



Energa

ORLEN GROUP

**Condensed interim financial statements
prepared in accordance with IAS 34
for the three-month period ended
31 March 2023**

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CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

	Three-month period ended 31 March 2023 (unaudited)	Three-month period ended 31 March 2022 (unaudited)
Sales revenue	19	13
Cost of sales	(10)	(10)
Gross profit on sales	9	3
Other operating income	2	6
General and administrative expenses	(21)	(25)
Other operating expenses	(15)	(1)
Interest income	118	53
Other financial income	2	31
Other financial costs	(101)	(57)
Profit/(loss) before tax	(6)	10
Income tax	-	4
Net profit or loss for the period	(6)	14
Earnings or loss per share (in PLN)		
Earnings or loss per share (basic and diluted)	(0.01)	0.03

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Three-month period ended 31 March 2023 (unaudited)	Three-month period ended 31 March 2022 (unaudited)
Net profit or loss for the period		(6)	14
<i>Items that may subsequently be reclassified to profit or loss</i>			
Cash flow hedges	11.6	(52)	32
Deferred income tax		9	(6)
Net other comprehensive income		(43)	26
Total comprehensive income		(49)	40

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2023 (unaudited)	As at 31 December 2022
ASSETS			
Non-current assets			
Intangible assets		16	13
Right-of-use assets		15	17
Shares in subsidiaries, associates and joint ventures	8	7,452	7,453
Bonds	11.4.1	601	601
Other non-current financial receivables		2,706	2,748
Deferred tax assets		12	-
Derivative financial instruments	11.2	133	172
Other non-current assets		835	228
		11,770	11,232
Current assets			
Cash pooling receivables		2,409	944
Trade receivables and other current financial receivables		337	399
Bonds	11.4.1	572	557
Current tax receivables		297	295
Cash and cash equivalents	9	353	674
Derivative financial instruments	11.2	71	102
Other current assets		138	40
		4,177	3,011
Non-current assets classified as held for sale		20	20
TOTAL ASSETS		15,967	14,263

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2023 (unaudited)	As at 31 December 2022
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital		4,522	4,522
Reserve capital		1,031	1,031
Supplementary capital		1,661	1,661
Cash flow hedge reserve	11.6	13	56
Retained earnings		88	94
Total equity		7,315	7,364
Non-current liabilities			
Loans and borrowings	11.4.2	1,405	1,481
Bonds issued	11.4.2	579	576
Non-current provisions		7	10
Deferred tax liability		-	1
Deferred income and non-current grants		22	25
Non-current lease liabilities		3	6
		2,016	2,099
Current liabilities			
Cash pooling liabilities		772	861
Current credits and loans	11.4.2	4,471	3,017
Current lease liabilities		16	15
Trade liabilities and other financial liabilities		11	22
Liabilities on account of the issue of debt securities		577	575
Short-term provisions		3	3
Deferred income and grants		9	9
Accrued expenses		12	10
Other current liabilities		612	288
Income tax liability		153	-
		6,636	4,800
Total liabilities		8,652	6,899
TOTAL EQUITY AND LIABILITIES		15,967	14,263

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Reserve capital	Supplementary capital	Cash flow hedge reserve	Retained earnings	Total equity
As at 1 January 2023		4,522	1,031	1,661	56	94	7,364
Cash flow hedges	11.6	-	-	-	(43)	-	(43)
Net profit for the period		-	-	-	-	(6)	(6)
Total comprehensive income for the period		-	-	-	(43)	(6)	(49)
As at 31 March 2023 (unaudited)		4,522	1,031	1,661	13	88	7,315
As at 1 January 2022		4,522	821	1,661	87	254	7,345
Cash flow hedges	11.6	-	-	-	26	-	26
Net loss for the period		-	-	-	-	14	14
Total comprehensive income for the period		-	-	-	26	14	40
As at 31 March 2022 (unaudited)		4,522	821	1,661	113	268	7,385

The accounting principles (policies) and additional notes to the condensed interim separate financial statements constitute an integral part thereof
 (This is translation of the financial statements originally issued in Polish)

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Note	Three-month period ended 31 March 2023 (unaudited)	Three-month period ended 31 March 2022 (unaudited)
Cash flows from operating activities			
Profit/(loss) before tax		(6)	10
Adjustments for:			
Foreign currency (profit)/loss		(2)	6
(Profit)/Loss on investing activities (incl. impairment losses for shares)		1	(1)
Amortization and depreciation		4	3
Net interest and dividends		(21)	(7)
Changes in working capital:			
Change in provisions		(3)	(33)
Change in receivables		47	73
Change in liabilities, excluding loans, credits and bonds		22	99
Change in prepayments and accruals		(4)	(1)
		37	149
Income tax paid		(65)	(110)
Net cash from operating activities		(28)	39
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(9)	(2)
Proceeds from redemption of bonds by subsidiaries		-	1
Interest received		95	38
Receipts on account of loan repayments		114	78
Capital contributions		(249)	(5)
Other		7	6
Net cash from investing activities		(41)	116
Cash flows from financing activities			
Repayment of loans and borrowings		(722)	(728)
Receipts from borrowings		2,100	350
Cash pooling proceeds		(1,554)	421
Interest paid		(73)	(25)
Repayment of lease liabilities		(4)	(3)
Net cash from financing activities		(252)	15
Net increase/(decrease) in cash and cash equivalents		(321)	170
Cash and cash equivalents at the beginning of the period		674	89
Cash and cash equivalents at the end of the period	9	353	259

ACCOUNTING PRINCIPLES (POLICIES) AND OTHER EXPLANATORY INFORMATION

1. General information

These condensed interim separate financial statements of Energa SA ("Company") cover the three-month period ended on 31 March 2023 and contain the relevant comparative data.

Energa SA is entered in the Register of Entrepreneurs of the National Court Register held by the District Court Gdańsk-Północ in Gdańsk, 7th Commercial Division of the National Court Register, under KRS number 0000271591. The Company's REGON statistical number is 220353024.

As at 31 March 2023, the Company is controlled by PKN ORLEN S.A.

The Company's shares have been publicly traded since December 2013.

The core business of the Company is that of a holding company. The Company is the parent entity of the Energa SA Group ("Group"). In order to achieve full understanding of the financial position and results of the Company as the parent entity in the Group, these financial statements should be read in conjunction with the condensed interim consolidated financial statements for the period ended on 31 March 2023. These statements are available on the Group's website.

2. Composition of the Company's Management Board

Until these financial statements were prepared, the composition of the Management Board of Energa SA was as follows:

1) during the period from 1 September 2022 until 16 February 2023:

Ms Zofia Paryła	– President of the Management Board;
Mr Michał Perlik	– Vice-President of the Management Board for Financial Matters;
Ms Adrianna Sikorska	– Vice-President of the Management Board for Communication Matters;
Mr Janusz Szurski	– Vice-President of the Management Board for Corporate Matters;
Mr Dominik Wadecki	– Vice-President of the Management Board for Operational Matters;

2) during the period from 16 February 2023 until 27 March 2023:

Ms Zofia Paryła	– President of the Management Board;
Mr Michał Perlik	– Vice-President of the Management Board for Financial Matters;
Ms Adrianna Sikorska	– Vice-President of the Management Board for Communication Matters;
Mr Janusz Szurski	– Vice-President of the Management Board for Corporate Matters;

3) during the period from 27 March 2023 until the date of publication of these statements:

Ms Zofia Paryła	– President of the Management Board;
Mr Michał Perlik	– Vice-President of the Management Board for Finance and Climate;
Ms Adrianna Sikorska	– Vice-President of the Management Board for Communication Matters;
Mr Janusz Szurski	– Vice-President of the Management Board for Corporate Matters.

3. Approval of the financial statements

These financial statements and the consolidated financial statements of the Energa SA Group were approved for publication by the Company's Management Board on 24 May 2023.

4. Basis for preparation of the financial statements

These financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value through profit or loss and hedging derivatives.

These financial statements have been prepared based on the assumption that Energa SA would continue as a going concern in the foreseeable future. As at the date of these financial statements, there is no evidence indicating that the continuation of the Company's business activities as a going concern may be at risk.

4.1 Statement of compliance

These financial statements have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting, as endorsed by the European Union ("EU"). They do not contain all the information required in the full financial statements according to the International Financial Reporting Standards ("IFRS"). However, selected notes are included to explain the events and transactions that are relevant to the understanding of the changes in the Company's financial position and performance since the most recent annual separate financial statements as at and for the year ended on 31 December 2022.

4.2 Functional and presentation currency

The functional currency of the Company and the presentation currency of these financial statements is the Polish zloty and all the figures are stated in millions of Polish zlotys ("PLN m") unless stated otherwise.

5. Material accounting policies

The Company's accounting policies are applied on a continuous basis and the material accounting policies applied by the Company are the same as those described in the financial statements for the year 2022, except for the changes arising from amendments to IFRS EU.

6. New standards and interpretations

6.1 Standards and interpretations applied for the first time in 2023

The following amendments to the existing standards published by the International Accounting Standards Board ("IASB") and endorsed in the EU came into force in 2023:

- IFRS 17 Insurance Contracts with subsequent amendments to IFRS 17, endorsed in the EU on 19 November 2021 (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IFRS 17 Insurance Contracts – Initial application of IFRS 17 and IFRS 9 – Comparative information (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies, endorsed in the EU on 2 March 2022 (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – definition of accounting estimates (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, endorsed in the EU on 11 August 2022 (effective for annual periods beginning on or after 1 January 2023).

6.2 Standards and interpretations adopted by the IASB but not yet endorsed in the EU

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023),
- Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024),
- IFRS 16 Leases – Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024),
- IFRS 14 Regulatory Accruals – the European Commission decided not to initiate the approval process for this interim standard and wait for its final version,
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and subsequent amendments (the effective date of the amendments has been deferred until the completion of research work on the equity method).

In the event that the remaining above-mentioned standards are implemented, the Company does not anticipate the related amendments to have a material impact on its financial statements.

7. Explanations regarding the seasonality and cyclicity of operations in the period under review

Due to the inherent nature of the holding business, the Company's financial revenue fluctuates heavily during the year; it depends on the dates of resolutions to pay out dividends by the companies in which the Company holds shares, unless such resolutions indicate other record dates.

NOTES TO THE CONDENSED INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

8. Shares in subsidiaries, associates and joint ventures

Name and legal form	Registered office	Value of shares in Energa SA accounting ledgers (at 31 March 2023)	Energa SA share in share capital, in all votes and in management (%)
Subsidiaries			
Energa-Operator SA	Gdańsk	4,471	100.00
Energa Wytwarzanie SA	Gdańsk	989	100.00
CCGT Ostrołęka Sp. z o.o.	Ostrołęka	447	50.00+1
Energa-Obrót SA	Gdańsk	331	100.00
Energa Kogeneracja Sp. z o.o.	Elbląg	66	64.59
Energa Oświetlenie Sp. z o.o.	Sopot	234	100.00
CCGT Grudziądz Sp. z o.o.	Grudziądz	730	100.00
Energa Informatyka i Technologie Sp. z o.o.	Gdańsk	37	100.00
Energa Green Development Sp. z o.o.	Gdańsk	24	100.00
CCGT Gdańsk Sp. z o.o.	Gdańsk	22	100.00
Enspirion Sp. z o.o.	Gdańsk	5	100.00
Energa Logistyka Sp. z o.o.	Płock	0	100.00
Energa Finance AB (publ)	Stockholm	0	100.00
Other companies	-	<1	-
Associates			

Name and legal form	Registered office	Value of shares in Energa SA accounting ledgers (at 31 March 2023)	Energa SA share in share capital, in all votes and in management (%)
Polimex-Mostostal SA	Warsaw	81	16.15
Joint ventures			
Elektrownia Ostrołęka Sp. z o.o.	Ostrołęka	0	50.00+1
Other		15	
Total value of shares		7,452	

The value of shares presented in the table above represents the value at cost less impairment losses.

Impairment tests for shares

In Q1 2023, based on an assessment whether there were any internal or external indications of impairment of shares held, no indications of their material depreciation were identified. Therefore, it was concluded that no impairment tests were required.

9. Cash and cash equivalents

Cash in the bank earns interest at variable interest rates, the level of which depends on the cost of money in the international market. Short-term deposits are made for different periods, from one day to three months, depending on the Company's current cash requirements, and earn interest at interest rates negotiated individually with banks.

The balance of cash and cash equivalents presented in the statement of cash flows comprises the following items:

	As at 31 March 2023 (unaudited)	As at 31 March 2022 (unaudited)
Cash at bank	40	39
Short-term deposits up to 3 months	313	220
Total cash and cash equivalents presented in the statement of financial position, of which:	353	259
Unrealized foreign exchange differences and interest	-	-
Total cash and cash equivalents presented in the statement of cash flows	353	259

10. Dividends and profit distribution/loss coverage

On 9 May 2023 the Management Board of Energa SA adopted a resolution on a motion to the General Meeting of Energa SA regarding the distribution of the Company's net profit for the financial year 2022, recommending the allocation of net profit for 2022 in the amount of PLN 50 m to increase the supplementary capital. By the date of approval of these financial statements for publication, no decision had been made as to the distribution of the 2022 profit.

NOTES ON FINANCIAL INSTRUMENTS
11. Financial instruments
11.1 Carrying amount of financial instruments by category and class

As at 31 March 2023 (unaudited)	Financial assets at fair value through profit or loss	Financial assets and liabilities measured at amortized cost	Hedging derivatives	Financial instruments excluded from the scope of IFRS 9	TOTAL
Assets					
Cash pooling receivables	-	2,409	-	-	2,409
Cash and cash equivalents	-	353	-	-	353
Derivative financial instruments	17	-	187	-	204
Shares in subsidiaries, associates and joint ventures	13	-	-	7,439	7,452
Bonds	-	1,173	-	-	1,173
Lease receivables	-	-	-	62	62
Other financial receivables	-	3,007	-	-	3,007
Trade receivables	-	19	-	-	19
Capital contributions	-	786	-	-	786
TOTAL	30	7,747	187	7,501	15,465
Liabilities					
Loans and borrowings	-	5,876	-	-	5,876
Preferential loans and borrowings	-	606	-	-	606
Loans and borrowings	-	5,270	-	-	5,270
Bonds issued	-	1,156	-	-	1,156
Liabilities on account of leases	-	-	-	18	18
Trade liabilities	-	10	-	-	10
Liabilities on purchase of property, plant and equipment and intangible assets	-	2	-	-	2
Cash pooling liabilities	-	772	-	-	772
Capital contribution liabilities	-	360	-	-	360
TOTAL	-	8,176	-	18	8,194

The accounting principles (policies) and additional notes to the condensed interim separate financial statements constitute an integral part thereof
(This is translation of the financial statements originally issued in Polish)

As at 31 December 2022	Financial assets at fair value through profit or loss	Financial assets and liabilities measured at amortized cost	Hedging derivatives	Financial instruments excluded from the scope of IFRS 9	TOTAL
Assets					
Cash pooling receivables	-	944	-	-	944
Cash and cash equivalents	-	674	-	-	674
Derivative financial instruments	18	-	256	-	274
Shares in subsidiaries, associates and joint ventures	13	-	-	7,440	7,453
Bonds	-	1,158	-	-	1,158
Lease receivables	-	-	-	68	68
Other financial receivables	42	3,070	-	-	3,112
Trade receivables	-	16	-	-	16
Capital contributions	-	177	-	-	177
TOTAL	73	6,039	256	7,508	13,876
Liabilities					
Loans and borrowings	-	4,498	-	-	4,498
Preferential loans and borrowings	-	646	-	-	646
Loans and borrowings	-	3,852	-	-	3,852
Bonds issued	-	1,151	-	-	1,151
Liabilities on account of leases	-	-	-	21	21
Trade liabilities	-	15	-	-	15
Liabilities on purchase of property, plant and equipment and intangible assets	-	7	-	-	7
Cash pooling liabilities	-	861	-	-	861
TOTAL	-	6,532	-	21	6,553

The accounting principles (policies) and additional notes to the condensed interim separate financial statements constitute an integral part thereof
(This is translation of the financial statements originally issued in Polish)

11.2 Fair value of financial instruments

Some of the Company's financial assets and liabilities are measured at fair value at the end of each reporting period. The table below analyses fair value measurements for financial assets and financial liabilities categorized into three level hierarchy:

- level 1 – fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- level 2 – fair value based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;
- level 3 – fair value based on unobservable inputs for the asset or liability.

	As at 31 March 2023 (unaudited) Level 2	As at 31 December 2022 Level 2
Assets		
Loan receivables	-	42
Hedging derivatives (CCIRS/IRS)	187	256
Other derivatives	17	18

Cross Currency Interest Rate Swaps (CCIRSs) and Interest Rate Swaps (IRSs) are measured at fair value by discounting future cash flows. The interest rates and the basis spread used in discounting are obtained from Bloomberg.

Other derivatives include options to purchase shares in Polimex-Mostostal SA. The options were purchased from Towarzystwo Finansowe Silesia Sp. z o.o. under the agreement of 18 January 2017 as subsequently annexed and refer to the purchase, in 22 tranches, of a total of approx. 7 million shares of Polimex-Mostostal SA, at the nominal price of PLN 2 per share. The options exercise dates were set between 31 August 2021 and 30 November 2026. The fair value measurement of the call options to purchase shares of Polimex-Mostostal SA was carried out using the Black-Scholes model. The measurement considered the current price and historic volatility of the company's share prices. The risk-free rate was determined on the basis of the yield of treasury bonds with maturities similar to the option expiration date.

11.3 Fair value of financial instruments not measured at fair value on an ongoing basis

Except for the information given in the table below, the carrying amounts of financial assets and liabilities do not depart in a material way from their fair values.

Loan from Energa Finance AB (publ)	Carrying amount	Fair value Level 2
As at 31 March 2023 (unaudited)	1,456	1,387
As at 31 December 2022	1,459	1,399

Hybrid bond issue	Carrying amount	Fair value Level 2
As at 31 March 2023 (unaudited)	1,157	1,275
As at 31 December 2022	1,151	1,270

The fair value measurement of liabilities under loans and hybrid bond issue has been estimated on the basis of an analysis of future cash flows discounted using market interest rates updated for 31 March 2023.

11.4 Description of material items in each category of financial instruments

11.4.1 Financial assets

Financial assets measured at amortized cost

The Company allocates primarily purchased bonds, granted loans other than described in item 11.2, cash and cash equivalents, cash pooling receivables, trade receivables, other receivables and capital contributions to the category of financial instruments recognized as financial assets measured at amortized cost.

Purchased bonds, by issuer, as at 31 March 2023 and 31 December 2022, are presented in the table below:

	As at 31 March 2023 (unaudited)	As at 31 December 2022
Energa-Operator SA	1,103	1,086
Energa Wytwarzanie SA	70	72
TOTAL, of which:	1,173	1,158
Non-current	601	601
Current	572	557

11.4.2 Financial liabilities

All of the Company's financial liabilities are classified as financial liabilities measured at amortized cost, except for hedging derivatives and lease liabilities. This category of the Company's financial instruments includes primarily contracted loans and borrowings, issued bonds and cash pooling liabilities.

Credits and loans

Loans and borrowings contracted as at 31 March 2023 and 31 December 2022 are presented in the table below:

	As at 31 March 2023 (unaudited)		As at 31 December 2022	
Currency	PLN	EUR	PLN	EUR
Reference rate	WIBOR	Fixed	WIBOR	Fixed
Loan/borrowing amount				
in currency	4,420	311	3,041	311
in PLN	4,420	1,456	3,041	1,457
of which maturing in:				
up to 1 year (short-term)	3,857	615	2,403	614
1 to 2 years	250	93	332	187
2 to 3 years	100	187	75	375
3 to 5 years	131	561	133	281
over 5 years	82	-	98	-

Detailed information on contracted external financing is provided in Note 11.5.

Liabilities for bonds issued

Liabilities under bonds issued as at 31 March 2023 and 31 December 2022 are presented in the table below:

	As at 31 March 2023 (unaudited)		As at 31 December 2022	
Currency	PLN	EUR	PLN	EUR
Reference rate	WIBOR	Fixed	WIBOR	Fixed
Value of the issue				
in currency	-	247	-	245
in PLN	-	1,157	-	1,151
of which maturing in:				
1 to 2 years	-	577	-	575
3 to 5 years	-	580	-	576

Detailed information on bonds issued is provided in Note 11.5.

11.5 Available external financing

In the current reporting period, as at the end of the reporting period and as at the date of approving these financial statements for publication, there were no events of default on contractual obligations under the terms and conditions of any external financing obtained.

The external financing available as at 31 March 2023 is presented in the table below:

Financing institution	Type of liability	Purpose of financing	Date of the agreement	Financing limit (for the ENERGA Group)	Available financing amount	Nominal debt of Energa SA as at 31 March 2023	Repayment date
European Investment Bank	Loan	Energa-Operator SA investment programme	16-12-2009	1,050	-	184	15-12-2025
European Investment Bank	Loan	Energa-Operator SA investment programme	10-07-2013	1,000	-	417	15-09-2031
European Bank for Reconstruction and Development	Loan	Energa-Operator SA investment programme	29-04-2010	1,076	-	162	18-12-2024
European Bank for Reconstruction and Development	Loan	Energa-Operator SA investment programme	26-06-2013	800	-	66	18-12-2024
Energa Finance AB (publ)	Borrowing	Current operations	21-03-2013	514 ¹	-	514 ¹	28-02-2024
Energa Finance AB (publ)	Borrowing	Current operations	28-06-2017	935 ²	-	935 ²	28-02-2027
PKO Bank Polski SA	Credit limit	General corporate purposes	20-09-2012	200	-	5 ³	19-09-2022
Nordic Investment Bank	Loan	Construction of Myślino Wind Farm	23-10-2014	68	-	22	15-09-2026
European Investment Bank	Hybrid bonds	Energa-Operator SA investment programme	04-09-2017	1,169 ⁴	-	1,169 ⁴	12-09-2037
Syndicated loan	Revolving loan	Financing of Energa SA corporate objectives, including financing of everyday operations and financing of Energa SA investment programme, excluding capital expenditure on coal-based energy production	17-09-2019	2,000	400	1,600	17-09-2024 ⁵
Bank Gospodarstwa Krajowego	Revolving loan	Financing of Energa SA corporate objectives, including financing of everyday operations, financing of Energa SA investment programme and refinancing of financial debt	03-07-2020	250	-	250	18-08-2023
SMBC	Revolving loan	Financing of Energa SA corporate objectives, including financing of everyday operations and financing of Energa SA investment programme and refinancing of financial debt, excluding capital expenditure on coal-based energy production	28-07-2020	561 ⁶	561	-	28-07-2025
PKN ORLEN S.A.	Revolving loan	Financing of general corporate objectives	31-05-2021	1,000	-	1,000	30-05-2023
PKN ORLEN S.A.	Revolving loan	Financing of general corporate objectives	09-12-2022	1,000	300	700	29-09-2023
European Investment Bank	Loan	Energa-Operator SA investment programme	16-12-2021	701 ⁷	18	-	16-12-2041
TOTAL				12,324	1,279	7,024	

¹ liability of EUR 110 m converted using the average NBP exchange rate of 31 March 2023

² liability of EUR 200 m converted using the average NBP exchange rate of 31 March 2023

³ value of guarantee limits awarded to Energa SA based on the concluded executive agreements (utilization of the global limit)

⁴ liability of EUR 250 m converted using the average NBP exchange rate of 31 March 2023

⁵ loan granted for a period of 5 years from the date of signing of the agreement, with a possibility of two one-year extensions of its term; the designated date is the end date of the term of the agreement, with the loan treated as short-term

⁶ liability of EUR 120 m converted using the average NBP exchange rate of 31 March 2023

⁷ liability of EUR 150 m converted using the average NBP exchange rate of 31 March 2023

11.6 Cash flow hedge accounting

All hedging instruments held are used to hedge cash flows and relate to financial instruments classified as currency and interest rate risk. The presented hedging instruments relate to the liabilities arising under loans between Energa Finance AB and Energa SA, hybrid bonds from the European Investment Bank and credits from the European Investment Bank and the European Bank for Reconstruction and Development.

FX risk hedging

The special purpose vehicle Energa Finance AB (publ) and Energa SA have signed a loan agreement denominated in EUR for the total amount of EUR 200 m. In order to hedge currency risk under the aforesaid loan, the Company concluded cross-currency interest rate swap transactions with the nominal value of EUR 200 m ("CCIRS III") in April 2017.

As a hedged item in the above hedging relationships, the Company designated the foreign exchange risk from intra-group loans denominated in EUR, which are directly linked to Eurobonds issued by Energa Finance AB. The foreign currency risk is hedged at the level of 100% of the total nominal amount of the loan granted with the proceeds from the Eurobond issue.

As the hedge, the Company designated CCIRS transaction under which the Company receives fixed-rate cash flows in EUR and pays fixed-rate cash flows in PLN. Cash flows received by the Company correspond with the cash flows under the intra-group loans. The Company expects the hedged flows from the loan and the directly related Eurobonds to occur by February 2027.

In September 2017, Energa SA issued hybrid bonds for the total amount of EUR 250 m. In order to hedge the currency risk under these bonds, the Company concluded CCIRS transactions ("CCIRS IV").

As a hedged position under the above hedging relationships, the Company designated the foreign currency risk arising from the issue of hybrid bonds denominated in EUR. The foreign currency risk is hedged at the level of 100% of the total nominal amount of the issued bonds.

As the hedge the Company designated CCIRS transactions under which the Company receives fixed-rate cash flows in EUR and pays fixed-rate cash flows in PLN. Cash flows received by the Company correspond with the cash flows under the bonds issued. The Company expects that the hedged cash flows will continue until September 2027.

Interest rate risk hedging

In August 2019, the Company concluded interest rate swap (IRS) transactions to hedge the interest rate risk arising from the financing used under the 2013 loan agreement with the EIB (PLN 150 m).

As the hedged positions under the hedging relationships, the Company designated the risk related to the WIBOR 3M interest rate arising from interest payments on the financial liabilities stated above in the period no longer than 4 years from the date of the hedging transactions.

The Company designated the IRS transactions under which the Group receives floating-rate cash flows in PLN and pays fixed-rate cash flows in PLN as the hedging instruments. Interest cash flows received by the Company correspond with interest cash flows under the hedged financial liabilities. The Company expects that the hedged cash flows will continue until June 2023 and not longer. All held hedging instruments serve to hedge cash flows and relate to the financial instruments allocated to the same risk category. The presented hedging instruments relate to the liabilities arising under loans between Energa Finance AB and Energa SA, hybrid bonds and credits from the European Investment Bank.

The fair value of the hedging instruments is as follows:

	Value (PLN m)	Recognition in the statement of financial position	Change in fair value of the hedging instrument used as the basis for recognizing hedge ineffectiveness for the period	Nominal amounts of hedging instrument in millions of	
	PLN			EUR	PLN
As at 31 March 2023 (unaudited)					
CCIRS III	83	Assets – Derivative financial instruments	None	200	-
CCIRS IV	102	Assets – Derivative financial instruments	None	250	-
IRS	2	Assets – Derivative financial instruments	None	-	150
As at 31 December 2022					
CCIRS III	114	Assets – Derivative financial instruments	None	200	-
CCIRS IV	139	Assets – Derivative financial instruments	None	250	-
IRS	4	Assets – Derivative financial instruments	None	-	150

Under cash flow hedge accounting, the cash flow hedge reserve (the changes in the value of the hedge, less deferred tax) decreased in the reporting period by PLN 41 m. The Company continued hedge accounting under IAS 39, and no ineffectiveness was identified in the period under review.

The table below presents changes in the cash flow hedge reserve resulting from the hedge accounting in the reporting period:

	Three-month period ended 31 March 2023 (unaudited)	Three-month period ended 31 March 2022 (unaudited)
At the beginning of the reporting period	56	87
Amount recognized in the cash flow hedge reserve in the period, equal to the change in the fair value of hedging instruments	(71)	44
Accrued interest not due transferred from the reserve to financial income/costs	12	12
Revaluation of hedging instruments transferred from the reserve to financial income/costs	6	(24)
Income tax on other comprehensive income	10	(6)
At the end of the reporting period	13	113

As at 31 March 2023, no inefficiencies were identified resulting from the applied cash flow hedge accounting.

OTHER NOTES
12. Information on related entities

Related party transactions are made based on market prices of goods, products or services delivered.

12.1 Related party transactions

PKN ORLEN S.A. is the Company's parent. Transactions with PKN ORLEN S.A. and other companies of the PKN ORLEN Group are concluded on an arms' length basis and their terms and conditions do not deviate from transactions with other entities. They do not constitute significant transactions.

Three-month period ended 31 March 2023 (unaudited)	Parent PKN ORLEN S.A.	Subsidiaries	Related companies	Joint ventures
Net revenue from sale	-	18	1	-
Cost of purchase	-	3	3	-
Interest income	-	111	-	-
Financial costs	35	10	-	-

Three-month period ended 31 March 2023 (unaudited)	Parent PKN ORLEN S.A.	Subsidiaries	Related companies	Joint ventures
Assets				
Non-current receivables	-	45	-	-
Other non-current financial receivables	-	2 706	-	-
Cash pooling receivables	-	2 409	-	-
Trade receivables	-	18	-	-
Other current financial receivables	-	422	-	-
Long-term bonds	-	601	-	-
Short-term bonds	-	572	-	-
Other current assets	-	104	-	-
Equity and liabilities				
Non-current loan liabilities	-	847	-	-
Cash pooling liabilities	-	772	-	-
Short-term trade liabilities	-	1	2	-
Other current financial liabilities	-	-	-	-
Current credits and loans	1 704	610	-	-
Other current liabilities	-	607	-	-

Three-month period ended 31 March 2022 (unaudited)	Parent PKN ORLEN S.A.	Subsidiaries	Related companies	Joint ventures
Net revenue from sale	-	12	1	-
Cost of purchase	-	3	2	-
Interest income	-	53	-	-
Other financial income	-	31	-	-
Financial costs	6	11	-	-

Three-month period ended 31 March 2022 (unaudited)	Parent PKN ORLEN S.A.	Subsidiaries	Related companies	Joint ventures
Assets				
Non-current receivables	-	46	-	-
Other non-current financial receivables	-	2970	-	-
Cash pooling receivables	-	779	-	-
Trade receivables	-	8	-	-
Other current financial receivables	-	359	-	-
Long-term bonds	-	1 134	-	-
Short-term bonds	-	42	-	-
Other current assets	-	4	-	-
Equity and liabilities				
Non-current loan liabilities	-	930	-	-
Cash pooling liabilities	-	933	-	-
Current provision	-	16	-	-
Short-term trade liabilities	-	1	1	-
Other financial liabilities	-	2	-	-
Current credits and loans	653	517	-	-
Other current liabilities	-	111	-	-

The tables above present transactions with subsidiaries within the PKN ORLEN Group and joint ventures. *Transactions with PKN ORLEN S.A. and associates are immaterial, except for a loan from PKN ORLEN S.A. to Energa SA. Detailed information on the contracted loan is presented in Note 11.5. As regards disclosures relating to transactions with parties related to the State Treasury, the Company applies the exemption defined in paragraph 25 of IAS 24. Value of shares in subsidiaries, associates and joint ventures are presented in Note 8.

12.2 Compensation paid or due to the Company's Management Board members and Supervisory Board members

	Three-month period ended 31 March 2023 (unaudited)	Three-month period ended 31 March 2022 (unaudited)
Management Board	1,5	1,3
Supervisory Board	0,3	0,1
TOTAL	1,8	1,4

During the reporting period, there were no loans granted to or other material transactions with members of the Management Board and of the Supervisory Board of Energa SA.

12.3 Compensation paid or due to senior management (except for members of the Company's Management Board and Supervisory Board)

The amount of benefits paid or due to the senior management in the period from 1 January 2023 to 31 March 2023 was PLN 3 m, as in the corresponding period of the previous year.

12.4 Security for the repayment of liabilities

As at the end of the reporting period, there was no collateral established on the Company's assets.

13. Contingent assets and liabilities

The Company did not have any significant contingent assets and liabilities.

14. Other information significantly affecting the assessment of assets, financial position and the financial result of the Company

Assets held for sale

As at 31 March 2023, the shares held by the Company in Energa Invest Sp. z o.o. are recognized as assets held for sale. The Company assumes that the shares will be sold over the next 12 months.

Extension of loan maturity

On 28 February 2023, an agreement was signed concerning the extension of maturity of the loan granted by Energa Finance AB (publ). The final maturities of the loans granted on 21 March 2013 and 25 March 2013 were set at 28 February 2024. The principal constituting the object of the signed agreement amounts to EUR 110 m.

War in Ukraine

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

The Company 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. Considering the highly fluid geopolitical and economic situations, and difficulties in developing or obtaining unreserved and highly likely economic and financial forecasts, it is not possible at the moment to measure the potential impact of the conflict on the Company's activities and financial performance.

Factors such as military developments, the extent and effectiveness of sanctions imposed on Russia and Belarus, and the response of central banks and other financial institutions to the crisis will be of key relevance for a full assessment of the impact of the current situation on the Company's future financial performance.

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

- The risk of the Polish currency's weakening against major currencies, including specifically against euro. The Company hedges currency risk to liabilities held in foreign currencies and takes measures aimed at hedging currency risk with respect to planned investment projects;
- Increased risk of attacks on the IT infrastructure on which the Company relies in pursuing its main business objectives, which necessitates higher costs to protect IT systems and the use of more advanced security tools and 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 Company.

On the other hand, the Company has not identified any direct negative impact of the war in Ukraine on its financial performance in 1Q2023.

15. Significant subsequent events**Additional shareholder contributions**

On 5 April 2023, the Company made an additional shareholder contribution to CCGT Grudziądz Sp. z o.o. in the amount of PLN 360 m.

On 25 April 2023, the Company made an additional shareholder contribution to CCGT Gdańsk Sp. z o.o. in the amount of PLN 2,5 m.

Cash pooling

In connection with the integration of the Energa Group with the ORLEN Group in order to optimise cash management within the ORLEN Group, the process of joining the ORLEN Group's cash pooling structures began in April 2023. The planned date of accession of all Energa Group companies, including Energa SA, is mid-June 2023.

This tool allows for effective management of the Energa Group's liquidity from the level of PKN ORLEN S.A. - the agent coordinating the cash pooling service. According to the assumptions of cash pooling, at the end of each business day, the companies' funds are consolidated on the agent's accounts and can be used the next day to finance the payment obligations of individual participants. The implemented tool allows to effectively use in the first place the funds generated by the company to finance business, and debt financing in the next step.

Management Board Members

Zofia Paryła
President of the Management Board

Michał Perlik
Vice-President of the Management Board for Finance and Climate

Adrianna Sikorska
Vice-President of the Management Board for Communication Matters

Janusz Szurski
Vice-President of the Management Board for Corporate Matters

Energa Centrum Usług Wspólnych Sp. z o.o.
Entity responsible for keeping accounting ledgers and for preparing financial statements
Energa Centrum Usług Wspólnych Sp. z o.o.
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Gdańsk, 24 May 2023