q1 2023**

Higher revenues from the sale and distribution of heat were dictated, among others, by increase in heat sales prices.

Sources of revenue of the Generation Business Line include revenues from system services. Within this category, the Line records e.g. the clearing mechanism implemented at the beginning of 2021 in the form of the Capacity Market. Total revenues from system services in Q1 2023 amounted to PLN 55 million (of which PLN 47 million were revenues from the Capacity Market), compared to PLN 55 million in the same period of the previous year (of which PLN 48 million were revenues from the Capacity Market).

The cost of consumption of key fuels for production was driven mainly by higher unit costs of fuel consumption, despite a noticeably lower volume of electricity production, mainly by the power plant in Ostrołęka.

Lower costs of purchasing CO<sub>2</sub> emission allowances were driven by a lower production from conventional sources (mainly the Ostrołęka power plant) and a relatively low number of awarded free emission allowances. The above took place despite the increase in market prices of emission allowances in the current reporting period.

The Line's capital expenditures in Q1 2023 were higher by PLN 146 m y/y, mainly due to the development of building projects connected with new capacities at PV sources within the Group (especially PV Wielbark).

**Table 15: Results of the Hydro Power Division (PLN million)**

PLN m	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	150	501	351	> 100%
<b>EBITDA</b>	<b>114</b>	<b>85</b>	<b>(28)</b>	<b>-25%</b>
EBIT	105	77	(28)	-27%
CAPEX	1	1	(0)	-32%

**Table 16: Results of the Wind Power Division (PLN million)**

PLN m	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	82	135	53	65%
<b>EBITDA</b>	<b>91</b>	<b>76</b>	<b>(16)</b>	<b>-17%</b>
EBIT	75	59	(16)	-22%
CAPEX	0	3	3	> 100%

**Table 17: Results of the Ostrołęka Power Plant Division (PLN million)**

PLN m	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	508	643	134	26%
<b>EBITDA</b>	<b>136</b>	<b>157</b>	<b>21</b>	<b>15%</b>
EBIT	142	156	14	10%
CAPEX	3	1	(2)	-76%

**Table 18: Results of the Other Generation and Adjustments Division (PLN million)**

PLN m	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	60	101	40	67%
<b>EBITDA</b>	<b>(35)</b>	<b>(17)</b>	<b>18</b>	<b>51%</b>
EBIT	(47)	(27)	20	43%
CAPEX	16	161	145	> 100%

\* restated data



### 4.3. Sales Business Line

#### 4.3.1. Business and operating activities

Table 19: Sales of electricity by the Sales Business Line (GWh)

Sales of electricity by the Sales Business Line in GWh	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
Retail sales of electricity	4,717	4,583	(134)	-3%
Sales of electricity in the wholesale market, including:	1,047	657	(391)	-37%
<i>Sales of energy to the balancing market</i>	399	479	80	20%
<i>Other wholesale</i>	648	177	(471)	-73%
<b>Total sales of electricity</b>	<b>5,764</b>	<b>5,240</b>	<b>(525)</b>	<b>-9%</b>

In Q1 2023, the total volume of electricity sold by the Sales Business Line decreased by 9%, i.e. 525 GWh, compared to Q1 2022. This is the outcome of lower sales in the wholesale market and in the retail market.

In Q1 2023, the sales volume in the retail market decreased by 3%, i.e. 134 GWh yoy, which should be associated with the level of contracting business customers as well as macroeconomic effects, i.e. economic slowdown and high energy prices which encourages energy saving.

At the end of Q1 2023, the number of end consumers of electricity (Energy Consumption Points) of the Sales Business Line amounted to 3.3 m, an increase of approx. 73 thousand customers yoy. The customer base increased mainly in the G tariff group (households).

The electricity sales to the wholesale market dropped in Q1 2023 by 391 TWh, or 37%, compared to Q1 2022. That decrease was attributable to a lower scale of the sellout of surpluses of electricity.

#### 4.3.2. Financial results

Figure 9: Results of the Sales Business Line of the Energa Group (PLN m)

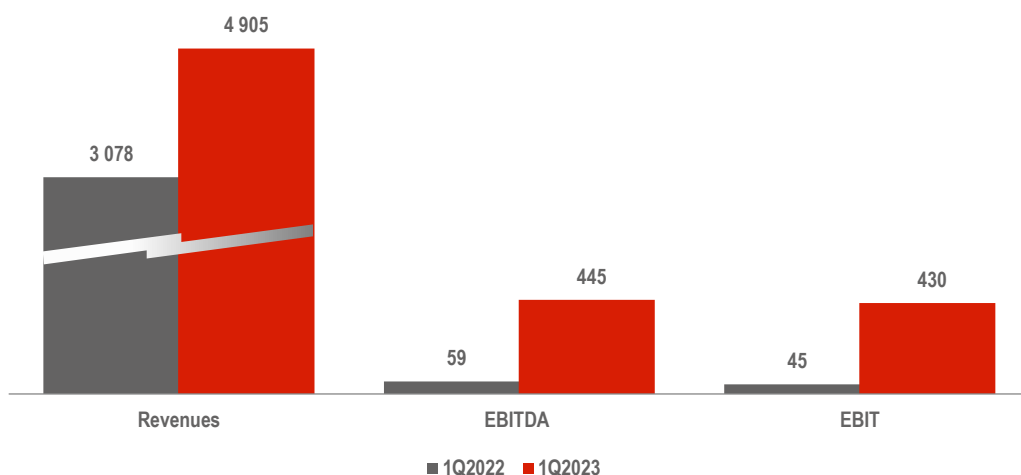
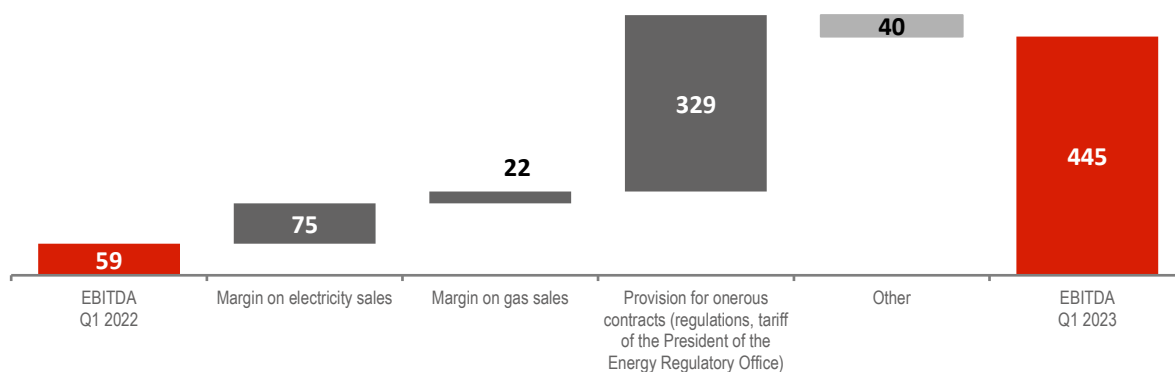


Table 20: Results of the Sales Business Line of the Energa Group (PLN million)

PLN m	Q1 2022	Q1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	3,078	4,905	1,827	59%
<b>EBITDA</b>	<b>59</b>	<b>445</b>	<b>386</b>	<b>&gt; 100%</b>
amortization and depreciation	14	15	1	7%
impairment of non-financial non-current assets	-	-	-	0%
EBIT	45	430	385	> 100%
Net result	34	343	309	> 100%
CAPEX	9	15	6	67%

Figure 10: EBITDA bridge of the Sales Business Line (PLN m)



In Q1 2023, the EBITDA of the Sales Business Line totaled PLN 445 m, up by PLN 386 m compared to the result achieved in the corresponding period of 2022 (EBITDA of PLN 59 m). The Line's EBITDA in Q1 2023 represented 19% of the Group's EBITDA whereas in Q1 2022 that share amounted to 5%.

The revenues of the Sales Business Line in Q1 2023 amounted to PLN 4,905 m, up by PLN 1,827 m (59%) compared to Q1 2022. The increased revenues were attributable mainly to higher selling prices of electricity and gas, reflecting their dynamic growth in the market.

The increase in EBITDA of the Sales Business Line y/y (PLN +329 million) was significantly affected by an accounting event, i.e. partial reversal of the provision for onerous contracts, which was created in December 2022 in connection with the decision of the President of the Energy Regulatory Office to approve the electricity tariff for the G tariff groups for 2023 and the entry into force of the acts regulating electricity prices for certain end consumers in 2023. This provision, when created, decreased the financial result of the Line in 2022, and this year it is being gradually released, which has a positive impact on the financial results.

The margin on the sale of electricity turned out to be higher y/y (by PLN 75 million) as a result of an increase in the average unit margin, e.g. due to the low base effect. In Q1 2022, margins were negatively affected by high energy prices on the SPOT and balancing markets, which increased the cost of balancing, as well as the unfavorable financial result recorded on the sale of surplus energy from RES from the local market, which appeared mainly as a result of high energy production by wind farms as a result of high wind in Q1 2022.

Another element positively impacting EBITDA change y/y was the margin on gas sales which in Q1 2023 proved higher by PLN 22 m than in Q1 2022. Similarly to electricity, this was due to the low base effect, where in Q1 2022 a low margin was recorded due to the dynamic increase in gas fuel prices on the SPOT market after the outbreak of the war in Ukraine.



Pieniężno hydro plant

## **Regulatory and business environment**

## 5. REGULATORY AND BUSINESS ENVIRONMENT

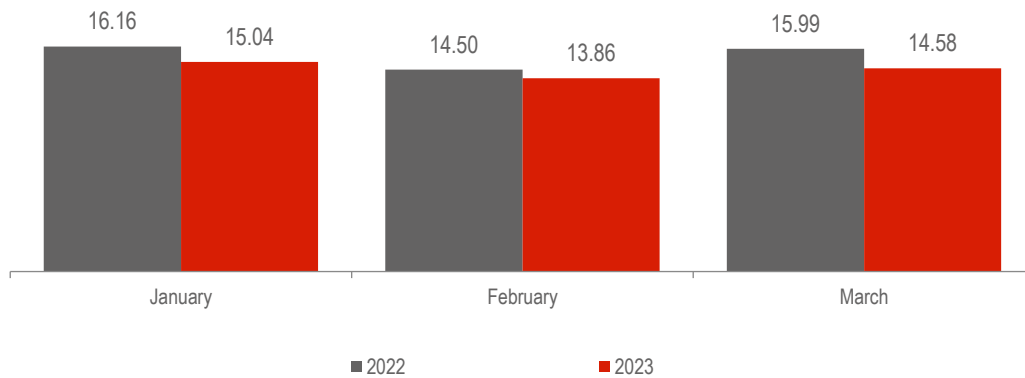
### 5.1. Electricity market in Poland

Developments in the market environment are of key importance for the financial performance of the Group. In this light, attention is particularly drawn to the production and consumption of electricity, cross-border power exchange in Poland, prices of electricity in Poland and selected neighbouring countries, prices of property rights and costs of emission allowances.

#### Domestic production and consumption of electricity

According to data published by Polskie Sieci Elektroenergetyczne ("PSE"), production of electricity in Poland in Q1 2023 totalled 43.47 TWh and was 3.17 TWh, or 6.8% lower vs. the corresponding period of the previous year (46.64 TWh). Lower production was evident in power plants using lignite and hard coal. The decline in generation was prompted by lower demand for electricity within the National Electricity System (KSE).

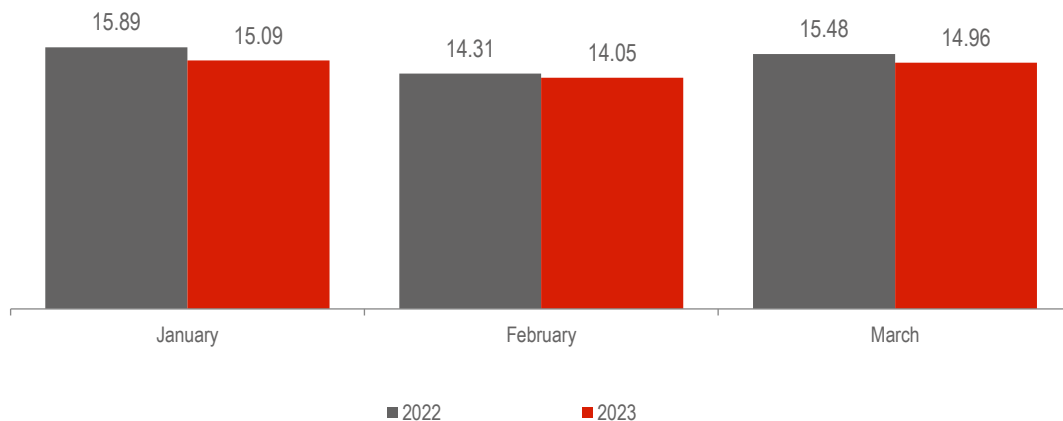
Figure 11: Production of electricity in Poland in Q1 2023 (TWh)



Source: PSE

In Q1 2023, domestic consumption of electricity in Poland totalled 44.10 TWh and was 1.58 TWh (3.5%) lower than in the corresponding period of the previous year (45.68 TWh). The decline in consumption was attributed to lower demand due to economic slowdown.

Figure 12: Consumption of electricity in Poland in Q1 2023 (TWh)



Source: PSE

### Poland's cross-border power exchange

In the first quarter of 2023, export of electricity was as much as 1.61 TWh lower than in the same period last year. When comparing the two corresponding periods, a slight decline in electricity imports by 0.03 TWh can be observed, accounting primarily for the 0.63 TWh surplus of net electricity imports in the period under review over net exports of 0.96 TWh in the corresponding period of the previous year. This is mainly the result of higher electricity imports at the interconnection with Sweden due to significantly lower electricity prices compared to those in Poland.

Figure 13: Monthly volumes of cross-border exchange in Poland in Q1 2023 (TWh)

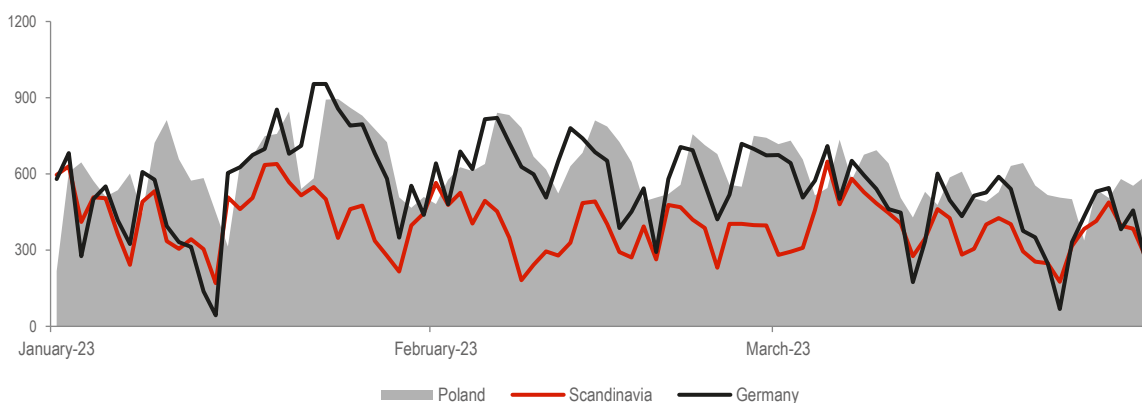


Source: PSE

### Energy prices in selected countries neighboring with Poland

The average prices on the SPOT market in Poland in Q1 2023 were higher than in the neighbouring countries. A decline in demand for power, combined with high temperatures (given the season) and energy security measures taken in Europe leading to price drops and a satisfied demand for gas and coal, supported by lower system losses, resulted in price declines in the Polish market and in the neighbouring countries. The highest price deviations were observed in relation to the Scandinavian market (+53.0%, or PLN +213.12/MWh), while lower deviations were observed in comparison with prices in the German market (+12.4%, or PLN 67.76/MWh).

Figure 14: Prices of energy in the SPOT market in Poland and in selected neighboring countries in Q1 2023 (price (PLN/MWh))



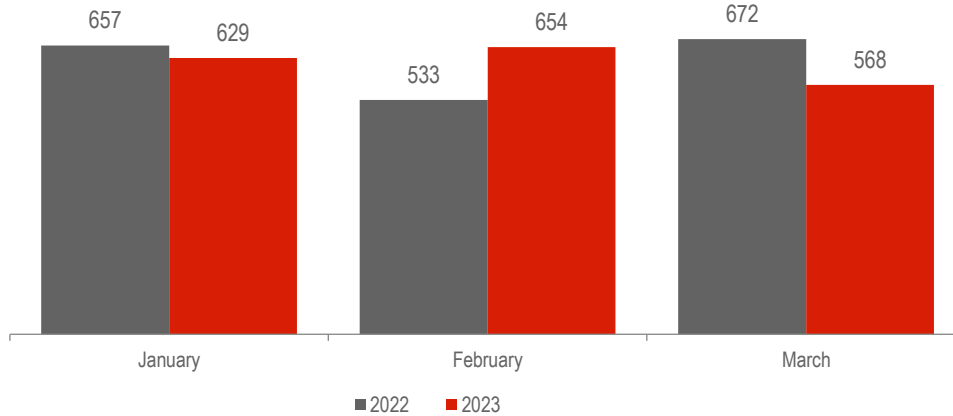
Source: Bloomberg, TGE

### Day-Ahead Market of electricity in Poland

In Q1 2023, the TGeBase index averaged PLN 615.61/MWh and was lower by PLN 8.31/MWh than in the corresponding period of the previous year (PLN 623.92/MWh). When comparing Q1 2023 to Q4 2022, the price declined by PLN 139.28/MWh. The decrease in domestic power demand due to economic slowdown was supported by lower system losses

which, combined with energy security measures taken in Europe following a supply shock in the raw materials market, drove prices down in relation to the same period of the previous year.

Figure 15: TGeBase index in Q1 2023 (PLN/MWh)



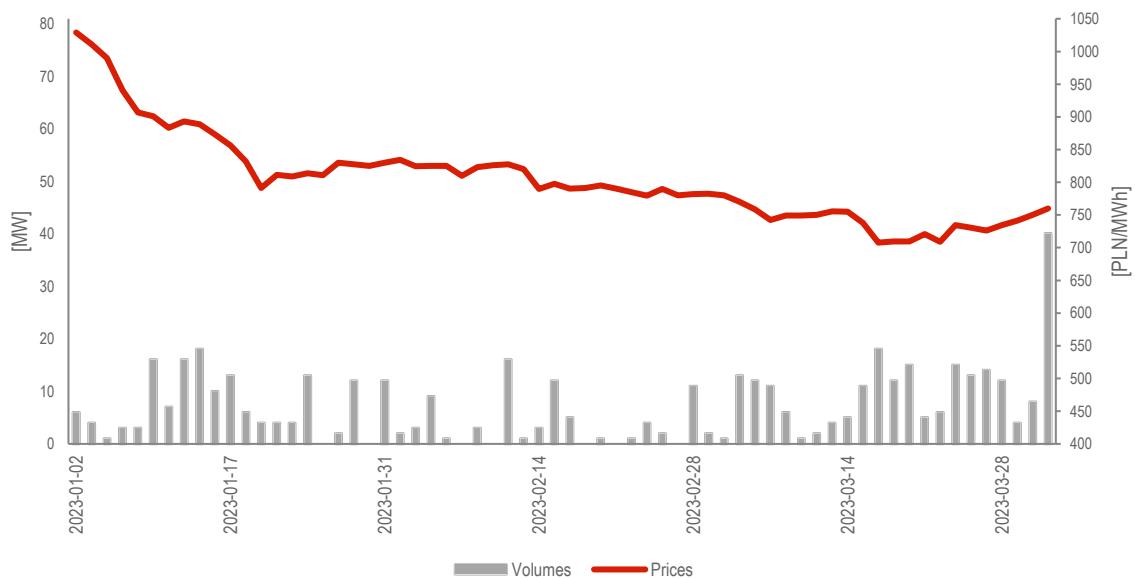
Source: TGE

### Electricity futures market in Poland

In the first quarter of 2023, the electricity futures market was in a downward trend with quarterly prices closing well below the level of PLN 800.00/MWh (BASE 2024). The main contributors to electricity price declines in the futures market in Q1 were:

- energy security measures taken in Europe, i.e. unlocking new raw material supply routes and consequently filling up gas storage facilities and increasing coal stocks at European ports following the imposition of sanctions on Russian energy imports to the EU,
- decline in SPOT market prices,
- lower demand for electricity from the National Power System,
- removal of the 'power exchange obligation'.

Figure 16: Forward contract price, BASE with delivery for 2024 in Q1 2023

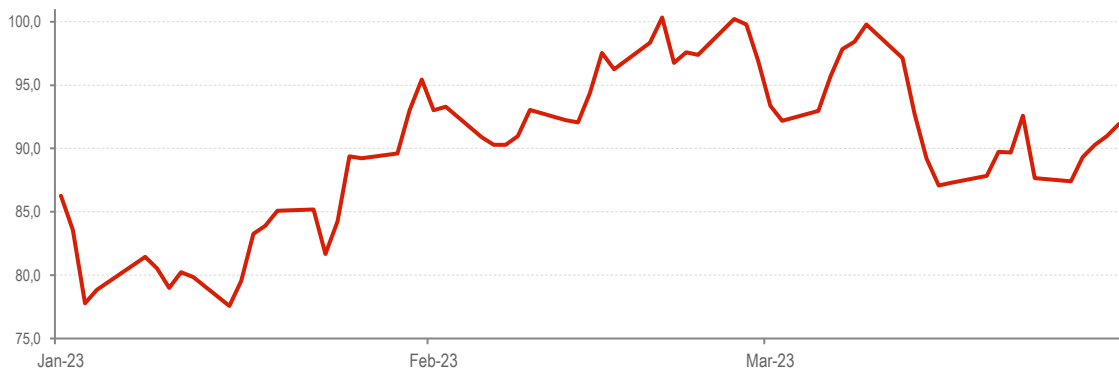


Source: TGE

## Emission allowance market

On 12 May 2022, the European Commission reported that more than 1,449 million emission allowances were in circulation at the end of 2021 (a drop in the number of allowances by less than 14% y/y is the result of the post-pandemic recovery in 2021, resulting in higher emissions). This value formed a baseline for the determination of the EU Emissions Trading System (EU ETS) Market Stability Reserve (MSR), which was launched in January 2019. In accordance with the rules of the MSR, almost 348 million allowances in total will be allocated to the Market Stability Reserve over a 12-month period from 1 September 2022 to 31 August 2023. Over the initial 5 years of the MSR, the number of allowances is to be reduced annually by 24% of the total number of allowances in the auction pool (as long as the total number of allowances in circulation exceeds the threshold of 833 million). The key determinants of EUA prices in Q1 were speculation and continuation of proceedings and consultations on the concept for the REPowerEU initiative aimed at increasing the volume of electricity traded on power exchange. On 21 February 2023, the Council adopted a part of the REPowerEU plan aimed at accelerating the sale of €20 billion worth of emission allowances. Under the terms of REPowerEU, the financing sources for the €20 billion will be anticipating the auctioning of emission allowances in 2027-2030 (€8 billion) and the Innovation Fund (€12 billion). On 27 March 2023, the Commission announced that the first stage, the plan to sale volumes transferred from auction reserves of member states that would otherwise have been auctioned after 2027, would start in July 2023. It means that only 16.5 million additional allowances will be added to the auction table in 2023, or about 3 million more allowances per month (1.5 million more for the 'summer holiday' volume in August). The Commission had not yet presented its plans to start auctioning allowances from the Innovation Fund, as the auctioning regulation must be amended first. This process may take up to six months. In February, the closing price was €100.34 per tonne, breaking above the €100 barrier for the first time in history. In March, amidst growing tensions in the US and European banking sectors, and therefore higher risk aversion, allowance prices declined. In consequence, at the end of Q1 2023, allowances traded at €91.93 per tonne, up 14% on the end of 2022 and up 20% on the end of Q1 2022.

Figure 17: EUA prices in Q1 2023 (EUR/ton)



Source: Bloomberg

## Market for property rights

The table below presents the prices of green property rights listed on the Polish Power Exchange.

Table 21: Average price levels of green property rights listed on the Polish Power Exchange

Index (type of certificate)	Index value		Percentage of obligation (%)	Substitution fee (PLN)
	One quarter of 2022 (PLN/MWh)	One quarter of 2023 (PLN/MWh)		
OZEX_A (green)	248.26	218.7	12.5*	300.03*

\* value of the substitution fee and redemption obligation for 2022.

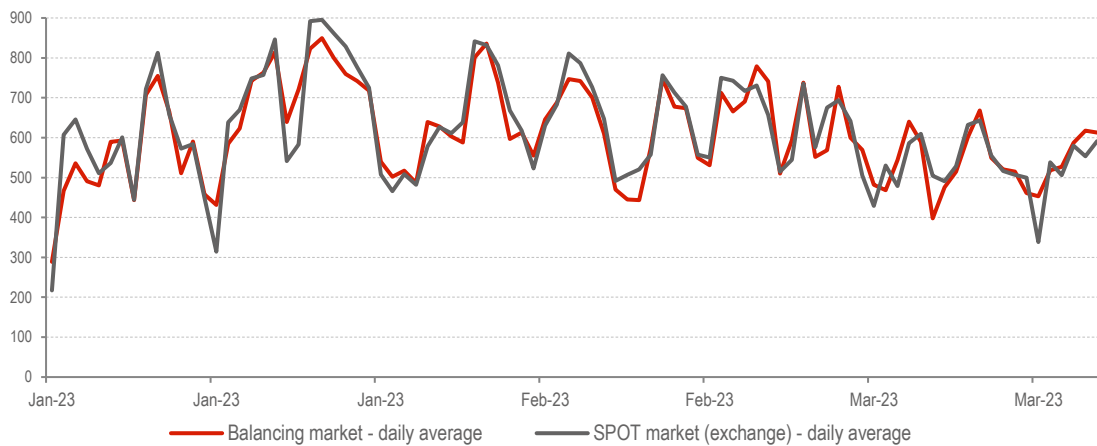
From the perspective of the Energa Group's generation structure (high share of renewable production), the prices of green property rights are of key importance. PM OZE (green certificate) prices in EOB trades were in an upward trend during the

first two months of the quarter. Two substantial plunges were observed in late February and late March, with prices diving down to PLN 199.39/MWh at the end of Q1 2023.

### Balancing market

Since 1 January 2019, the limits for electricity clearing prices on the balancing power market changed and currently range from PLN -50,000.00/MWh to PLN +50,000.00/MWh. For the most of Q1 2023, the prices in the balancing market were similar to the day-ahead market prices. The situation on 2 January 2023 marked a clear departure from that rule, when the average daily price on the balancing power market was PLN 466.84/MWh, PLN 139.95/MWh less than the day-ahead market price. The average price on the balancing power market in the period under review was PLN 607.34/MWh, compared to PLN 551.41/MWh in the corresponding period of the previous year.

Figure 18: Comparison of prices in the balancing market and SPOT market (exchange) in Q1 2023 (PLN/MWh)



Source: TGE, PSE

## 5.2. Regulatory environment

### Key legislative processes completed in Q1 2023

Table 22: Overview of legislation having a material effect on the Group

Legal act	Description and purpose of the regulations
<p><b>Act of 9 March 2023 Amending the Act on Wind Farm Investments and Certain Other Acts</b> Legislation ID: Journal of Laws [Dz.U.] 2023 item 553</p>	<p><b>Main assumptions of the legislation:</b> On 23 March 2023, the Act of 9 March 2023 Amending the Act on Wind Farm Investments and Certain Other Acts (the Act) was promulgated in the Journal of Laws. A key change in the Act is the regulation of the minimum distance between a wind turbine and residential buildings or, for instance, Natura 2000 sites. Because of the high social importance of housing, it was considered that this sphere should be regulated separately. When selecting a site for a residential building, a minimum distance of 700 m must be observed, as with wind farms. If a site for residential buildings is selected around an existing wind farm, the 10h rule will no longer apply. Importantly, each municipality, including adjacent municipalities, may set different distances from wind turbines within which residential buildings cannot be located, even in relation to the same wind farms. Other changes:</p> <ul style="list-style-type: none"> <li>✓ According to the revision, sites for new wind turbines can only be selected based on a local zoning plan (MPZP);</li> <li>✓ The determination of the minimum setback distance – between 10 times the total height of the turbine (the 10H rule) and a minimum setback distance of 700 m from residential buildings – will be based on a range of factors, including the findings of strategic environmental impact assessment (SEIA) carried out for the purposes of the local zoning plan. SEIA covers, <i>inter alia</i>, the impact of noise emissions on the environment and community health. Municipal authorities will not be able to refrain from performing the SEIA for a draft local zoning plan that includes a wind farm;</li> <li>✓ The Act additionally introduces minimum setback distances between wind turbines and electricity transmission lines. At the same time, it completely removes the ban on erecting residential buildings in the vicinity of <u>existing</u> wind turbines;</li> <li>✓ The revised act upholds the 10H rule for national parks and the 500 m limit for nature reserves. For other forms of nature conservation, the distance is to be specified in an installation-specific environmental decision. It upholds the ban on erecting wind farms in national parks, nature reserves, landscape parks and Natura 2000 sites;</li> <li>✓ In addition, under the new arrangements, a developer will be required to offer at least 10 per cent of the installed wind power capacity to municipality inhabitants, who will use the electricity as a virtual prosumer. Every inhabitant in the municipality will be given the opportunity to take a share up to 2 kW and obtain electricity at a price based on a calculation of the maximum cost of construction.</li> </ul> <p><b>Energa's demands. Impact on Energa SA / Energa Group and potential next steps:</b> Any regulation and mechanism that supports the implementation of onshore wind projects is a beneficial process for the business.</p>



**Information to the condensed consolidated report  
of the Energa Group for Q1 2023**

Legal act	Description and purpose of the regulations
<p><b>Act Amending the Act on Specific Solutions for Certain Heat Sources in Connection with the Situation in the Fuel Market and Certain Other Acts</b> Legislation ID: Journal of Laws 2023 item 295</p>	<p><b>Main assumptions of the legislation:</b></p> <ul style="list-style-type: none"> <li>✓ Introduction of support for households and public service institutions (eligible customers), such as hospitals, schools, kindergartens etc.;</li> <li>✓ The assumption is that if the net price of heat supply in a given district heating system increases by more than 40% compared to prices from 30 September 2022, energy companies will be compensated so that eligible customers will not have to carry the burden of increased cost of heating; <ul style="list-style-type: none"> <li>▪ In this way, the increase in the price of heat for residential and public service customers will be additionally reduced to a predefined level;</li> <li>▪ The maximum net price for heat also applies to the cap obtained from the average price of heat generation with compensation. The point is to avoid excessive surges in heat prices where prices were already raised before 30 September 2022. In that case, heat providers will have to use prices which are more advantageous to customers for customer billing.</li> </ul> </li> <li>✓ The maximum net price for heat supply must include all cost components of heat supply existing in the district heating system concerned, including those relating to heat generation and transmission;</li> <li>✓ Within 10 days of the entry into force of the Act, the President of the Energy Regulatory Office will calculate and publish the maximum net price for heat supply, separately for each energy company that holds a licence and is engaged in business activities associated with the sale of heat;</li> <li>✓ Furthermore, the bill introduces the following legislative changes: <p><b>in the Act of 10 April 1997 – Energy Law:</b></p> <ul style="list-style-type: none"> <li>▪ new definitions of storage facility and energy storage;</li> <li>▪ The option for the distribution system operator and electricity system operator to have and use electricity storage facilities, under certain conditions.</li> </ul> <p><b>in the Act of 7 October 2022 on Specific Solutions for the Protection of Electricity Customers in 2023 in Connection with the Situation in the Electricity Market:</b></p> <ul style="list-style-type: none"> <li>▪ introduction of a new obligation: a supplier of last resort is obligated to enter into an electricity contract or universal agreement with an eligible customer.</li> </ul> <p><b>in the Act of 27 October 2022 on urgent measures to cap electricity prices and support certain consumers in 2023:</b></p> <ul style="list-style-type: none"> <li>▪ a revised definition of the sale of electricity: in the new wording, an electricity contract is a contract for the sale of electricity with a guarantee of physical delivery of that energy, including all additional cash settlements relating to the sale of that electricity;</li> <li>▪ imposing an obligation on DSOs or TSOs to hand over declarations of eligible customers who switch their suppliers to the new supplier;</li> <li>▪ addition of a definition of a market price, that is, the net price of electricity (in PLN per MWh) established in: (1) an electricity contract; or (2) the balancing power market; or (3) an agreement associated with the sale of electricity that includes, in particular, financial instruments.</li> </ul> </li> </ul>

**Key legislative processes pending in Q1 2023**

Table 23: Overview of legislation having a material effect on the Group

Legal act	Description and purpose of the regulations
<p><b>Proposal for an Act on the Preparation and Execution of Pumped Storage Investment Projects and Associated Investments</b> Legislation ID: Documents No. 3070, 3084, 3084A</p>	<p><b>Main assumptions of the legislation:</b></p> <p>On 9 March 2023, the Sejm Commission for Energy, Climate and State-Owned Assets reviewed and approved the governmental proposal for an Act on the Preparation and Execution of Pumped Storage Investment Projects and Associated Investments. The Commission did not make any amendments to the proposal and requested that the proposal be adopted without any amendments.</p> <p>Key assumptions of the approved proposal:</p> <ul style="list-style-type: none"> <li>✓ The new special act will set out the procedure for obtaining decisions and administrative permits in the execution of investment projects involving construction of new pumped storage power plants;</li> <li>✓ The proposal for the special act envisages that the development or redevelopment of a pumped storage power plant would be added to the list of public investment projects. The Act is to override the provisions of the Act on spatial planning and development. The decision on selecting the site for a pumped storage project is to be issued irrespective of the existence or non-existence of a local zoning plan and will be binding on competent authorities in the preparation of a land use plan and a local zoning plan;</li> <li>✓ The proposal envisages that on the date when the decision becomes final, the real estate specified therein will be transferred to the ownership of the State Treasury against compensation, and will be granted to the investor in perpetual usufruct thereafter;</li> <li>✓ The proposed legislation stipulates that the decision to select the site for a pumped storage project will be issued by a provincial governor (<i>wojewoda</i>) within one month of the investor submitting an application. The application will contain detailed information and data and will be accompanied by opinions, including those relating to the definition of the boundaries of the project site. The final site selection decision for the pumped storage project will be used as the basis for entries in the Land and Mortgage Register;</li> <li>✓ As stated in the implementation appraisal to justify qualifying pumped storage projects as public investment projects, legal barriers involve the need to carry out a standard investment process, and a pumped storage project, due to its staging and considerable magnitude, is subject to a number of restrictions and administrative requirements set forth in various pieces of legislation that result in a considerably prolonged investment process.</li> </ul>

**Information to the condensed consolidated report  
of the Energa Group for Q1 2023**

Legal act	Description and purpose of the regulations
<p><b>Proposal for an Act Amending the Energy Law and the Act on Renewable Energy Sources</b> Legislation ID: Number on the list: UC74</p>	<p><b>Main assumptions of the legislation / Main changes versus the previous stage:</b> On 3 March 2023, the new project was presented (again) at the Legal Committee stage. Regulations on last resort sale were added to the proposal, which are substantively linked to the entirety of the proposal and are aimed at adapting the concept of last resort sale to the changes brought about by the launch of the Central System of Energy Market Information (CSIRE). The changes include, without limitation:</p> <ul style="list-style-type: none"> <li>✓ Last resort sale being conditional on/linked to the CSIRE information obligation;</li> <li>✓ Introducing the rule that the price of electricity sold in last resort sale must not exceed three times the average price of electricity in the last quarter;</li> <li>✓ A supplier being obliged to play the role of a supplier of last resort;</li> <li>✓ A supplier of last resort being obliged to inform the final customer within 5 days of the provision of information by the information market operator about: <ul style="list-style-type: none"> <li>▪ concluding an agreement for last resort sale of electricity or an universal agreement including the provisions of an agreement for last resort sale of electricity, the legal basis for its conclusion and the start date of last resort sale of electricity;</li> <li>▪ the terms of last resort sale of electricity, including the price list and its validity period as well as the billing period;</li> <li>▪ the right to terminate the agreement for last resort sale of electricity or the universal agreement including the provisions of an agreement for last resort sale of electricity, subject to a seven-day notice period;</li> <li>▪ the rights and obligations of a final customer arising from last resort sale of electricity;</li> <li>▪ the right to choose a new supplier, along with the information that upon the start of selling electricity under an agreement with a new supplier, the agreement for last resort sale of electricity or the universal agreement including the provisions of an agreement for last resort sale of electricity is terminated without the need to submit a notice of termination;</li> <li>▪ the manner in which the final customer is to verify the information about the appointment of the supplier of last resort;</li> <li>▪ estimated monthly cost of electricity for average consumption of electricity in a tariff group based on the agreement for last resort sale of electricity or the universal agreement including the provisions of an agreement for last resort sale of electricity.</li> </ul> </li> <li>✓ The final customer may terminate the agreement for last resort sale of electricity or the universal agreement including the provisions of an agreement for last resort sale of electricity, respecting a 5-day notice period.</li> <li>✓ The agreement for last resort sale of electricity or the universal agreement including the provisions of an agreement for last resort sale of electricity will be terminated upon the expiry of 7 days after the delivery of the final customer's termination notice to the supplier of last resort.</li> <li>✓ The supplier and the DSO are obliged to inform the customers of the change in legal provisions on last resort sale and its effective date.</li> </ul>
<p><b>European regulations: Proposal for a Regulation of the European Parliament and of the Council 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</b> Legislation ID: COM(2023) 148 final</p>	<p><b>Main assumptions of the legislation:</b> On 14 March 2023, the European Commission published Proposal for a Regulation of the European Parliament and of the Council 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</p> <p>1. Electricity market design:</p> <p>Power Purchase Agreements (PPAs): purchase agreements between producers and buyers of electricity:</p> <ul style="list-style-type: none"> <li>✓ The Commission confirms the role of PPAs as security instruments supporting long-term investments in renewable energy generation, calling on member states to provide instruments supporting their use (Article 19a);</li> <li>✓ These instruments include guarantee schemes to reduce the financial risks associated with the PPAs;</li> <li>✓ When designing the support schemes – such as CFDs – for renewable electricity, member states 'endeavour' to incentivise the use of PPAs, e.g. by giving preference to bidders presenting signed PPAs, in particular for consumers who face difficulties to access the PPA market;</li> <li>✓ It is therefore clearly possible to combine CFDs with PPAs (as confirmed in Article 19c, 1a).</li> </ul> <p>Contracts For Difference (CFD):</p> <ul style="list-style-type: none"> <li>✓ It appears that the Commission intends to harmonise 'direct support schemes' for renewable and nuclear electricity in the form of contracts for difference (or equivalent contractual formulas) (Article 19b(1));</li> <li>✓ The goal is to not remove the market incentives and to include location criteria in the support granting process (Article 19b(3) and 19c);</li> <li>✓ Revenues collected when the market price is above the strike price are distributed to all final electricity customers based on their share of consumption.</li> </ul> <p>Forward markets:</p> <ul style="list-style-type: none"> <li>✓ ENTSO-E (the European association for the cooperation of transmission system operators (TSOs) for electricity) presents a proposal for the establishment of regional virtual hubs for the forward market to accelerate the integration of forward markets across the EU (Article 9).</li> <li>✓ Liquidity barriers should be removed from forward markets.</li> </ul> <p>Flexibility needs and electricity demand response:</p> <ul style="list-style-type: none"> <li>✓ Member states regularly assess their flexibility needs "in view of the need to decarbonise the energy system" (Article 19f).</li> </ul>

**Information to the condensed consolidated report  
of the Energa Group for Q1 2023**

Legal act	Description and purpose of the regulations
	<ul style="list-style-type: none"> <li>✓ Based on this assessment, member states define the indicative national objective for demand side response and storage.</li> <li>✓ Member states which apply a capacity mechanism “consider the participation of demand side response and storage by introducing additional criteria or features in the design.”</li> <li>✓ Where member states which do not apply a capacity mechanism (or where that mechanism is insufficient) “may apply flexibility support schemes consisting of payments for the available capacity such as demand side response and storage”;</li> <li>✓ This will apply only to new investments (Article 19g).</li> </ul> <p>Supplier hedging:</p> <ul style="list-style-type: none"> <li>✓ Member states ensure that suppliers have in place and implement appropriate hedging strategies to limit the risk of changes in wholesale electricity supply to the economic viability of their contracts with customers, while maintaining liquidity on and price signals from short-term markets;</li> <li>✓ Suppliers of last resort are appointed “at least for household customers.”</li> </ul> <p>Access to affordable energy during an electricity price crisis:</p> <ul style="list-style-type: none"> <li>✓ In the event of a very broadly defined energy crisis, the Commission may declare a regional or Union-wide emergency to enable the supply of electricity to households and SMEs below market prices, subsidised by member states (Article 66a).</li> </ul> <p>2. Protection against market manipulation:</p> <ul style="list-style-type: none"> <li>✓ Thorough changes to the existing REMIT framework are proposed.</li> <li>✓ Amendments are proposed to the regulation specifying the mandate for ACER to improve market transparency.</li> </ul>
<p><b>Directive of the European Parliament and of the Council amending Directive (EU) 2018/2001 of the European Parliament and of the Council, Regulation (EU) 2018/1999 of the European Parliament and of the Council and Directive 98/70/EC of the European Parliament and of the Council on the promotion of the use of energy from renewable sources and repealing Council Directive (EU) 2015/652 (RED III / Renewable Energy Directive);</b> <b>Legislation ID: COM(2021) 557 final</b></p>	<p><b>Main assumptions of the legislation:</b></p> <p>On 30 March 2023, Council and Parliament negotiators reached a provisional political agreement to raise the share of renewable energy in the EU’s overall energy consumption to 42.5% by 2030 and possibly (with an additional 2.5% indicative top up) even to 45%. Each member state will contribute to this common target. This provisional political agreement will now need to be endorsed by both institutions. More ambitious sector-specific targets in transport, industry, buildings and district heating and cooling were agreed. The purpose of the sub-targets is to speed-up the integration of renewables in sectors where incorporation has been slower.</p> <p>Transport. The provisional agreement gives the possibility for member states to choose between:</p> <ul style="list-style-type: none"> <li>✓ A binding target of 14.5% reduction of greenhouse gas intensity in transport from the use of renewables by 2030;</li> <li>✓ A binding share of at least 29% of renewables within the final consumption of energy in the transport sector by 2030.</li> </ul> <p>Industry. The provisional agreement provides that industry would increase their use of renewable energy annually by 1.6%. It was also agreed that 42% of the hydrogen used in industry should come from renewable fuels of non-biological origin by 2030 and 60% by 2035.</p> <p>The agreement introduces the possibility for member states to discount the contribution of renewable fuels of non-biological origin in industry use by 20% under two conditions:</p> <ul style="list-style-type: none"> <li>✓ If the member states’ national contribution to the binding overall EU target meets their expected contribution;</li> <li>✓ The share of hydrogen from fossil fuels consumed in the member state is not more 23% in 2030 and 20% in 2035.</li> </ul> <p>Buildings, heating and cooling. The agreement sets an indicative target of at least a 49% renewable energy share in buildings in 2030.</p> <ul style="list-style-type: none"> <li>✓ It provides for an increase in renewable targets for heating and cooling, with a binding increase of 0.8% per year at national level until 2026 and 1.1% from 2026 to 2030;</li> <li>✓ The minimum annual average rate applicable to all member states is complemented with additional indicative increases calculated specifically for each member state.</li> </ul> <p>Bioenergy. The provisional agreement additionally strengthens the sustainability criteria for biomass use for energy, in order to reduce the risk of unsustainable bioenergy production (such as quantity and quality of biomass from forests). It ensures the application of the cascading principle, with a focus on support schemes and with due regard to national specificities.</p> <p>Faster permits for projects. The provisional agreement includes accelerated permitting procedures for renewable energy projects. The purpose is to fast-track the deployment of renewable energies in the context of the EU’s REPowerEU plan to become independent from Russian fossil fuels, after Russia’s invasion of Ukraine.</p> <ul style="list-style-type: none"> <li>✓ Member states will design renewables acceleration areas where renewable energy projects would undergo simplified and fast permit-granting process;</li> <li>✓ Renewable energy deployment will also be presumed to be of ‘overriding public interest’, which would limit the grounds of legal objections to new installations.</li> </ul> <p>The political agreement will first be submitted to the EU member states’ representatives in the Committee of Permanent Representatives in the Council and then in the Parliament for approval. The directive will then need to be formally adopted by the Parliament and then the Council, before being published in the EU’s Official Journal and entering into force.</p>



*Pumped-storage power plant Żydowo*

## **Shares and shareholding structure**

## 6. SHARES AND SHAREHOLDING STRUCTURE

### 6.1. Information on shares and shareholding structure of Energa SA

Energa SA shares have been listed on the Warsaw Stock Exchange ("WSE") since 2013. As at 31 March and as at the preparation date of this Report, PKN ORLEN is the strategic shareholder, holding 90.92% of the Company's shares, which translates to 93.28% of votes at the GM.

Table 24: Energa shares by series and type as at 31 March 2023 and the date of this Information

Series	Type of shares	Shares	(%)	Votes	(%)
AA	ordinary bearer shares	269,139,114	65.00	269,139,114	48.15
BB	preferred registered*	144,928,000	35.00	289,856,000	51.85
<b>TOTAL</b>		<b>414,067,114</b>	<b>100.00</b>	<b>558,995,114</b>	<b>100.00</b>

\* One preferred share entitles to two votes at the General Meeting. PKN ORLEN is the owner of these shares.

Table 25: Shareholding structure of Energa as at 31 March 2023 and the date of this Information

Shareholder's name	Company's shareholding structure			
	Shares	(%)	Votes	(%)
PKN ORLEN	376,488,640	90.92	521,416,640	93.28
others	37,578,474	9.08	37,578,474	6.72
<b>TOTAL</b>	<b>414,067,114</b>	<b>100.00</b>	<b>558,995,114</b>	<b>100.00</b>

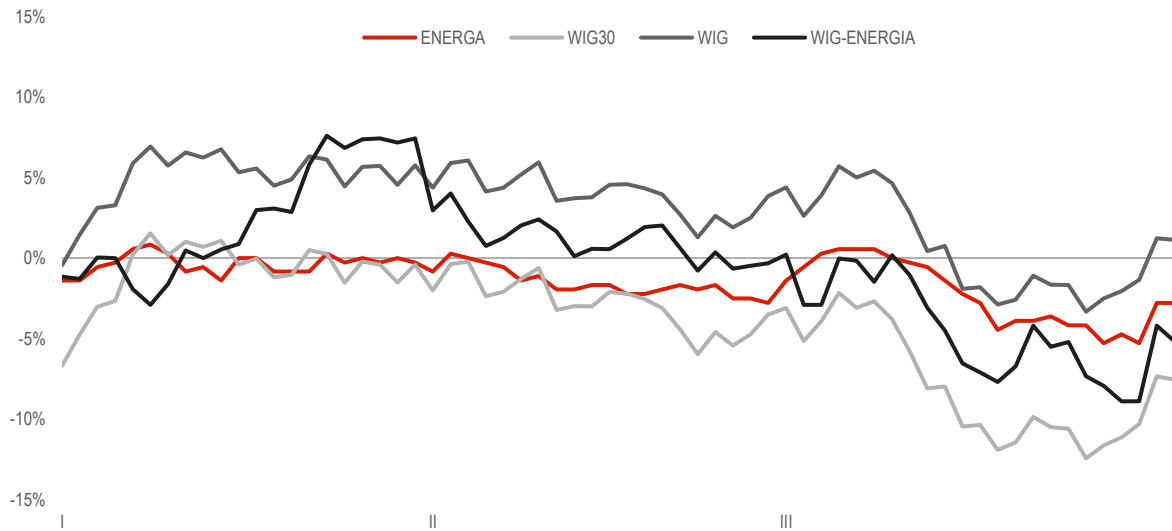
### 6.2. The Company's stock prices on the Warsaw Stock Exchange

Table 26: Data on Energa stock as at 31 March 2023

Data	Value
Issue price	PLN 17.00
Number of shares	414,067,114
Stock price at the end of the period	PLN 6.98
Capitalisation at the end of the period	PLN 2,9 billion
Q1 of the year minimum	PLN 6.80
Q1 of the year maximum	PLN 7.24
Q1 of the year average trading value	PLN 0.10 m
Q1 of the year average trading volume	14.7 thou.
Q1 of the year average number of trades	49.36 thou.

Source: Proprietary material based on data from [www.infostrefa.com](http://www.infostrefa.com)

Figure 19: Changes in Energa SA stock prices in comparison with changes in WIG, WIG30 and WIG-ENERGIA indices



Source: Proprietary material based on data from [www.infostrefa.com](http://www.infostrefa.com)

Energa's stock price at the close of the stock exchange session held on 31 March 2023 amounted to PLN 6.98, which means that it went down by 1% in comparison with the exchange rate applicable on the last business day of the year 2022 (i.e. on 30 December). During the discussed period, WIG grew by approximately 2% and WIG-Energia fell by approximately 3.2%.

Following a decrease in the number of free-floating Energa shares below 10% (after announcement of results of the delisting tender offer by PKN ORLEN) WSE deleted Energa shares from all of its stock market indices effective after the 3 December 2020 session.

### 6.3. Ratings

In Q1 2023, the ratings assigned remained unchanged.

### 6.4. Changes to shares held by executive and supervisory personnel

As at 31 March 2023 and as at the date of this Information, no Member of Energa SA's Supervisory Board and no Member of Energa SA's Management Board held any Company shares, Company share options or any shares in the Company's related parties.



Włocławek Hydroelectric Power Station

## Other information on the Group

## 7. OTHER INFORMATION ON THE GROUP

### 7.1. Information on material contracts and agreements

#### Agreements for loans and borrowings and the domestic bond issue programme

Details on agreements for loans and borrowings are presented, inter alia, in Note 17 to the Condensed interim consolidated financial statements of the Energa Group for the three-month period ended on 31 March 2023.

**Table 27: Nominal value of bonds subscribed by Energa SA and not redeemed, broken down by issuer, as at 31 March 2023 (PLN million)**

No.	Company name	Nominal value of subscribed bonds
1.	Energa Operator SA	1,066.0
2.	Energa Generation SA	68.0
3.	Energa Kogeneracja Sp. z o.o.	2.4
<b>Total</b>		<b>1,136.4</b>

#### Guarantees and sureties granted

As at 31 March 2023, sureties extended by Energa SA to cover the liabilities of the Group companies totaled PLN 5,943 m and included:

- surety for liabilities of Energa Finance AB (publ) under Eurobond issue for PLN 5,844 m,
- sureties for liabilities of the Energa Group companies arising from bank guarantees granted by PKO Bank Polski SA under guarantee facilities dedicated to Energa Group companies in the total amount of PLN 57 m,
- sureties for liabilities of Energa Group companies towards other entities in the total amount of PLN 42 m.

#### Information on material transactions with related parties made on non-arm's length terms

All transactions within the Energa Group are made based on market prices of goods, products or services delivered resulting from their manufacturing costs.

Detailed information on transactions with related entities is presented in Note 19 to the Condensed interim consolidated financial statements of the Energa Group for the three-month period ended on 31 March 2023.

### 7.2. Risk Management

The Energa Group classifies risks into four categories:

- strategic risks – risks involved in the delivery of strategic objectives, including the planning and completion of investment projects or execution of corporate governance;
- legal and regulatory risks – risks concerning compliance with binding laws and regulations;
- operational risks – risks involved in the delivery of operational objectives, including infrastructure, processes or resources;
- financial risks – risks involved in finance management.

A detailed description of the risks involved in the business operations of the Company is presented in the Energa SA's Management Board Report on performance of the Energa Capital Group and Energa SA in 2022. In the opinion of the Management Board, the risks identified therein are still present.

### 7.3. Proceedings pending before courts, arbitration or public administration bodies

As at 31 March 2023, the Energa Group was a party to 17,826 court proceedings. The Group was a plaintiff in 15,620 cases where the aggregate amount in dispute was approx. PLN 434 m. The Group was a defendant in 1,280 cases where the aggregate amount in dispute was approx. PLN 620 m. Information on the total litigated value does not include proceedings where the claim is non-pecuniary.

As at 31 March 2023, the total amount of claims involving the location of power installations on third-party properties without a legal title, awarded by final judgments, was approx. PLN 44.7 m in 1,657 cases. 776 court cases with amounts in dispute totalling approx. PLN 85.7 m were pending.



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Based on the available data pertaining to the value of pending proceedings, the Company assumes that the actual amount to be paid after the above-mentioned disputes are resolved may reach PLN 72.8 m, which is subject to change if new court cases involving power installations located on third-party properties without a necessary legal title are brought against Energa Operator SA.

The above data do not include cases in which court and enforcement-based collection is conducted for and on behalf of Energa Obrót in order for the company to recover the amounts due from its customers and bankruptcy cases.

As at 31 March 2023, the aggregate value of the cases in which court and enforcement-based collection is conducted for and on behalf of Energa Obrót in order for the company to recover the amounts due from its customers and bankruptcy cases amounted to approx. PLN 234 m, of which:

Type of receivables	Balance at 31 March 2023 (PLN m)
court and enforcement-based	139,5
bankruptcies	81,9
non-billed - WIENA	3,5
non-billed - SAP	8,3
non-billed – bankruptcies	1,0
<b>TOTAL</b>	<b>234,2</b>

Below are presented the proceedings with the highest value in dispute submitted to or continued before the court in 2023. The Company's previous periodic reports contain details of the legal steps taken during earlier years.

**Table 28: Proceedings pending before courts, arbitration or public administration bodies**

Parties	Object of dispute and details of the case
<b>Energa Operator SA (plaintiff); Arcus SA (defendant)</b>	<p><b>Claim for payment of contractual penalties under the a contract for the delivery and start-up of metering infrastructure during Stage I</b></p> <p><i>Regional Court in Gdańsk</i></p> <p><i>Litigated value: approx. PLN 23.1 million</i></p> <p>Evidence proceedings before the Court of the first instance are pending. The defendant contests the litigation claim. The likely resolution of the case, due to its complex facts and multitude of legal aspects cannot be anticipated. As at the date of updating this case, an opinion in the field of geodesy was prepared, and the company is preparing a position on this opinion.</p>
<b>Energa Operator SA (defendant) Arcus SA (plaintiff);</b>	<p><b>Claim for declaration of annulment of the contract of delivery and commissioning of the metering infrastructure at Stage II</b></p> <p><i>Litigated value: approx. PLN 78 million</i></p> <p><b>Counterclaim for payment of contractual penalties for a delay in performance of the contract of delivery and commissioning of the metering infrastructure</b></p> <p><i>Litigated value: approx. PLN 157 million</i></p> <p><i>Regional Court in Gdańsk</i></p> <p>Energa Operator SA does not admit any part of the claim. Evidence proceedings before the Court of the first instance are pending. As at the date of update of this case is that opinions were delivered to the parties and submitted their positions on this opinion.</p>
<b>Energa Operator SA (defendant) Arcus SA (plaintiff);</b>	<p><b>Claim for payment of compensation for unlawful acts/unfair competition practices</b></p> <p><i>Regional Court in Gdańsk</i></p> <p><i>Litigated value: approx. PLN 174 million</i></p> <p>Energa Operator SA disputes legitimacy of that statement of claim and in response to the statement of claim dated 30 April 2018 applied for the claim to be dismissed. Pursuant to Article 177 § 1 Clause 1 of the Code of Civil Procedure, the court suspended the related proceedings. Energa Operator SA appealed against this decision in a complaint, which was dismissed. The proceedings have been stayed.</p>

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<p><b>Energa Operator SA (defendant)</b> <b>Arcus SA (plaintiff);</b></p>	<p><b>Claim for payment for additional works under the contract of delivery and commissioning of the metering infrastructure</b></p> <p><i>Regional Court in Gdańsk</i></p> <p><i>Litigated value: approx. PLN 4.7 million</i></p> <p>Energa Operator SA disputes legitimacy of that statement of claim and has moved for it to be dismissed. The court did not grant the motion to dismiss the lawsuit. The proceedings have been stayed.</p>
<p><b>Energa Operator SA (party); PRESIDENT OF THE ENERGY REGULATORY OFFICE (authority)</b></p>	<p><b>Fine imposed by the authority</b></p> <p><i>Regional Court in Warsaw</i></p> <p><i>Litigated value: PLN 11 million</i></p> <p>The Company received the decision of 21 December 2016 in which the President of the URE imposed a fine of PLN 11 m on Energa Operator SA for misleading the President of the URE. On 24 May 2019, the Regional Court in Warsaw issued a judgment reducing the fine to PLN 5.5 million. The URE President has filed a cassation appeal and the Company requested its dismissal.</p>
<p><b>Energa Operator SA (party); PRESIDENT OF THE ENERGY REGULATORY OFFICE (authority)</b></p>	<p><b>Fine imposed by the authority</b></p> <p><i>Regional Court in Warsaw</i></p> <p><i>Litigated value: approx. PLN 13.2 million</i></p> <p>Energa Operator SA received the decision of 6 November 2017 imposing fines totalling PLN 13.6 million for breaching the Traffic and Distribution Grid Operation Manual through: (1) communication with trading companies using other codes than provided for in the Traffic and Distribution Grid Operation Manual; (2) failure to meet the deadlines to provide measurement data to trading companies; (3) failure to meet the deadlines to examine complaints from trading companies; (4) failure to meet the deadlines to verify supplier switching reports; (5) failure to meet the deadlines for the final settlement of electricity sales agreements; and (6) failure to restart power supplies to one of the customers. With its judgment of 8 December 2020 the Regional Court in Warsaw dismissed the appeal. The company filed an appeal which was dismissed by the Court of Appeal in Warsaw by a judgment of 7 September 2021. The company lodged a cassation appeal against that judgment.</p>
<p><b>Energa Kogeneracja Sp. z o.o. (plaintiff), Mostostal Warszawa SA (defendant)</b></p>	<p>Claim for payment on account of a contract price reduction</p> <p>Regional Court in Gdańsk, file No. IX GC 494/17</p> <p>Litigated value (after expansion of the claim): approx. PLN 114.4 million, with approx. PLN 7.8 million under the counterclaim</p> <p>Energa Kogeneracja Sp. z o.o. moved to the court to award the amount of approx. PLN 114.4 million from Mostostal Warsaw S.A., which includes: approx. PLN 22.6 million in contractual penalties, approx. PLN 90.3 million in reduced remuneration and approx. PLN 1.5 million in capitalised interest. In its statement of defence of 15 December 2017, Mostostal Warszawa SA moved to the Court to dismiss the claims in their entirety and filed a counterclaim to award the amount of approx. PLN 7.8 million from Energa Kogeneracja Sp. z o.o. consisting of: approx. PLN 7.4 million in repayment of bank guarantee unduly withdrawn and approx. PLN 0.4 million in capitalised interest. There was only one hearing in the case regarding opposition by Mostostal Warszawa S.A. against third-party respondent entering the case, namely the Minister of Energy (whose tasks, after reorganisation, were taken over by the Minister of Climate). Objection by Mostostal Warszawa S.A. to third-party respondent entering the case was dismissed, so the third-party respondent is still present in the case. The Court admitted evidence from the opinion of a scientific and research institute for the purpose of securing evidence. So far, the opinion has not been drawn up because none of the institutes which the court asked about the possibility of drawing up an opinion has confirmed such a possibility (both in Poland and abroad).</p> <p>Currently, the parties are waiting for a response from institutes in Stockholm, Hamburg and Vienna. In a letter dated 9 December 2022, Energa Kogeneracja Sp. z o.o. named the Military University of Technology as the entity to provide opinion on the case.</p>

**Mostostal Warszawa SA  
(plaintiff)  
Energa Kogeneracja Sp. z o.o.  
(defendant)**

**Claim for payment of remuneration**

*Regional Court in Gdańsk, file No. IX Gc 190/18; currently the Court of Appeals in Gdańsk, file No. AGa 165/22*

*Litigated value: approx. PLN 26.3 million*

Mostostal Warszawa SA filed for awarding the amount of approx. PLN 26.3 m from Energa Kogeneracja Sp. z o.o. consisting of: approx. PLN 20 m in remuneration (in part) and approx. PLN 6.3 m in capitalised interest. Initially a writ of payment in writ-of-payment proceedings was issued, but following an objection by Energa Kogeneracja Sp. z o.o. the case was referred to regular proceedings. There were 7 hearings in the case and all witnesses were heard. The Court allowed evidence from an opinion prepared by an expert in construction industry. In the course of preparing his opinion, the expert requested the parties to provide additional documents, an obligation which both parties complied with. The opinion of an expert was delivered to the parties together with an obligation to express their opinion. The expert's opinion confirms the circumstances favorable to Mostostal Warszawa S.A. The parties responded to the expert's opinion.

On the hearing of 28 January 2022 the expert upheld the opinion in full and the court dismissed the motion of Energa Kogeneracja Sp. z o.o. for exclusion the expert, did not admit the request of Energa Kogeneracja Sp. z o.o. for granting a deadline to comment on the supplementary expert's opinion and closed the hearing. The court set the date for sentencing on 28 February 2022. On this date the court opened the hearing because it did not rule on all requests for evidence and set the next date of hearing on 27 April 2022. At the hearing on 27 April 2022 the Court ended the hearing and set the date for the announcement of the judgment on 9 May 2022. The judgment was passed on 9 May 2022. The Regional Court in Gdańsk awarded from the defendant, Energa Kogeneracja Sp. z o.o., PLN 26,274,037.16 including statutory interest for delay from 26 January 2018 to the date of payment, refund of the litigation cost of PLN 186,517.00, and refund to the State Treasury of PLN 5,487.75 as expenditures temporarily paid by the Treasury as the fee to the expert. On 18 July 2022, the company lodged an appeal. The case was handed over to the Court of Appeals in Gdańsk under file No. I AGa 165/22. Mostostal Warszawa moved that the appeal be dismissed. The date of the appeal hearing was set for 17 April 2023. At the appeal hearing on 17 April 2023, the parties upheld their current position. The Court of Appeal in Gdańsk decided to dismiss the motion of Energa Kogeneracja included in the appeal for taking evidence from an expert opinion and referred the case to a closed session in order to close it and issue a judgment in closed session, obliging the parties' attorneys to present a final concise position in writing within 30 days.

The court indicated that the judgment in the case will most likely be issued in mid-July 2023.

**shareholders of the Company  
(plaintiffs)  
Energa SA (defendant)**

**Appeal against Resolution No 3 of the Extraordinary General Meeting of the Company of 29 October 2020**

*Regional Court in Gdańsk, file No. IX GC 1158/20, currently the Court of Appeals in Gdańsk, file No. V AGa 136/22*

*The claim is financial and non-pecuniary.*

On 9 December 2020, the Management Board of Energa SA learned of the issuance on 7 December 2020 by the Regional Court in Gdańsk, 9th Commercial Division, of a decision on granting the Company's shareholders injunctive relief as security for their claim for revoking Resolution No. 3 of the Extraordinary General Meeting of the Company of 29 October 2020 on the withdrawal from trading on the regulated market operated by Gielda Papierów Wartościowych w Warszawie S.A. of 269,139,114 series AA ordinary bearer shares in the Company and marked in Krajowy Depozyt Papierów Wartościowych S.A. with ISIN PLENERG00022 code (the "Resolution"), by suspending its performance for the duration of the proceedings. The issuance of the decision results in suspending the enforceability of the Resolution. The application for injunctive relief in the above mentioned case was filed together with a statement of claim for repealing the Resolution. Energa SA filed a complaint against the injunctive relief and a statement of defence within the time limit and in the manner prescribed by the applicable legal regulations (on 21 January 2021 and 7 January 2021 respectively). The Chairman of the Polish Financial Supervision Authority joined the case. On 24 February 2021, Plaintiffs filed a reply to the statement of defence. By way of an order of 21 September 2021, the Court obliged the Company's attorney to submit a pleading addressing the claims made in the reply. In a letter dated 25 October 2021, a reply was submitted on behalf of the Company to the reply to the statement of defence (a rejoinder). On 21 April 2021, Energa SA obtained the decision concerning the appeal filed in the case. The decision on the securing of claims of 7 December 2020 was amended so that its enforcement was made contingent upon payment by

the plaintiffs of a security deposit in the amount of PLN 1,360,326.23. The security deposit has not been paid.

On 11 March 2022, the Chairperson of the Polish Financial Supervision Authority (KNF) presented their position on the subject ruling that the view whereby the price in the call had to be determined at fair value in the situation where it can be determined in accordance with its pricing history breaches the regulations of the Act on Public Offerings and Conditions governing the Introduction of Financial Instruments to Organized Trading, and on Listed Companies. On 22 March 2022, the Company's legal representative filed a motion to examine evidence. A hearing was held on 11 April 2022 in the course of which, among other things, the Court decided to dismiss evidence in the form of an expert opinion, ended the hearing and postponed the delivery of the judgment until 11 May 2022.

On 11 May 2022, the Regional Court delivered its judgment, dismissing the petition in full and awarding the costs of the proceedings from the Plaintiffs in favour of the Company. On 1 July 2022, the statement of reasons for the judgment was prepared.

On 26 September 2022, the Company's attorneys were served with a copy of the Plaintiffs' appeal dated 8 August 2022. The Company's response to the appeal was lodged on 10 October 2022. On 27 March 2023, the law firm received a letter from the Plaintiffs' attorney informing the Court about the judgment of the District Court in Gdańsk of 30 November 2022 in case No. IX GC 1164/20.

On 13 April 2023, an application was submitted on behalf of the Company for the obligation to submit a preparatory letter. On 24 April 2023, the Company's attorneys submitted a preparatory letter to the Defendant.

**shareholders of the Company  
(plaintiffs)**

**Energa SA (defendant)**

**Appeal against Resolution No 3 of the Extraordinary General Meeting of the Company of 29 October 2020**

*Regional Court in Gdańsk, file No. IX GC 1164/20, currently the Court of Appeal in Gdańsk, reference number I AGa 52/23*

The claim is financial and non-pecuniary.

On 16 December 2020, the Management Board of Energa SA learned of the issuance on 10 December 2020 by the Regional Court in Gdańsk, 9th Commercial Division, of a decision on granting the Company's shareholders injunctive relief as security for their claim for revoking Resolution No. 3 of the Extraordinary General Meeting of the Company of 29 October 2020 on the withdrawal from trading on the regulated market operated by Gielda Papierów Wartościowych w Warszawie S.A. of 269,139,114 series AA ordinary bearer shares in the Company and marked in Krajowy Depozyt Papierów Wartościowych S.A. with ISIN PLENERG00022 code (the "Resolution"), by suspending its performance for the duration of the proceedings. The issuance of the decision results in suspending the enforceability of the Resolution. The application for injunctive relief in the above mentioned case was filed together with a statement of claim for repealing or annulling the Resolution. Energa SA filed a complaint against the injunctive relief and a statement of defence within the time limit and in the manner prescribed by the applicable legal regulations (on 12 January 2021 and 25 February 2021, respectively). On June 8, 2021, the Court received Plaintiffs' reply to the statement of defence. By order of 16 November 2021, the Court obligated the Company to address the claims made in the reply and obligated the parties' attorneys to submit a list of questions to witnesses requested in the statement of claim. On 13 December 2021, the Company filed a reply to the statement of defence (a rejoinder). On the same day, a list of questions to specific witnesses was submitted on behalf of the Company in response to the Court's requirement.

On 14 April 2021, Energa SA obtained the decision concerning the appeal filed in the case. With its decision of 12 April 2021 the Court changed to decision to grant a security of 10 December 2020 by conditioning performance of the decision on the Plaintiffs submitting a deposit of PLN 1,360,326.23. The deposit of PLN 1,360,326.23 to secure claims of the Company resulting from complying with the injunction order was paid by one of the Plaintiffs to the account of the Circuit Court in Gdańsk. On 29 December 2021, the Company's attorneys received a request for a reduction of the security deposit dated 20 December 2021. In an order of 24 January 2022, the Court set a time limit for the Company to respond to the request. On 1 February 2022, a response to the Plaintiffs' request for the reduction of the security deposit was submitted on behalf of the Company. By way of a decision of 24 January 2022, the Company was obligated to submit documents within 14 days. On 8 February 2022, a response to the Court's requirement was submitted on behalf of the Company. By decision of 25 April 2022, the Court reduced the deposit to secure the Company's claims from PLN 1,360,326.23 to PLN 500,000.00. On 13 September 2022, the Company's attorneys were served with the Plaintiffs' motion to declare the decision on the reduction of security deposit final and binding. In a decision dated 26 September 2022, the Court declared the decision dated 6 June 2022

	<p>on the reduction of security deposit final and binding. The hearing was held on 13 May 2022. According to the Court's order, it was an in-camera session. The hearing was postponed until 1 July 2022. On 1 July 2022, another hearing was held, in which the Court decided, among others, not to examine the motion for admission of an expert's opinion as evidence. The court decided to postpone the examination of the case to a date set under the applicable regulations. On 6 July 2022, the Company's attorneys received the Plaintiffs' motion for evidence.</p> <p>On 7 September 2022, the Company's attorneys received a decision closing the hearing, which obligated the Company to take a final position on the case within 21 days. On 28 September 2022, the final position on the case was submitted on behalf of the Company. On 4 October 2022, the final position of the Plaintiffs on the case was delivered to the address of the Company's attorneys.</p> <p>In a judgment of 30 November 2022, the District Court in Gdańsk dismissed the claim for annulment of the Resolution and repealed the Resolution and ordered the defendant to pay court costs to the plaintiffs. On 13 December 2022, the Company's attorneys applied for the preparation and delivery of justification for the entire judgment issued on 30 November 2022. On 31 January 2023, the justification for the judgment was prepared. The court also ordered the extension of the deadline for lodging an appeal in this case to three weeks from the date of delivery of a copy of the judgment with the justification to the defendant. On 9 March 2023, the Company's attorneys sent an appeal against the Court's judgment of 30 November 2022. The case files were transferred to the Court of Appeal in Gdańsk, the case is pending under reference number I AGa 52/23.</p>
<p><b>Company shareholders (plaintiffs)</b> <b>Energa SA (defendant)</b></p>	<p><b>Lawsuit to repeal Resolution No. 5 of the Ordinary General Meeting of the Company of 20 May 2022</b></p> <p><i>Regional Court in Gdańsk; file No. IX GC 578/22</i></p> <p><i>The nature of the claim is financial and pecuniary, but any potential adverse outcome of the dispute will not result in the Company having to pay any money, other than costs of litigation.</i></p> <p>On 20 May 2022, the Ordinary General Meeting of Energa SA passed a resolution on the distribution of net profit for fiscal year 2021 and on the allocation of all net profit earned for fiscal year 2021 to reserve capital (the "Resolution"). The Company's shareholders complained against the Resolution, filing a statement of claim to repeal it. The application, dated 20 June 2022, was served on Energa SA on 5 August 2022. The statement of defence was filed on behalf of the Company on 5 September 2022.</p> <p>In response to the court's order, in a letter dated 7 October 2022, the Plaintiffs filed a reply to the statement of defence. By way of an order of 24 October 2022, the Court ordered the Company's attorney to submit a pleading addressing the motions and claims in the Plaintiffs' reply. On 6 December 2022, a pleading was submitted on behalf of the Company (a reply to the reply to the statement of defence – a rejoinder), which addressed the motions and claims in the Plaintiffs' reply. By way of an order of 11 January 2023, the Court announced its decision to set the date for the hearing on 3 April 2023. The Court additionally ordered the Plaintiffs' attorney to file a statement of security account to confirm the Plaintiffs' transactions involving Company shares. The Court additionally ordered the Plaintiffs' attorney to submit minutes of the Company's General Meeting of 20 May 2022, together with the attendance list and a video and audio recording of the GM proceedings. On 7 February 2023, the Court order was fulfilled on behalf of the Company. On 22 February 2023, a letter from the Plaintiffs was delivered to the address of the Company's attorneys – fulfilment of Court order. On 3 April 2023, the first hearing in the case was held, during which two witnesses were questioned. At the hearing, a decision was also issued to hear the case behind closed doors. The hearing was adjourned until 27 July 2023. One witness was summoned for the date.</p> <p>At this stage, it is difficult to tell how the case will develop. In the statement of claim, the plaintiffs specified PLN 210 m as the value of the claim (the Company's net profit earned in 2021). The value of the claim is not taken into consideration, as despite the claim being financial and pecuniary, within the meaning of the Code of Civil Procedure, any potential adverse outcome of the dispute will not result in the Company having to pay any money, other than costs of litigation (court fees and attorney's fees). Any potential adverse consequences for the Company could only result from further (litigation and corporate) action taken by shareholders that would not be directly related to the subject matter of the proceedings, the risk (and financial consequences) of which are difficult to predict at this time.</p>
<p><b>Energa SA (applicant)</b></p>	<p><i>Komisja Nadzoru Finansowego (Polish Financial Supervision Authority)</i></p> <p>On 30 October 2020 the Company applied to the Polish Financial Supervision Authority for withdrawal of Company's shares from trading on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange).</p>

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of the Energa Group for Q1 2023**

<p><b>Eco dla firm (reason) Energa Obrót SA (defendant)</b></p>	<p>On 19 January 2021 the Company learned that on 15 January 2021 the Polish Financial Supervision Authority decided to stay the procedure. The proceedings before the Polish Financial Supervision Authority were stayed due to proceedings pending before the Regional Court in Gdańsk concerning a demand to repeal Resolution No. 3 of the Extraordinary General Meeting of the Company of 29 October 2020, case numbers: IX GC 1158/20 ((the proceedings are currently pending before the Court of Appeals in Gdańsk, 5th Civil Division, file No.: V AGa 136/22) and IX GC 1164/20. In the explanatory memorandum to its decision dated 19 January 2021, the PFSA cited art. 97 § 1 (4) CAP as the legal basis for the stay of the proceedings, and indicated that review of the case and issue of the decision depends on the prior resolution of the preliminary issue by the court.</p>
	<p><b>Action for payment of remuneration in connection with Agency Agreement No. 1/2012, concerning the sale of electricity and gas products to Energa Obrót SA.</b> <i>Regional Court in Gdańsk, 9<sup>th</sup> Commercial Division; file reference number IX GC 319/21</i> <i>The value of the claim is approx: PLN 5.4 million</i></p> <p>On 30 June 30 2021 Energa Obrót SA was served with a suit for the payment of PLN 5,440,904.06 with interest on account of remuneration in connection with the concluded Agency Agreement No. 1/2012 for the sale of energy and gas products to Energa Obrót SA. Energa Obrót SA prepared responses to the claim within the required deadline. Subsequently, pleadings were exchanged. In August 2021, the claimant received a letter requesting the suspension of the proceedings. The case has been suspended until the case brought by Energa Obrót SA against Eco dla Firm has been examined(case file IX GC 10/21).</p>
<p><b>Energa Obrót SA (plaintiff) Eco dla Firm (defendant)</b></p>	<p><b>Claim for payment under the agency agreement for the sale of electricity</b> <i>Regional Court in Gdańsk, 9<sup>th</sup> Commercial Division; file reference number IX GC 10/21</i> <i>Claim value: approx. PLN 17.4 million</i></p> <p>A claim for payment was filed concerning an adjustment of the commission under the agency agreement for the sale of electricity. Eco dla firm filed a statement of defence, wherein it requested dismissal of the claim and award of the costs of the proceedings. It invoked time-barring of some of the claims (2015, 2016, 2017) and set off, and argued that the claim was not proven in principle and in terms of its value. Hearings were held on 19 and 23 May 2022. All witnesses reported for the case testified at the hearing. The court was postponed to a date set under the applicable regulations. The court is to decide, in an in-camera session, whether to admit the expert's opinion as evidence. There was an exchange of pleadings of the parties regarding the indication of the DSO to the list of customers.</p>
<p><b>Jeżycski Wind Invest ("JWI"), Wind Invest ("WI"), Stary Jarosław Wind Invest ("SJWI"), Krupy Wind Invest ("Krupy Wind Invest"), Boryszewo Wind Invest ("BWI") (plaintiffs), Energa Obrót SA (defendant)</b></p>	<p><b>Claim for payment of damages on account of Energa Obrót SA failure to perform the contracts for the sale of property rights derived from certificates of origin ("CPA")</b> <i>Regional Court in Gdańsk, 9<sup>th</sup> Commercial Department</i> <i>Case reference no. IX GC 1263/20</i> <i>Value of the object of litigation: approx. PLN 56.6m</i> Statement of claim was filed on 30 December 2020. Statement of defence was issued in time, i.e. on 13 April 2021.</p> <p>On 16 June 2021, Plaintiffs filed a reply to the statement of defence. On 31 May 2021 and then again on 25 June 2021 Energa Obrót SA filed a motion regarding an obligation to submit a preparatory writ. On 6 August 2021 a decision on referring the case for mediation was received, along with a court writ stating that the decision regarding the motion by Energa Obrót SA to grant a consent to submit a preparatory writ would be taken after the mediation proceedings end. On 12 August 2021 a pleading from plaintiffs was received refusing the consent to mediation. A hearing was held on 7 February 2022, and the next one is scheduled for 6 June 2022. On 30 November 2021, a decision was received via an information portal which permitted Energa Obrót SA (after it had submitted a relevant request) to file a preparatory document in which Energa Obrót SA would address the reply to the statement of defence. On 1 December 2021, a letter from the Plaintiffs was delivered in which they objected against Energa Obrót SA's request for a permission to file a preparatory document. On 30 December 2021, Energa Obrót SA filed a preparatory document constituting a reply to the response to the statement of defence. On 7 February 2022 and 6 June 2022 hearings were held in this case and the next hearing date was set on 6 June 2022. The witness' testimony was taken as evidence. The judgment will be delivered in an in-camera session. On 27 June 2022, Energa Obrót SA filed its final position, and the Plaintiffs' final position was served on 30 June 2022. On 28 September 2022, a judgment of the court of first instance dated 21 September 2022 and issued in closed session was delivered, awarding from Energa Obrót SA a total of PLN 56,619,947.09 with statutory late interest on each individual amount, as well as a total</p>

	<p>of PLN 1,175,051 in reimbursement. On 29 September 2022, Energa Obrót SA applied for a written reasoning of the judgment of 21 September 2022 and for the delivery of a copy of the judgment with reasoning. On 12 January 2023, the law firm was served with a copy of the judgment of 21 September 21 2022, together with the justification. On 1 February 2023, Energa Obrót SA filed an appeal.</p>
<p><b>Elektrownia Wiatrowa Zonda sp. z o.o. (plaintiff), Energa Obrót SA (defendant).</b></p>	<p><b>Claim for payment of damages on account of Energa Obrót SA failure to perform the contract for the sale of property rights derived from certificates of origin (“CPA”)</b></p> <p><i>Regional Court in Gdańsk, 9<sup>th</sup> Commercial Division</i></p> <p><i>File number IX GC 1057/21.</i></p> <p>Litigated value: PLN 1,5 million</p> <p>The case is now pending in the first instance. On 17 December 2021, Zonda filed a statement of claim, which was delivered to Energa Obrót SA on 26 January 2022. On 25 February 2022 Energa Obrót SA filed the reply to the statement of claim. On 15 March 2022, Zonda filed a writ containing the motion to obligate the other party to submit a procedural writ and motions to examine evidence. The case was referred to mediation in April 2022. On 13 April 2022, Energa Obrót SA filed a pleading with a statement of no consent to mediation, and on 14 April 2022 the attorney for Zonda notified the mediator by e-mail of consent to mediation. On 10 May 2022, Zonda filed a reply to the statement of defence. On 30 May 2022, Energa Obrót SA filed a preparatory writ. On 20 June 2022, the court set 23 November 2022 as the hearing date. On the same day, the following were delivered: (i) an obligation to file a preparatory document addressing the reply to the statement of defence and a notice recognising the submission from Energa Obrót S.A. dated 30 May 2022 as filed, (ii) a decision denying Energa Obrót S.A.’s motion to request Energa S.A. to send a document – issued as a result of Energa Obrót S.A.’s withdrawal of the motion. On 23 November 2022, a hearing was held, during which evidence from the testimonies of witnesses was taken. The date of the next hearing was set for 13 January 2023, at which the Court took further evidence from the witness’s testimony and issued decisions on formal issues. After the parties presented their final positions and submitted annexes to the minutes, the court closed the hearing and postponed the announcement of the judgment until 23 January 2023.</p> <p>On 23 January 2023, the Court issued a judgment granting the claim, ordering Energa Obrót:</p> <p>1) a total of PLN 1,468,944.58 with statutory interest for delay on individual partial amounts; 2) PLN 284,265 as reimbursement of legal costs.</p> <p>On 27 January 2023, Energa Obrót filed a request for a written justification of the judgment and delivery of the judgment with justification.</p>
<p><b>AKKA Aneta Kwaśniewska (plaintiff)</b></p> <p><b>Energa Obrót SA</b></p> <p><b>P. Dorawa, A. Czarnecki, E. Bugaj, M. Piątek (defendants)</b></p>	<p><b>The claim for compensation for lost profit as a result of termination of franchises by Energa Obrót SA.</b></p> <p><i>Regional Court in Gdańsk, 9<sup>th</sup> Commercial Division</i></p> <p><i>File number IX GNc 747/21</i></p> <p><i>Litigated value: PLN 8,5 million</i></p> <p>The case is now pending in the first instance.</p> <p>On 30 November 2021, Energa Obrót SA filed a statement of defence on behalf of Energa Obrót SA and the other defendants. On 16 December 2021, the plaintiff was obligated to file a reply to the statement of defence. On 24 January 2022 the plaintiff’s reply to the statement of defence was received. On 21 February 2022 (in response to the Court’s commitment of 1 February 2022), a pleading was submitted on behalf of Energa Obrót and Members of the Management Board with a response to the Plaintiff’s reply to the statement of claim.</p> <p>Hearings were held in the case, and pleadings were exchanged. The next hearing date was set for 6 December 2022, at which the Defendants’ attorney submitted a pleading containing a response to the Plaintiff’s pleadings of 18 August 2022 and 23 November 2022. On the above witnesses were also interviewed at the hearing. At the hearing on 28 February 2023, the witnesses were questioned. The next hearing date was set for 22 June 2023, and the attorney of the Defendants was obliged to submit a preparatory letter containing a response to the Plaintiff’s letter of 4 January 2023. The above mentioned letter was submitted on 20 March 2023.</p>
<p><b>Wind Invest Group companies: Boryszewo Wind Invest, Dobiesław Wind Invest, Gorzyca Wind Invest, Krupy Wind Invest, Nowy Jarosław</b></p>	<p><b>Actions for payment of damages for the loss incurred by the companies due to Energa Obrót SA’s failure to conclude contracts for the sale of electricity generated by plaintiff companies and consequently sale of energy to other companies at prices lower than the prices which Energa Obrót SA was obliged to pay.</b></p>

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of the Energa Group for Q1 2023**

<b>Wind Invest, Pękanino Wind Invest (plaintiffs) Energa Obrót SA (defendant)</b>	<p><i>Regional Court in Gdańsk, 9th Civil Law Department</i></p> <p><i>Case reference no. IX GC 1/21</i></p> <p><i>Value of the object of litigation: approx. PLN 6.9 million in total</i></p> <p>On 13 April 2021, a statement of defence to the action of 30 December 2020 (delivered to the Company on 11 February 2021) was filed together with a request for a stay of proceedings. On 24 May 2021, the Plaintiffs filed a preparatory writ upholding their position. On 11 March 2022 the hearing was held. The parties took a stand – the plaintiff maintains the claim. The company maintained the caveat, in particular pointing on allowing the cassation appeal (the plaintiff appealed for dismissal of this motion). The parties also took a stand on an expert who is to calculate the damage. The hearing was held on 11 March 2022, and on 6 April 2022 attorneys for the plaintiff filed a procedural writ, being a motion for admission of documentary evidence. By a decision of 1 August 2022, the Regional Court admitted evidence in the form of an opinion of the Institute of Economic Analysis and Opinion. A response to the expert's opinion was submitted. On 21 March 2023, a response to the claimant's opinion was received.</p>
<b>Elektrownia Wiatrowa Zonda sp. z o.o (plaintiff), Energa Obrót SA (defendant)</b>	<p><b>Action for payment of compensation due to Energa Obrót SA's failure to perform the contract for the sale of property rights resulting from the certificates of origin (CPA)</b></p> <p><i>Regional Court in Gdańsk, file No. IX GC 735/19, file No. in the second instance: I AGa 202/20</i></p> <p><i>Litigated value: approx. PLN 2.1 million</i></p> <p>On 19 August 2019, Elektrownia Wiatrowa Zonda Sp. z o.o. filed a statement of claim. Energa Obrót SA filed a statement of defence. On 17 August 2020, the court delivered a judgment granting the claim of Elektrownia Wiatrowa Zonda Sp. z o.o. Energa Obrót SA appealed against this judgment. On 17 May 2021, the court of second instance issued a judgment dismissing Energa Obrót SA's appeal. Energa Obrót SA filed a cassation appeal on 30 August 2021. On 11 October 2021, Elektrownia Wiatrowa Zonda Sp. z o.o. filed a response to the cassation appeal. On 12 July 2022, a decision was received allowing the cassation appeal of Energa Obrót SA to proceed.</p>
<b>Elektrownia Wiatrowa EOL sp. z o.o. (plaintiff), Energa Obrót SA (defendant)</b>	<p><b>Action for payment of contractual penalties for Energa Obrót SA's failure to perform the framework agreement for the sale of property rights under the certificates of origin (CPA)</b></p> <p><i>Regional Court in Gdańsk, file No. IX GC 740/19</i></p> <p><i>Litigated value: approx. PLN 14 million</i></p> <p>On 20 August 2019, Elektrownia Wiatrowa EOL filed a statement of claim for payment by Energa Obrót SA of contractual penalties on account of Energa Obrót SA's failure to perform the Agreement for the Sale of Property Rights under Certificates of Origin (CPA). The case is now pending in the first instance. Energa Obrót SA filed a statement of defence. The proceedings were stayed. Subsequently, on 20 September 2021, a court decision was received via an information portal which:</p> <ol style="list-style-type: none"><li>1) resumed the stayed proceedings,</li><li>2) granted EW EOL the permission to file a preparatory document</li><li>3) obligated Energa Obrót SA to file a preparatory document</li><li>4) obligated EW EOL and Energa Obrót SA to file preparatory documents presenting their position concerning the appropriateness of referring the parties to mediation and nominating the mediator.</li></ol> <p>On 27 September 2021, Energa Obrót SA filed a letter stating that the referral to mediation was not appropriate. A hearing date was set for 27 January 2022. On 15 December 2021, EW EOL extended its claims to new contractual penalties totalling PLN 7,211,809.42, including statutory late payment interest accrued from 15 December 2021 to payment date, due to Energa Obrót SA's failure to acquire rights in property in later periods. On 12 January 2022, Energa Obrót SA filed a response to the extended lawsuit. On 17 March the hearing was held, during which the parties filed a number of formal motions, and the evidence from witnesses testimony was taken. The hearing set for 29 June 2022 was cancelled. The next hearing was held on 30 March 2023. The court took evidence from EW's cross-examination. The parties presented their final positions and submitted attachments to the minutes of the hearing. The court closed the hearing and announced the verdict on 24 April 2023. On 24 April 2023, the judgment was announced, in which the court:</p> <ol style="list-style-type: none"><li>1) awarded Energa Obrót PLN 6,798,863.69 with statutory interest for delay on the amounts:<ul style="list-style-type: none"><li>- PLN 4,126,785.44 from September 14, 2019 to the date of payment,</li><li>- PLN 2,672,078.25 from January 6, 2022 to the date of payment;</li></ul></li><li>2) dismissed the claim in the remaining scope;</li><li>3) awarded Energa Obrót PLN 108,045 as reimbursement of legal costs.</li></ol>



On 25 April 2023, Energa Obrót filed an application for delivery of the judgment with justification. On 28 April 2023, the law firm received an application from EW EOL for service of the judgment with justification.

**Actions for declaration of the non-existence of a legal relationship purportedly established as a result of Energa Obrót SA entering into an agreement for the sale of property rights under certificates of origin (CPA)**

<p><b>Energa Obrót SA (plaintiff) WIND INVEST sp. z o.o. (defendant 1), mBank SA (defendant 2)</b></p>	<p><i>Regional Court in Warsaw, file No. XVI GC 798/17</i> <i>Second instance file No. VII AGa 1004/19</i> <i>Litigated value: approx. PLN 15.2 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. On 19 September 2019 the court dismissed the statement of claim filed by Energa Obrót SA. On 27 November 2019 Energa Obrót SA submitted an appeal, which was subsequently dismissed with judgment of the court of the second instance. On 22 March 2021, Energa Obrót SA filed a cassation appeal. The Defendants filed a response to the cassation appeal. On 25 August 2021 the cassation appeal brought by Energa Obrót SA was accepted for review. On 27 December 2021, a copy of a letter from Wind Invest was delivered, which contained information on the decision of the Supreme Court of 17 November 2021 that had refused to allow Energa Obrót SA's cassation appeal to proceed in the case against Jeżyczki Wind Invest and mBank. On 22 March 2022, Energa Obrót SA filed a procedural writ with its position on the letter by Wind Invest. The court issued a decision allowing the Parties to file procedural writs. On 22 August 2022, a motion from Wind Invest and mBank dated 16 August 2022 to schedule a hearing was delivered.</p>
<p><b>Energa Obrót SA (plaintiff) STARY JAROSŁAW WIND INVEST sp. z o.o. (defendant 1), mBank SA (defendant 2)</b></p>	<p><i>Regional Court in Warsaw, file No. XVI GC 802/17</i> <i>Second instance file No. VII AGa 61/20</i> <i>Litigated value: approx. PLN 13.8 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. On 17 November 2017, the defendants filed statements of defence. With its judgment of 24 September 2019, the Court dismissed the action for declaration. On 17 December 2019, Energa Obrót SA filed an appeal against the judgment. On 15 April 2021, the Court of second instance issued a verdict dismissing the appeal filed by Energa Obrót SA. Energa Obrót SA filed an application for the delivery of the verdict together with the statement of grounds. The verdict with justification was delivered on 12 October 2021. On 13 December 2021, Energa Obrót SA filed a cassation appeal. On 8 February 2022, mBank filed its response to the cassation appeal and Stary Jaroslaw Wind Invest filed its response to the cassation appeal on 22 February 2022. On 26 May 2022, Energa Obrót SA learned about acceptance for examination of its cassation appeal. On 5 July 2022, a decision was received allowing the cassation appeal of Energa Obrót SA to proceed. On 22 August 2022, a motion from Stary Jaroslaw Wind Invest and mBank dated 16 August 2022 to schedule a hearing was delivered.</p>
<p><b>Energa Obrót SA (plaintiff) KRUPY WIND INVEST sp. z o.o. (defendant 1), mBank SA (defendant 2)</b></p>	<p><i>Regional Court in Warsaw, file No. XVI GC 803/17</i> <i>Second instance file No. VII AGa 572/19</i> <i>Litigated value: approx. PLN 5.6 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. The case was concluded by the court of first instance with a judgment dismissing the Company's action. Energa Obrót SA appealed on 2 July 2019. On 15 September 2020, the Court dismissed the appeal of Energa-Obrót SA. On 30 December 2020, Energa Obrót SA filed a cassation appeal. The Defendants filed a response to the cassation appeal. On 27 December 2021, a copy of a letter from Krupy Wind Invest was delivered to Energa Obrót SA, which contained information on the decision of the Supreme Court of 17 November 2021 that had refused to allow Energa Obrót SA's cassation appeal to proceed in the case against Jeżyczki Wind Invest and mBank. Krupy Wind Invest presented that decision along with its letter. On 14 January 2022, Energa Obrót SA filed a pleading in response to the letter from Krupy Wind Invest which contained information on the decision of the Supreme Court of 17 November 2021 that had refused to allow Energa Obrót SA's cassation appeal to proceed in the case against Jeżyczki Wind Invest and mBank. On 28 February 2022 the order of the Supreme Court of 28 January 2022 on the consent to the permission to file above mentioned pleadings by Krupy Wind Invest and Energa Obrót SA was delivered. On 16 May 2022, a decision of the Supreme Court allowing the cassation appeal of Energa Obrót SA to proceed was delivered. On 22 August 2022, a motion from Krupy Wind Invest and mBank dated 16 August 2022 to schedule a hearing was delivered.</p>

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<b>Energa Obrót SA (plaintiff/counter-defendant) EW CZYŻEWO sp. z o.o. (defendant 1/counter-plaintiff), BANK BGŻ BNP PARIBAS SA (defendant 2)</b>	<i>Regional Court in Gdańsk, file No. IX GC 736/17</i> <i>Second instance file No. I AGa 56/19</i> <i>Litigated value: approx. PLN 3.9 million</i> On 11 September 2017, Energa Obrót SA filed a statement of claim. On 22 December 2018 statements of defence were submitted. EW CZYŻEWO sp. z o.o. also submitted a counterclaim for payment of contractual penalties. The Court dismissed the action for declaration with its judgment and awarded contractual penalties. Energa Obrót SA filed an appeal. The court of second instance dismissed the appeal with respect to the declaration of invalidity of CPA and granting the appeal with respect to the request to reduce the contractual penalties. Energa Obrót SA filed a cassation appeal. On 16 September 2021 information was received from the customer service centre of the Supreme Court that the cassation appeal of Energa Obrót S.A. was accepted for review. On 8 November 2021, a decision of the Supreme Court allowing the cassation appeal of Energa Obrót SA to proceed was delivered. On 24 August 2022, a decision was delivered to exclude one of the judges from hearing the case. On 20 March 2023, the law firm was served with a notice on the composition of the Supreme Court examining the case.
<b>Energa Obrót SA (plaintiff), ELEKTROWNIA WIATROWA EOL sp. z o.o. (defendant 1), BANK ZACHODNI WBK SA (defendant 2)</b>	<i>Regional Court in Warsaw, file No. XXVI GC 712/17</i> <i>Second instance file No. VII AGa 704/20</i> <i>Litigated value: approx. PLN 3 million</i> On 11 September 2017, Energa Obrót SA filed a statement of claim. The case was concluded in the first instance by dismissal of the action. On 7 July 2020 Energa Obrót SA submitted an appeal, which on 25 June 2021 was dismissed with judgment of the Appeal Court of the second instance. On 6 July 2021 Energa Obrót SA submitted a pleading in response to a motion from defendants received on 1 July 2021 regarding a decision to be issued by the court clerk stating procedural costs in accordance with judgment of the Court of the first instance and adjudicating the triple rate of the costs of court representation. On 30 September 2021 Energa Obrót SA received the judgment with the reasons for judgment. On 30 November 2021, Energa Obrót SA filed a cassation appeal. On 9 February 2022, Elektrownia Wiatrowa EOL and Santander Bank Polska filed a response to the cassation appeal. On 29 September 2022, a notice was published on the Supreme Court's website stating that Energa Obrót SA's cassation appeal had been allowed to proceed (a decision in this regard has not been received yet).
<b>Energa Obrót SA (plaintiff), WIELKOPOLSKIE ELEKTROWNIE WIATROWE sp. z o.o. (defendant 1), BANK BGŻ BNP PARIBAS SA (defendant 2)</b>	<i>Regional Court in Gdańsk, file No. IX GC 735/17</i> <i>Second instance file No. I AGa 74/19</i> <i>Litigated value: approx. PLN 3 million</i> On 11 September 2017, Energa Obrót SA filed a statement of claim. On 15 and 19 December 2017 statements of defence were filed. On 6 December 2018 judgment dismissing the action was submitted. On 12 February 2019, Energa Obrót SA filed an appeal. On 13 August 2019 judgment dismissing the appeal was issued. Energa Obrót SA filed a cassation appeal on 5 August 2020. In September 2020, Wielkopolskie Elektrownie Wiatrowe and BNP Paribas filed a response to the cassation appeal. According to the information received by Energa Obrót SA, on 27 May 2022, the Supreme Court accepted the cassation appeal for examination. Service of that decision is currently pending. On 5 July 2022, a decision was received allowing the cassation appeal of Energa Obrót SA to proceed. On 13 March 2023, a notification about the composition of the Supreme Court examining the case was delivered. On the website of the Supreme Court, there was information that a closed-door hearing was scheduled for 21 April 2023. On 21 April 2023, a closed-door hearing of the Supreme Court was held. The Supreme Court issued a decision to refer questions to the Court of Justice of the European Union for a preliminary ruling and a decision to suspend the proceedings until the end of the proceedings before the CJEU.
<b>Energa Obrót SA (plaintiff) EW KOŹMIN sp. z o.o. (defendant 1), BANK BGŻ BNP PARIBAS SA (defendant 2)</b>	<i>Regional Court in Gdańsk, file No. IX GC 738/17</i> <i>Second instance file No. I AGa 21/19</i> <i>Litigated value: approx. PLN 2.8 million</i> On 11 September 2017, Energa Obrót SA filed a statement of claim. On 22 December 2018 statements of defence were submitted. EW KOŹMIN sp. z o.o. also submitted a counterclaim for payment of contractual penalties. On 30 August 2018, the Court dismissed the action for declaration with its judgment and awarded contractual penalties. Energa Obrót SA filed an appeal. On 24 June 2020, the court of second instance delivered a judgment dismissing the appeal with respect to the declaration of invalidity of CPA and granting the appeal with respect to the request to reduce the contractual penalties. The judgment with reasoning was served on 10 August 2020. On 12 October

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2020, Energa Obrót SA filed a cassation appeal. . On 22 September 2021 information was received from the customer service centre of the Supreme Court that the cassation appeal of Energa Obrót SA was accepted for review. On 8 October 2021, a decision allowing the cassation appeal to proceed was delivered. On 10 March 2023, a notification about the composition of the Supreme Court examining the case was delivered.

On the website of the Supreme Court, there was information about the appointment of a closed session for 28 April 2023. On 26 April 2023 Energa Obrót applied for a stay of proceedings.

On 28 April 28, a closed session of the Supreme Court was held. The law firm obtained a telephone information from the Customer Service Point, according to which the Supreme Court suspended the proceedings until the Court of Justice of the European Union resolves the questions for a preliminary ruling submitted, inter alia, by in the case against Wielkopolskie Elektrownie Wiatrowe and BNP Paribas Bank Polska. The law firm will obtain access to the case file in order to verify this information.

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## 7.4. Employment

As at 31 March 2023, the Energa Group employed the total of 8,721 persons under employment contracts, while as at the end of last year it was 8,781 persons. The main reason for change in the level of employment was natural rotation including increased retirement.

## 7.5. Collective disputes and dismissals

### Collective dismissals

In Q1 2023, Group companies did not carry out any collective dismissals as defined in the Act of 13 March 2003 on special rules for termination of employment contracts for reasons not attributable to employees.

### Collective disputes

In Q1 2023 there were 27 collective disputes pending at the Energa Group:

1. 2 collective disputes pursued with Energa Operator SA Oddział w Płocku Sp. z o.o. employer initiated by the notices filed by trade union organisations on 30 September 2020, 9 November 2020, concerning the amendments to the Company Collective Bargaining Agreement. The disputes are at the mediation stage of a labour dispute.
2. 2 collective disputes pursued with Energa Logistyka Sp. z o.o. employer initiated by the notices filed by trade union organisations on 24 and 30 September 2020, concerning the amendments to the Company Collective Bargaining Agreement. The disputes are at the mediation stage of a labour dispute.
3. 23 employers who are parties to the Agreement securing employee, social and trade union rights for the Employees of the Energa Group are engaged in a labour dispute concerning pay rises for employees in 2023. In April 2023, agreements ending the collective dispute were signed with 22 employers, the last dispute will be concluded in May 2023.

Gdańsk, 24 May 2023

**Signatures of Energa SA Management Board Members**

Zofia Paryła

President of the Management Board of Energa SA

Michał Perlik

Vice-President of the Energa SA Management Board for Finance and Climate

Adrianna Sikorska

Vice-President of the Energa SA Management Board for Communication

Janusz Szurski

Vice-President of the Energa SA Management Board for Corporate Matters

Magdalena Kamińska

Vice-Director of the Finance Department

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## Glossary of terms and abbreviations

Biomass	Solid or liquid, biodegradable substances of plant or animal origin, originating from products, waste and residues from agriculture, forestry and related industries, as well as the biodegradable fraction of other waste, in particular agricultural raw materials
CAPEX (Capital Expenditures)	Capital expenditures
CIRS, CCIRS (Currency Interest Rate Swap, Cross-Currency Interest Rate Swap)	Currency Interest Rate Swap and Cross-Currency Interest Rate Swap transactions in which payments are made over a specified period with a prescribed frequency, based on variable interest rates, in two different currencies (CIRS) or in more currencies (CCIRS)
CO <sub>2</sub>	Carbon dioxide
EIB (European Investment Bank)	European Investment Bank
EBITDA (Earnings before interest, taxes, depreciation and amortization)	Energa SA defines EBITDA as operating profit/loss plus depreciation/amortisation and impairment of non-financial non-current assets.
EBIT (earnings before interest and taxes)	Operating profit
Energa SA, Energa	Parent company in the Energa Group of Companies
Energa Operator, EOP	Energa Operator SA – a subsidiary of Energa SA and the Leading Entity of the Distribution Business Line in the Energa Group.
Energa Obrót, EOB	Energa Obrót SA – a subsidiary of Energa SA and the Leading Entity of the Sales Business Line in the Energa Group
EMTN (Euro Medium Term Notes)	The Euro Medium Term Notes programme
EUA (European Union Allowance)	emission allowances
EUR	Euro, currency used in European Union's eurozone countries
WSE	Giełda Papierów Wartościowych w Warszawie SA (the Warsaw Stock Exchange).
Energa Group of Companies, Energa Group	A Group of Companies engaged in distribution, trade and generation of electricity and heat. It also conducts activity related to street lighting, design, procurement of materials, grid-related services, specialized transport, hotel and IT services
Tariff group	Group of customers off-taking electricity or heat or using electricity or heat supply services with respect to which a single set of prices or fee rates along with their terms and conditions are applicable
GUS	Central Statistical Office
GW	Gigawatt, unit of power in the International System of Units, 1 GW = 10 <sup>9</sup> W
GWe	Gigawatt of electrical power
GWh	Gigawatt hour
IRS (Interest Rate Swap)	An interest rate swap agreement between two parties, under which the parties pay interest to each other on a contractual nominal amount calculated according to a different interest rate
Co-generation, CHP	An engineering process of simultaneous production of heat and electrical or mechanical energy in the course of the same engineering process
KRS (National Court Register)	National Court Register (Krajowy Rejestr Sądowy)
kWh	Kilowatt hour, unit of electricity generated or used by a 1 kW device in an hour; 1 kWh = 3,600,000 J = 3.6 MJ
MW	Unit of power in the International System of Units, 1 MW = 10 <sup>6</sup> W
MWe	Megawatt of electrical power
MWh	Megawatt hour
Renewable energy sources, RES	Sources converting the energy of wind, solar radiation, geothermal energy, waves, currents and marine tides, run of rivers and energy obtained from biomass, landfill biogas as well as biogas from sewage discharge or treatment processes or the decomposition of plant and animal remains to generate electricity
OR	Operating reserve
DSO, Distribution System Operator	A utility company distributing gaseous fuels or electricity, responsible for grid operation in a gas or electricity distribution system, current and long-term operational safety of the system, operation, maintenance, repairs and the necessary expansion of the distribution network, including connections to other gas or electricity systems
TSO, Transmission System Operator	A utility company transmitting gaseous fuels or electricity, responsible for grid operation in the gaseous transmission system or in the electrical energy transmission system, current and long-term operational safety of this system, operation, maintenance, refurbishment and required expansion of the transmission grid, including connections with other gaseous systems or other electrical power systems
OZEX_A	Volume-weighted average price for all transactions pertaining to the PMOZE_A contract on an exchange session
GDP	Gross Domestic Product
PLN	Polish zloty; national currency
PMI	Industrial economic activity index calculated by Markit in cooperation with HSBC
PMOZE_A	Property rights to certificates of origin for renewable electricity generated starting from 1 March 2009, as specified in the certificate of origin
Property rights	Transferable rights constituting a commodity arising from certificates of origin for renewable energy and energy from co-generation
PSE	Polskie Sieci Elektroenergetyczne Spółka Akcyjna with its registered office in Warsaw, entered in the Register of Entrepreneurs of the National Court Register under KRS No. 0000197596; a company designated by the President

**Information to the condensed consolidated report  
of the Energa Group for Q1 2023**

	of the URE's decision No. DPE-47-58(5)/4988/2007/BT of 24 December 2007 to operate as the Electricity Transmission System Operator in the Republic of Poland in the period from 1 January 2008 to 1 July 2014
YoY	Year on year
SAIDI (System Average Interruption Duration Index)	System Average Interruption Duration Index
SAIFI (System Average Interruption Frequency Index)	System Average Interruption Frequency Index
SFIO	Specialist open-end investment funds
SPOT	Day-Ahead Market (DAM): an energy market operating in the "day ahead" time interval (DA) supplying energy on day D
Certificate of origin from co-generation	A document issued by the President of the URE pursuant to Article 9l of the Energy Law confirming that electricity has been generated in high-efficiency co-generation in: (i) a gas-fired co-generation unit or a co-generation unit with a total installed electrical capacity at source under 1 MW (known as the yellow certificate), (ii) a co-generation unit fired by methane released and captured during deep mining operations in coal mines (open, in liquidation or closed), or gas obtained by processing biomass, (known as a purple certificate), or (iii) another co-generation unit (known as a red certificate)
Certificate of origin from renewable energy sources, green certificate	A document issued by the President of the URE pursuant to Article 9e of the Energy Law confirming that electricity has been generated from a renewable energy source (known as a green certificate)
Tariff G	A tariff group for individual customers – households
Polish Power Exchange, TGE	Towarowa Gielda Energii SA, a commodity exchange where admitted commodities are traded, i.e. electricity, liquid and gaseous fuels, mine gas, pollution emission allowances and property rights arising from certificates of origin, whose price depends directly or indirectly on the price of electricity, liquid or gaseous fuels and the volume of pollution emissions.
TPA (Third Party Access)	The rule which means the ability to use the power grid of a power company without an obligation to buy electricity from that company
TWh	Terawatt hour, a multiple of the SI unit of electricity. 1 TWh equals 10 <sup>9</sup> kWh.
URE	Energy Regulatory Office
WACC (weighted average cost of capital)	Weighted average cost of capital
WIBOR (Warsaw Interbank Offered Rate)	Warsaw Interbank Offered Rate
RAB	Regulatory Asset Base
Co-firing	Electricity or heat generation based on a joint, simultaneous process of biomass or biogas combustion with other fuels in one device; part of the energy generated in the above manner may be considered as energy produced from a renewable energy source