



***Energa***

**ORLEN GROUP**

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**Condensed Interim Consolidated Financial Statements  
prepared in accordance with IAS 34  
for the three-month period ended  
31 March 2023**

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Accounting policies and additional notes to the condensed interim consolidated financial statements constitute an integral part thereof

**(This is translation of the consolidated financial statements originally issued in Polish)**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	3-month period ended 31 March 2023 (unaudited)	3-month period ended 31 March 2022 (unaudited)
<b>Sales revenue</b>	<b>5,980</b>	<b>4,938</b>
<b>Revenue from the Price Difference Payout Fund</b>	<b>1,443</b>	<b>-</b>
Cost of sales	(4,616)	(3,794)
<b>Gross profit on sales</b>	<b>2,807</b>	<b>1,144</b>
Other operating income	127	131
Selling and distribution expenses	(635)	(247)
General and administrative expenses	(136)	(79)
Other operating expenses	(122)	(143)
Financial income	22	9
Financial costs	(138)	(79)
Share in profit (loss) of entities measured using the equity method	1	33
<b>Profit or loss before tax</b>	<b>1,926</b>	<b>769</b>
Income tax	(355)	(158)
<b>Net profit or loss for the period</b>	<b>1,571</b>	<b>611</b>
Attributable to:		
Equity holders of the parent company	1,557	602
Non-controlling interests	14	9
<b>Earnings or loss per share (in PLN)</b>		
- basic	<b>3.76</b>	<b>1.45</b>
- diluted	<b>3.76</b>	<b>1.45</b>

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3-month period ended 31 March 2023 (unaudited)	3-month period ended 31 March 2022 (unaudited)
<b>Net profit for the period</b>	<b>1,571</b>	<b>611</b>
<b>Items that will never be reclassified to profit or loss</b>	<b>43</b>	<b>31</b>
Actuarial gains and losses on defined benefit plans	53	38
Deferred income tax	(10)	(7)
<b>Items that may subsequently be reclassified to profit or loss</b>	<b>(42)</b>	<b>27</b>
Foreign exchange differences from translation of foreign entities	-	1
Cash flow hedges	(52)	32
Deferred income tax	10	(6)
<b>Share in other comprehensive income of entities measured using the equity method</b>	<b>-</b>	<b>2</b>
<b>Net other comprehensive income</b>	<b>1</b>	<b>60</b>
<b>Total comprehensive income</b>	<b>1,572</b>	<b>671</b>
Attributable to:		
Equity holders of the parent company	1,557	661
Non-controlling interests	15	10

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

	As at 31 March 2023 (unaudited)	As at 31 December 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	17,826	17,386
Intangible assets	826	1,487
Right-of-use assets	1,060	1,050
Investments in associates and joint ventures measured using the equity method	154	153
Deferred tax assets	463	418
Other non-current financial assets	150	190
Other non-current assets	544	702
	<b>21,023</b>	<b>21,386</b>
<b>Current assets</b>		
Inventories	425	346
Current tax receivables	279	399
Trade receivables	5,561	3,271
Other current financial assets	176	210
Cash and cash equivalents	1,068	1,100
Other current assets	757	478
	<b>8,266</b>	<b>5,804</b>
Assets classified as held for sale	82	58
<b>TOTAL ASSETS</b>	<b>29,371</b>	<b>27,248</b>

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	As at 31 March 2023 (unaudited)	As at 31 December 2022
<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
Reserve capital	1,031	1,031
Supplementary capital	1,661	1,661
Cash flow hedge reserve	13	55
Retained earnings	5,305	3,706
<b>Equity attributable to equity holders of the parent company</b>	<b>12,538</b>	<b>10,981</b>
<b>Non-controlling interest</b>	<b>823</b>	<b>559</b>
	<b>13,361</b>	<b>11,540</b>
<b>Non-current liabilities</b>		
Loans and borrowings	1,424	1,531
Bonds issued	1,964	1,965
Non-current provisions	658	696
Deferred tax liabilities	1,108	931
Deferred income and non-current grants	317	326
Liabilities on account of leases	785	817
Other non-current financial liabilities	6	5
Contract liabilities	8	9
	<b>6,270</b>	<b>6,280</b>
<b>Current liabilities</b>		
Trade liabilities	2,051	2,388
Contract liabilities	366	314
Current credits and loans	3,992	2,537
Bonds issued	589	609
Current income tax liability	5	3
Deferred income and grants	174	202
Short-term provisions	1,827	2,496
Other financial liabilities	335	609
Other current liabilities	382	245
	<b>9,721</b>	<b>9,403</b>
Liabilities directly related to assets classified as held for sale	19	25
<b>Total liabilities</b>	<b>16,010</b>	<b>15,708</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>29,371</b>	<b>27,248</b>

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Equity attributable to equity holders of the parent company						Total	Non-controlling interest	Total equity
	Share capital	Foreign exchange differences	Reserve capital	Supplementary capital	Cash flow hedge reserve	Retained earnings			
<b>As at 1 January 2023</b>	<b>4,522</b>	<b>6</b>	<b>1,031</b>	<b>1,661</b>	<b>55</b>	<b>3,706</b>	<b>10,981</b>	<b>559</b>	<b>11,540</b>
Net other comprehensive income	-	-	-	-	(42)	42	-	1	1
Net profit for the period	-	-	-	-	-	1,557	<b>1,557</b>	14	<b>1,571</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>(42)</b>	<b>1,599</b>	<b>1,557</b>	<b>15</b>	<b>1,572</b>
Change of ownership structure	-	-	-	-	-	-	-	249	<b>249</b>
<b>As at 31 March 2023 (unaudited)</b>	<b>4,522</b>	<b>6</b>	<b>1,031</b>	<b>1,661</b>	<b>13</b>	<b>5,305</b>	<b>12,538</b>	<b>823</b>	<b>13,361</b>
<b>As at 1 January 2022</b>	<b>4,522</b>	<b>5</b>	<b>821</b>	<b>1,661</b>	<b>87</b>	<b>2,912</b>	<b>10,008</b>	<b>(66)</b>	<b>9,942</b>
Net other comprehensive income	-	1	-	-	26	32	<b>59</b>	1	<b>60</b>
Net profit (loss) for the period	-	-	-	-	-	602	<b>602</b>	9	<b>611</b>
<b>Total comprehensive income for the period</b>	-	<b>1</b>	-	-	<b>26</b>	<b>634</b>	<b>661</b>	<b>10</b>	<b>671</b>
Zmiana struktury właścicielskiej	-	-	-	-	-	(1)	<b>(1)</b>	<b>194</b>	<b>193</b>
<b>As at 31 March 2022 (unaudited)</b>	<b>4,522</b>	<b>6</b>	<b>821</b>	<b>1,661</b>	<b>113</b>	<b>3,545</b>	<b>10,668</b>	<b>138</b>	<b>10,806</b>

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

	3-month period ended	3-month period ended
	31 March 2023 (unaudited)	31 March 2022 (unaudited) (restated)*
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	1,926	769
Adjustments for:		
Share in (profit)/loss of the entities measured using the equity method	(1)	(33)
(Profit)/loss on foreign exchange	(1)	7
Amortization and depreciation	291	277
Net interest and dividends	119	55
(Profit)/loss on investing activities, including goodwill impairment allowance	(54)	10
Change in provisions	261	365
Other adjustments	-	(538)
<b>Changes in working capital:</b>		
Change in current receivables and current prepayments	(2,315)	(65)
Change in inventories	(91)	(26)
Change in current liabilities, excluding loans and borrowings and in current accruals	(569)	151
	<b>(434)</b>	<b>972</b>
<b>Income tax</b>	<b>(102)</b>	<b>(123)</b>
<b>Net cash from operating activities</b>	<b>(536)</b>	<b>849</b>
<b>Cash flows from investing activities</b>		
Disposal of property, plant and equipment and intangible assets and investments into investment property	1	1
Purchase of property, plant and equipment and intangible assets	(986)	(647)
Other proceeds from financial assets	18	3
Proceeds/(Outflows) net cash from loans	42	-
Other	13	10
<b>Net cash from investing activities</b>	<b>(912)</b>	<b>(633)</b>
<b>Cash flows from financing activities</b>		
Net inflows from issuance of shares and other capital instruments and from capital contributions	249	193
Proceeds from debt incurred	2,100	550
Repayment of debt incurred	(756)	(751)
Repayment of lease liabilities	(57)	(51)
Grants received	2	5
Interest paid	(120)	(58)
Other	(2)	(4)
<b>Net cash from/(used in) financing activities</b>	<b>1,416</b>	<b>(116)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(32)</b>	<b>100</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,100</b>	<b>340</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,068</b>	<b>440</b>
<i>including restricted cash</i>	<i>581</i>	<i>122</i>

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**ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION**
**1. General information**

The Energa SA Group (the "Group") consists of **Energa Spółka Akcyjna** (the "Parent Company", the "Company") and its subsidiaries (see Note 2).

Name of the parent company: Energa SA

Legal form: joint stock company

Country: Poland

Registered office: Gdańsk

Registered address: Al. Grunwaldzka 472, 80-309 Gdańsk

KRS: 0000271591

REGON: 220353024

NIP: 957-095-77-22

The parent company has been established for an indefinite time.

The condensed consolidated interim financial statements of the Group cover the period of three months ended 31 March 2023 and contain relevant comparative data.

The core business of the Group is:

1. distribution and sale of electricity and heat;
2. production of electricity and heat; and
3. trading in electricity.

As at 31 March 2023, PKN ORLEN S.A. is the parent company of the Company and the ultimate controlling party of the Energa Group.

**2. Composition of the Group, and joint ventures and associates**
**2.1. Composition of the Group at the end of the reporting period**

As at 31 March 2023, the Group consists of Energa SA and the following subsidiaries:

No.	Company name	Registered office	Line of business	% held by the Group in share capital as at	
				31 March 2023	31 December 2022
<b>Distribution Business Line (Segment)</b>					
1	Energa-Operator SA	Gdańsk	distribution of electricity	100	100
2	Energa Operator Wykonawstwo Elektroenergetyczne Sp. z o.o.	Słupsk	contracting and design	100	100
<b>Sales Business Line (Segment)</b>					
3	Energa-Obrót SA	Gdańsk	trading in electricity	100	100
4	Energa Oświetlenie Sp. z o.o.	Sopot	lighting services	100	100
5	Energa SLOVAKIA s.r.o. in liquidation	Bratislava	trading in electricity	100	100
6	Enspirion Sp. z o.o.	Gdańsk	organization and management of development of innovative power projects	100	100
<b>Generation Business Line (Segment)</b>					
7	Energa Wytwarzanie SA	Gdańsk	production of energy	100	100
8	Energa Elektrownie Ostrołęka SA	Ostrołęka	production of energy	89.64	89.64

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No.	Company name	Registered office	Line of business	% held by the Group in share capital as at	
				31 March 2023	31 December 2022
9	Energa Kogeneracja Sp. z o.o.	Elbląg	production of energy	100	100
10	Energa Ciepło Ostrołęka Sp. z o.o.	Ostrołęka	distribution of heat	100	100
11	Energa Serwis Sp. z o.o.	Ostrołęka	repairs and maintenance services	89.64	89.64
12	Energa Ciepło Kaliskie Sp. z o.o.	Kalisz	distribution of heat	91.24	91.24
13	Energa MFW 1 Sp. z o.o.	Gdańsk	production of energy	100	100
14	Energa MFW 1 Sp. z o.o.	Gdańsk	production of energy	100	100
15	LBW 1 Sp. z o.o.	Gdańsk	holdings and management of companies and enterprises	100	100
16	ECARB Sp. z o.o.	Gdańsk	financing activity	89.64	89.64
<b>Other Business Line</b>					
17	Energa Finance AB (publ)	Stockholm	financing activity	100	100
18	Energa Informatyka i Technologie Sp. z o.o.	Gdańsk	information and communication technologies	100	100
19	Energa Logistyka Sp. z o.o.	Płock	logistics and supply	100	100
20	Energa Invest Sp. z o.o.	Gdańsk	investment project management	100	100
21	Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o.	Gdańsk	development activity in engineering	100	100
22	CCGT Ostrołęka Sp. z o.o.	Ostrołęka	production of energy	50	50
23	CCGT Grudziądz Sp. z o.o.	Grudziądz	production of energy	100	100
24	CCGT Gdańsk Sp. z o.o.	Gdańsk	production of energy	100	100
25	Energa Green Development Sp. z o.o.	Gdańsk	implementation of investment projects	100	100

Additionally, as at 31 March 2023 the Group holds shares in the joint venture Elektrownia Ostrołęka Sp. z o.o. (formerly Elektrownia Ostrołęka SA) and in Polimex-Mostostal SA ("Polimex"), an associate (see the description in Note 2.2).

## 2.2. Joint ventures and associate

### 2.2.1. Polimex-Mostostal

On 18 January 2017, the Management Board of Energa S.A. along with Enea S.A., PGE S.A. and PGNiG Technologie S.A. ("Investors") and Polimex-Mostostal SA signed an investment agreement ("Investment Agreement") under which the Investors undertook to make an equity investment in Polimex. Energa SA holds approx. 39 million shares of the nominal value of PLN 2 each, which translates into a 16.15% of the Polimex shareholders structure.

The stake in Polimex was classified as an associate accounted for using the equity method. The stake in Polimex was classified as an associate accounted for using the equity method. The Investors' Committee, established under the Investment Agreement and composed of all Investors, exerts significant influence on the investment through its role in financial and operational policy-making and determining the composition of Polimex governing bodies.

Polimex is an engineering and construction company with its registered office in Warsaw, listed on the Warsaw Stock Exchange. The value of Energa SA's holding according to the daily exchange rate as at 31 March 2023 is PLN 180 million.

As at 31 March 2023 the investments in the consolidated financial statements amount to PLN 154 m.

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### 2.2.2. Ostrołęka Power Plant

Elektrownia Ostrołęka Sp. z o.o. is a special purpose vehicle under the joint control of Energa SA and Enea S.A. The company was established for the purpose of implementation of the project of construction of a power generating unit in Ostrołęka ("Coal Project").

Following analyses, the implementation of the Coal Project was halted on 2 June 2020. The project was resumed in the gas formula, however, CCGT Ostrołęka Sp. z o.o. became a special purpose vehicle for its implementation. The final settlement of the Coal Project with the General Contractor (GE Power Sp. z o.o. and GE Steam Power Systems S.A.S.) took place on 31 March 2022. The costs incurred by Energa SA in connection with the settlement of the General Contractor's works amounted to 50% of the total settlement amount, i.e. PLN 479 m net (the same amount was attributable to Enea S.A.).

The investment was classified as a joint venture and is recognized using the equity method.

Elektrownia Ostrołęka Sp. z o.o. is a privately held company and, therefore, there are no market quotes for its shares.

As at 31 March 2023, the value of investment in Elektrownia Ostrołęka Sp. z o.o. in the consolidated financial statements amounted to zero.

### 3. Composition of the parent company's Management Board

In the period of the first quarter of 2023 and in the period until the date of preparation of these financial statements, the Management Board of Energa SA was composed of the following persons:

- 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;
  - 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) in 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;
  - Mr Janusz Szurski - Vice-President of the Management Board for Corporate Matters;
- 3) in the period from 27 March 2023 until the date of preparation 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;
  - Mr Janusz Szurski - Vice-President of the Management Board for Corporate Matters.

### 4. Approval of the financial statements

These condensed interim consolidated financial statements were approved for publication by the Company's Management Board on 24 May 2023.

### 5. Basis for preparation of the financial statements

These condensed interim consolidated 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 condensed interim consolidated financial statements are presented in millions of Polish zloty ("PLN m") and have been prepared based on the assumption that the Group would continue as a going concern in the foreseeable future.

#### 5.1. Statement of compliance

These condensed interim consolidated financial statements of Energa SA Group have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting, as endorsed by the European Union. They do not include all the information required for a complete set of financial statements compliant with the International Financial Reporting Standards ("IFRS") as approved by the EU ("IFRS EU"). However, selected notes are included to explain events and transactions that are relevant to the understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended on 31 December 2022.

#### 5.2. Functional and presentation currency

The functional currency of the parent company and other Polish companies covered by these condensed interim consolidated financial statements and the presentation currency of these condensed interim consolidated financial statements is the Polish zloty. For Energa Slovakia s.r.o. and Energa Finance AB (publ), the functional currency of their individual financial statements is euro. For the purpose of these financial statements, the underlying accounts of the above-mentioned companies have been converted into PLN as follows: data in the statement of financial position, except equity - at average exchange rates at the reporting date; equity - at the exchange rates at the date of transaction; data in the statement of profit or loss - at the average exchange rate for the reporting period. Exchange differences from conversion were recognised in other comprehensive income.

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## 6. Material items subject to professional judgment and estimates

During the current reporting period, no changes were made in the scope or methods used in determining significant estimates. Changes in estimates were attributable to the events occurring during the reporting period.

The preparation of the condensed interim consolidated financial statements in accordance with the International Accounting Standard 34, Interim Financial Reporting, as endorsed by the European Union ("EU") requires the Management Board to adopt certain assumptions and estimates that affect the amounts reported in these condensed interim consolidated financial statements and notes thereto. The assumptions and estimates are based on the Management Board's best knowledge of current and future activities and events. However, actual results may differ from those anticipated.

## 7. Significant accounting policies

The Group's accounting policies are applied on a continuous basis, except for the amendments to EU IFRS.

### 7.1. 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 (applicable to 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).

### 7.2. 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);
- Amendments to 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 of implementation of other above-mentioned standards, the Group does not anticipate the related changes to have a significant impact on its financial statements.

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

Sales and distribution of electricity and heat during the year are subject to seasonal fluctuations. The volume of energy sold and distributed and, consequently, revenues rise during the winter months and fall in the summer months. This is dependent on the ambient temperature and length of the day. The extent of fluctuations is determined by low temperatures and shorter days in winter and higher temperatures and longer days in summer. The seasonal nature of electric energy sales and distribution applies to a greater extent to small individual customers than to industrial sector clients.

## NOTES ON BUSINESS LINES (OPERATING SEGMENTS)

### 9. Business lines (Operating segments)

The Group presents segment information in accordance with IFRS 8 Operating Segments for the current and comparable reporting periods. The Group is organized and managed by segment. Segments are distinguished according to the type of products offered. The Group's reporting is broken down into three segments and other activity referred to as business lines, according to the Group's terminology:

- Distribution – distribution of electricity by Energa-Operator SA (Distribution System Operator), as well as operations directly associated with the distribution operations conducted by other Group companies;
- Generation – production of electricity from conventional and renewable sources, production and distribution of heat and maintenance and repair activity, related directly to the production of energy;
- Sales – trading in electricity (wholesale and retail) and lighting services;

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- Other – shared services center in ITC area as well as financial activity, real estate management, logistics and procurement. The parent company's operations are included in the Other business line, as well as project companies not included in other lines.

The key measures used by the Energa SA Management Board to assess the performance of business lines is net profit and EBITDA, i.e. operating profit /(loss) (calculated as the profit /loss before tax adjusted by the share of profit/loss of an entity measured using the equity method, financial revenues and financial costs) plus amortization and depreciation and impairment losses on non-financial non-current assets.

The rules applied to the determination of business line results and measure the business line's assets and liabilities are consistent with the rules used to prepare the consolidated financial statements. The share in the result of the entities measured using the equity method is recognized in consolidation eliminations and adjustments.

Transactions between business lines are settled on market terms.

The Group does not present information by geographic segment since its operations conducted for international clients and its international assets do not have a significant impact on the Group's business.

The tables below show the allocation of revenues and expenses to individual reporting segments for the period from 1 January to 31 March 2023 and financial assets and liabilities as at 31 March 2023, together with relevant comparative information.

3-month period ended on 31 March 2023 (unaudited) or as at 31 March 2023 (unaudited)	Distribution	Sales	Generation	Other	Consolidation eliminations and adjustments	Total activity
<b>Revenue</b>						
Sales to external customers	1,608	3,636	672	64	-	<b>5,980</b>
Sales between business lines	24	37	707	237	(1,005)	-
Revenue from the Price Difference Payout Fund	211	1,232	-	-	-	<b>1,443</b>
<b>Total business line revenue</b>	<b>1,843</b>	<b>4,905</b>	<b>1,379</b>	<b>301</b>	<b>(1,005)</b>	<b>7,423</b>
<b>EBITDA</b>						
Amortization and depreciation	235	15	36	8	(3)	<b>291</b>
Impairment losses on non-financial non-current assets	-	-	(1)	-	-	<b>(1)</b>
<b>Operating profit or loss</b>	<b>1,397</b>	<b>430</b>	<b>266</b>	<b>(31)</b>	<b>(21)</b>	<b>2,041</b>
Net financial income/costs	(88)	(5)	(25)	19	(17)	<b>(116)</b>
Share in profit/(loss) of the entities measured using the equity method	-	-	-	-	1	<b>1</b>
<b>Profit or loss before tax</b>	<b>1,309</b>	<b>425</b>	<b>241</b>	<b>(12)</b>	<b>(37)</b>	<b>1,926</b>
Income tax	(249)	(82)	(30)	4	2	<b>(355)</b>
<b>Net profit or loss</b>	<b>1,060</b>	<b>343</b>	<b>211</b>	<b>(8)</b>	<b>(35)</b>	<b>1,571</b>
<b>Assets and liabilities</b>						
Cash and cash equivalents	18	406	94	550	-	<b>1,068</b>
<b>Total assets</b>	<b>17,597</b>	<b>6,125</b>	<b>4,481</b>	<b>18,425</b>	<b>(17,257)</b>	<b>29,371</b>
Financial liabilities	5,195	23	744	6,999	(4,162)	<b>8,799</b>
<b>Other business line information</b>						
Capital expenditure	469	15	166	88	(25)	<b>713</b>

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3-month period ended on 31 March 2022 (unaudited) or as at 31 December 2022	Distribution	Sales	Generation	Other	Consolidation eliminations and adjustments	Total activity
<b>Revenue</b>						
Sales to external customers	1,217	3,062	603	56	-	<b>4,938</b>
Sales between business lines	18	16	197	130	(361)	-
<b>Total business line revenue</b>	<b>1,235</b>	<b>3,078</b>	<b>800</b>	<b>186</b>	<b>(361)</b>	<b>4,938</b>
<b>EBITDA</b>						
Amortization and depreciation	222	14	37	8	(4)	<b>277</b>
Impairment losses on non-financial non-current assets	-	-	(6)	-	-	<b>(6)</b>
<b>Operating profit or loss</b>	<b>490</b>	<b>45</b>	<b>275</b>	<b>(8)</b>	<b>4</b>	<b>806</b>
Net financial income/costs	(53)	(2)	(12)	(2)	(1)	<b>(70)</b>
Share in profit/(loss) of the entities measured using the equity method	-	-	-	-	33	<b>33</b>
<b>Profit or loss before tax</b>	<b>437</b>	<b>43</b>	<b>263</b>	<b>(10)</b>	<b>36</b>	<b>769</b>
Income tax	(84)	(9)	(65)	-	-	<b>(158)</b>
<b>Net profit or loss</b>	<b>353</b>	<b>34</b>	<b>198</b>	<b>(10)</b>	<b>36</b>	<b>611</b>
<b>Assets and liabilities</b>						
Cash and cash equivalents	7	141	145	807	-	<b>1,100</b>
<b>Total assets</b>	<b>16,173</b>	<b>4,384</b>	<b>5,680</b>	<b>16,442</b>	<b>(15,431)</b>	<b>27,248</b>
Financial liabilities	5,299	23	770	5,640	(4,228)	<b>7,504</b>
<b>Other business line information</b>						
Capital expenditure	276	9	20	7	4	<b>316</b>

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3-month period ended on 31 March 2023 (unaudited)	Distribution	Sales	Generation	Other	Consolidation eliminations and adjustments	Total activity
<b>Revenue on sales of goods, products and materials, including:</b>	-	<b>3,562</b>	<b>1,340</b>	<b>181</b>	<b>(878)</b>	<b>4,205</b>
Electricity	-	3,470	1,174	-	(734)	<b>3,910</b>
Gas	-	105	-	-	(1)	<b>104</b>
Other goods for resale, finished goods, and materials	-	6	166	181	(143)	<b>210</b>
Excise tax	-	(19)	-	-	-	<b>(19)</b>
<b>Revenues on sales of services, including:</b>	<b>1,632</b>	<b>111</b>	<b>39</b>	<b>120</b>	<b>(127)</b>	<b>1,775</b>
Distribution and transit services	1,539	-	13	-	1	<b>1,553</b>
Customer connection fees	52	-	-	-	-	<b>52</b>
Other services	41	111	26	120	(128)	<b>170</b>
<b>TOTAL</b>	<b>1,632</b>	<b>3,673</b>	<b>1,379</b>	<b>301</b>	<b>(1,005)</b>	<b>5,980</b>
of which:						
Revenue from goods, products and materials transferred or services provided on a continuous basis	1,539	3,556	1,187	-	(734)	<b>5,548</b>
Revenue from goods, products and materials transferred or services provided at a specific time	93	117	192	301	(271)	<b>432</b>

  

3-month period ended on 31 March 2022 (unaudited)	Distribution	Sales	Generation	Other	Consolidation eliminations and adjustments	Total activity
<b>Revenue on sales of goods, products and materials, including:</b>	<b>13</b>	<b>2,991</b>	<b>765</b>	<b>113</b>	<b>(274)</b>	<b>3,608</b>
Electricity	12	2,906	646	-	(206)	<b>3,358</b>
Gas	-	92	-	-	-	<b>92</b>
Other goods for resale, finished goods, and materials	1	2	119	113	(68)	<b>167</b>
Excise tax	-	(9)	-	-	-	<b>(9)</b>
<b>Revenues on sales of services, including:</b>	<b>1,222</b>	<b>87</b>	<b>35</b>	<b>73</b>	<b>(87)</b>	<b>1,330</b>
Distribution and transit services	1,189	-	12	-	(17)	<b>1,184</b>
Customer connection fees	17	-	-	-	-	<b>17</b>
Other services	16	87	23	73	(70)	<b>129</b>
<b>TOTAL</b>	<b>1,235</b>	<b>3,078</b>	<b>800</b>	<b>186</b>	<b>(361)</b>	<b>4,938</b>
of which:						
Revenue from goods, products and materials transferred or services provided on a continuous basis	1,201	2,989	658	-	(223)	<b>4,625</b>
Revenue from goods, products and materials transferred or services provided at a specific time	34	89	142	186	(138)	<b>313</b>

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**NOTES TO CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**10. Property, plant and equipment, intangible assets and right-of-use assets**
**Property, plant and equipment**

In the current reporting period, the Group:

- incurred capital expenditures on property, plant and equipment in the amount of PLN 691 m (vs. PLN 300 m in the corresponding period of 2022).

**Intangible assets**

In the current reporting period, the Group:

- incurred capital expenditure on intangible assets in the amount of PLN 11 m (PLN 7 m in the corresponding period of 2022);
- incurred capital expenditures on energy certificates of origin, CO2 emission allowances and energy efficiency certificates in the amount of PLN 227 m (PLN 99 m in the corresponding period of 2022).

**Right-of-use assets**

In the current reporting period, the Group increased right-of-use assets by PLN 11 m (PLN 9 m in the corresponding period of 2022) as a result of the conclusion of new agreements.

**11. Impairment tests for property, plant and equipment and goodwill**

In Q1 2023, as part of the assessment of the occurrence of internal or external indicators of impairment of property, plant and equipment of the Energa Group companies, no indications were identified that could result in a significant decrease in the value of these assets. Accordingly, it was decided that no impairment test was necessary.

**12. Cash and cash equivalents**

Cash at bank earns interest at variable interest rates negotiated with the banks, which are driven by the interest rates for overnight deposits. Short-term deposits are made for different periods, from one day to three months, depending on the Group's current cash needs, 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:

	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Cash at bank and in hand	755	220
Short-term deposits up to 3 months	313	220
<b>Total cash and cash equivalents</b>	<b>1,068</b>	<b>440</b>
<i>including restricted cash</i>	<i>581</i>	<i>122</i>

Restricted cash presented in the consolidated statement of cash flows constitutes primarily the funds kept in the VAT account (split payment) and the security for settlements with Izba Rozliczeniowa Gield Towarowych SA [the Commodity Clearing House].

**13. Earnings per share**

There were no diluting instruments in the parent company. Therefore, net diluted earnings per share are equal to basic earnings per share. The data used to calculate earnings per share are presented below.

	3-month period ended 31 March 2023 (unaudited)	3-month period ended 31 March 2022 (unaudited)
Net profit or loss attributable to the shareholders of the parent company	1,557	602
<b>Net profit or loss attributable to ordinary equity holders of the parent company</b>	<b>1,557</b>	<b>602</b>
Number of shares used to calculate earnings per share (in millions)	414	414
<b>Earnings or loss per share (basic and diluted) (in PLN)</b>	<b>3.76</b>	<b>1.45</b>

**14. Dividends**

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, no decision on the distribution of the result for 2022 has been made.

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## 15. Provisions

### 15.1. Provisions for employee benefits

The Group recognizes provisions for post-employment benefits and jubilee bonuses in amounts calculated using actuarial methods. The amount of provisions recognized in these financial statements derives from the projection of provisions as at 31 March 2023, carried out by an independent actuary. The projection was based on the main assumptions used to measure provisions as at 31 December 2022, except the updated discount rate and the expected growth rate of the energy equivalent. The discount rate used to project the provisions as at 31 March 2023 was assumed at 6.5% (as at 31 December 2022: 6.7%).

	Long-term		Short-term		Total	
	31 March 2023 (unaudited)	31 December 2022	31 March 2023 (unaudited)	31 December 2022	31 March 2023 (unaudited)	31 December 2022
Pension and similar benefits	114	113	16	17	130	130
Energy tariff	108	159	18	20	126	179
Company Social Benefit Fund	17	16	2	2	19	18
Jubilee bonuses	187	184	29	27	216	211
Death gratuities	3	3	-	-	3	3
<b>Total</b>	<b>429</b>	<b>475</b>	<b>65</b>	<b>66</b>	<b>494</b>	<b>541</b>

### 15.2. Other provisions

	Long-term		Short-term		Total	
	31 March 2023 (unaudited)	31 December 2022	31 March 2023 (unaudited)	31 December 2022	31 March 2023 (unaudited)	31 December 2022
Legal claims	88	86	179	178	267	264
Land reclamation and liquidation costs	92	88	-	-	92	88
Liabilities for gas emissions	-	-	267	997	267	997
Obligation relating to property rights	-	-	258	142	258	142
Other provisions	49	47	1,058	1,113	1,107	1,160
<b>Total</b>	<b>229</b>	<b>221</b>	<b>1,762</b>	<b>2,430</b>	<b>1,991</b>	<b>2,651</b>

## 16. Assets classified as held for sale

On 30 September 2021, the premises for reclassification of net assets held in Energa Invest Sp. z o.o. to assets held for sale were reviewed. For that company, it was assumed that the sale of shares would take place within the next 12 months. Therefore, at the end of Q3 2021, net assets of Energa Invest Sp. z o.o. held by the Group were reclassified to assets held for sale.

Due to the extended period required to finalize the sale of the company's shares, the Group continues to recognize its net assets as assets held for sale as at 31 March 2023.

Main categories of assets and liabilities making up the activities classified as held for sale as at the day ending the reporting period are presented in the following table:

	As at 31 March 2023 (unaudited)	As at 31 December 2022
<b>ASSETS</b>		
Property, plant and equipment	26	28
Investment property	2	2
Intangible assets	2	2
Right-of-use assets	6	6
Deferred tax assets	5	5
Zapasy	11	-
Current tax receivables	1	-
Trade receivables	26	8
Cash and cash equivalents	1	2
Other current assets	2	5

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	As at 31 March 2023 (unaudited)	As at 31 December 2022
<b>Assets classified as held for sale</b>	<b>82</b>	<b>58</b>
<b>LIABILITIES</b>		
Long-term lease liabilities	1	1
Trade liabilities	3	1
Deferred income and grants	2	11
Short-term provisions	7	7
Other financial liabilities	2	2
Other current liabilities	4	3
<b>Liabilities directly related to assets classified as held for sale</b>	<b>19</b>	<b>25</b>

**NOTES ON FINANCIAL INSTRUMENTS**
**17. Financial instruments**
**17.1. Carrying amount of financial instruments by category and class**

As at 31 March 2023 (unaudited)	Measured at fair value through profit or loss for period	Hedging derivatives	Measured at amortized cost	Financial instruments excluded from the scope of IFRS 9	TOTAL
<b>Assets</b>					
Trade receivables, of which:	-	-	5,561	-	5,561
<i>adjusted estimate of sales revenues</i>	-	-	1,567	-	1,567
Cash and cash equivalents	-	-	1,068	-	1,068
Other financial assets	78	187	61	-	326
Loans granted	-	-	-	-	-
Derivative financial instruments	63	187	-	-	250
Other	15	-	61	-	76
<b>TOTAL</b>	<b>78</b>	<b>187</b>	<b>6,690</b>	<b>-</b>	<b>6,955</b>
<b>Liabilities</b>					
Loans and borrowings	-	-	5,416	-	5,416
Preferential loans and borrowings	-	-	926	-	926
Loans and borrowings	-	-	4,490	-	4,490
Bonds issued	-	-	2,553	-	2,553
Trade liabilities	-	-	2,051	-	2,051
Contract liabilities	-	-	374	-	374
Other financial liabilities	-	-	296	830	1,126
Liabilities on purchase of property, plant and equipment and intangible assets	-	-	247	-	247
Derivative financial instruments	-	-	-	-	-
Dividend liabilities	-	-	2	-	2
Liabilities on account of leases	-	-	-	830	830
Other	-	-	47	-	47
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>10,690</b>	<b>830</b>	<b>11,520</b>

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As at 31 December 2022	Measured at fair value through profit or loss for period	Hedging derivatives	Measured at amortized cost	Financial instruments excluded from the scope of IFRS 9	TOTAL
<b>Assets</b>					
Trade receivables, of which:	-	-	3,271	-	<b>3,271</b>
<i>adjusted estimate of sales revenues</i>	-	-	471	-	<b>471</b>
Cash and cash equivalents	-	-	1,100	-	<b>1,100</b>
Other financial assets	102	257	41	-	<b>400</b>
Loans granted	42	-	-	-	<b>42</b>
Derivative financial instruments	45	257	-	-	<b>302</b>
Other	15	-	41	-	<b>56</b>
<b>TOTAL</b>	<b>102</b>	<b>257</b>	<b>4,412</b>	<b>-</b>	<b>4,771</b>
<b>Liabilities</b>					
Loans and borrowings	-	-	4,068	-	<b>4,068</b>
Preferential loans and borrowings	-	-	1,077	-	<b>1,077</b>
Loans and borrowings	-	-	2,991	-	<b>2,991</b>
Bonds issued	-	-	2,574	-	<b>2,574</b>
Trade liabilities	-	-	2,388	-	<b>2,388</b>
Contract liabilities	-	-	323	-	<b>323</b>
Other financial liabilities	1	-	568	862	<b>1,431</b>
Liabilities on purchase of property, plant and equipment and intangible assets	-	-	517	-	<b>517</b>
Derivative financial instruments	1	-	-	-	<b>1</b>
Dividend liabilities	-	-	2	-	<b>2</b>
Liabilities on account of leases	-	-	-	862	<b>862</b>
Other	-	-	49	-	<b>49</b>
<b>TOTAL</b>	<b>1</b>	<b>-</b>	<b>9,921</b>	<b>862</b>	<b>10,784</b>

## 17.2. Fair value of financial instruments

### Financial instruments measured at fair value on an ongoing basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period.

The table below presents an analysis of financial instruments measured at fair value, grouped according to a three-level hierarchy:

- level 1 – fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group 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.

	31 March 2023 (unaudited) Level 2	31 December 2022 Level 2
<b>Assets</b>		
Hedging derivatives (CCIRS III)	83	114
Hedging derivatives (CCIRS IV)	102	139
Hedging derivatives (IRS)	2	4
Other derivatives	63	45
<b>Liabilities</b>		
Other derivatives	-	1

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.

The line item Assets - 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, 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

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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.

Futures transactions on PEAK type contracts quoted on the TGE commodity exchange relating to purchase and sale of electricity concluded by Energa Elektrownie Ostrołęka SA were recognized in the line item Other financial assets - Other derivatives measured at fair value through profit or loss. Futures transactions concluded via TGE in relation to purchase and sale of electricity constitute transactions with physical delivery, with financial settlement of the transaction usually taking place in the net amount.

Fair value of the concluded contracts is determined by setting the contract's price at the time of its conclusion against the current prices of futures contracts calculated on the basis of market data. Those instruments are recognized as assets when their value is positive and as liabilities when their value is negative.

#### Financial instruments not measured at fair value on a continuing 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.

Liabilities arising from the issue of eurobonds and hybrid bonds	Carrying amount	Fair value	
		Level 1	Level 2
<b>As at 31 March 2023 (unaudited)</b>	<b>2,553</b>	<b>1,288</b>	<b>1,275</b>
eurobonds	1,397	1,288	-
hybrid bonds	1,156	-	1,275
<b>As at 31 December 2022</b>	<b>2,574</b>	<b>1,222</b>	<b>1,270</b>
eurobonds	1,423	1,222	-
hybrid bonds	1,151	-	1,270

Fair value measurement of liabilities arising from the bonds issued in euro was estimated: in the case of Eurobonds on the basis of quotations from the Bloomberg system from 31 March 2023, which are determined based on transactions on the Luxembourg stock exchange and over-the-counter trading, while in the case of hybrid bonds based on the analysis of future cash flows discounted using the interest rates in effect as at 31 March 2023.

#### Financial liabilities

All of the Group's financial liabilities are classified as financial liabilities measured at amortized cost, except for derivatives. This category of the Group's financial instruments mainly includes contracted credits and loans and issued bonds.

#### Credits and loans

Liabilities of credits and loans 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
<b>Currency – PLN</b>		
<b>Reference rate – WIBOR, rediscount rate</b>		
<b>Credit/loan amount</b>	<b>5,416</b>	<b>4,068</b>
<b>of which maturing in:</b>		
up to 1 year (short-term)	3,992	2,537
1 to 3 years	583	624
3 to 5 years	251	283
over 5 years	590	624

As at 31 March 2023 and 31 December 2022, the amount of credit limits at the Group's disposal was PLN 6,711.9 m (utilized in 80.5%) and PLN 6,061.0 m (utilized in 55.4%), respectively. Detailed information on the contracted loans and borrowings has been presented in Note 17.4.

#### Liabilities for bonds issued

Liabilities for 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
<b>Currency - EUR</b>		
<b>Reference rate - fixed</b>		
<b>Value of the issue</b>		
in currency	546	549
in PLN	2,553	2,574
<b>of which maturing in:</b>		
up to 1 year (short-term)	589	609
3 to 5 years	1,964	1,965

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### 17.3. Credit risk

Below are presented disclosures relating to credit risk broken down by rating category and other categories relating to trade receivables and contract assets:

	As at 31 March 2023 (unaudited)			As at 31 December 2022		
	Weighted average credit loss	Value gross	Impairment loss	Weighted average credit loss	Value gross	Impairment loss
Highest client rating	0.0%	1,172	-	0.0%	846	-
Medium client rating	0.0%	390	-	0.0%	297	-
Lowest client rating	1.0%	53	(1)	0.9%	57	(1)

	As at 31 March 2023 (unaudited)			As at 31 December 2022		
	Weighted average credit loss	Value gross	Impairment loss	Weighted average credit loss	Value gross	Impairment loss
Clients with no rating in sales business line	2.2%	1,232	(27)	1.6%	1,082	(17)
Disputed receivables	83.4%	367	(306)	83.8%	358	(300)
Other receivables	3.1%	2,767	(86)	7.5%	1,026	(77)

### 17.4. 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	Available financing amount	Nominal debt as at 31 March 2023	Repayment date
European Investment Bank	Loan	Energa-Operator SA CapEx Program	16-12-2009	1,050	-	184	15-12-2025
European Investment Bank	Loan	Energa-Operator SA CapEx Program	10-07-2013	1,000	-	558	15-09-2031
European Bank for Reconstruction and Development	Loan	Energa-Operator SA CapEx Program	29-04-2010	1,076	-	162	18-12-2024
European Bank for Reconstruction and Development	Loan	Energa-Operator SA CapEx Program	26-06-2013	800	-	167	18-12-2024
Bondholders	Eurobonds	General corporate purposes	07-03-2017	1 403 <sup>1</sup>	-	1 403 <sup>1</sup>	07-03-2027
PKO Bank Polski SA	Credit limit	General corporate purposes	20-09-2012	200	-	22 <sup>2</sup>	19-09-2022
Nordic Investment Bank	Loan	FW Myślino construction	23-10-2014	68	-	22	15-09-2026
WFOŚiWG	Borrowing	Elektrownia CCGT Gdańsk Sp. z o.o. CapEx program	27-06-2014	7	-	7	30-06-2024
NFOSiGW	Borrowing	Energa Elektrownie Ostrołęka SA CapEx Program	30-08-2018	134	-	99	20-12-2028
European Investment Bank	Hybrid bonds	Energa-Operator SA CapEx Program	04-09-2017	1 169 <sup>3</sup>	-	1 169 <sup>3</sup>	12-09-2037

Accounting policies and additional notes to the condensed interim consolidated financial statements constitute an integral part thereof

(This is translation of the consolidated financial statements originally issued in Polish)

Financing institution	Type of liability	Purpose of financing	Date of the agreement	Financing limit	Available financing amount	Nominal debt as at 31 March 2023	Repayment date
Syndicated loan	Revolving loan	financing of Energa SA corporate objectives, including financing of everyday operations and financing of the CapEx program, excluding capital expenditure on coal-based energy production	17-09-2019	2,000	400	1,600	17-09-2024 <sup>4</sup>
Bank Gospodarstwa Krajowego	Revolving loan	financing of Energa SA corporate objectives, including financing of everyday operations and financing of the CapEx program, and refinancing of financial debt	03-07-2020	250	-	250	18-08-2023
SMBC	Revolving loan	financing of corporate objectives of Energa SA, including financing of day-to-day operations, financing of the CapEx program, and refinancing of financial debt, excluding capital expenditure on coal-fired energy	28-07-2020	561 <sup>5</sup>	561	-	28-07-2025
PKN Orlen	Loan	Financing of general corporate purposes	31-05-2021	1,000	-	1,000	30-05-2023
PKN Orlen	Loan	Financing of general corporate purposes	31-05-2021	1,000	300	700	30-05-2023
European Investment Bank	Loan	Energa-Operator SA CapEx Program	16-12-2021	701 <sup>6</sup>	18	655	16-12-2041
<b>TOTAL</b>				<b>12,419</b>	<b>1,279</b>	<b>7,998</b>	

<sup>1</sup> liability under Eurobonds in the total amount of EUR 300 m converted using the average NBP exchange rate of 31 March 2023

<sup>2</sup> value of guarantee limits granted to Energa Group companies based on the concluded execution agreements (utilization of the global limit)

<sup>3</sup> hybrid bonds liability of EUR 250 m converted using the average NBP exchange rate of 31 March 2023

<sup>4</sup> credit granted for a period of 5 years from the date of signing the agreement, with an option to extend it twice for a one-year period

<sup>5</sup> liability of EUR 120 m converted using the average NBP exchange rate of 31 March 2023

<sup>6</sup> liability of EUR 150 m converted using the average NBP exchange rate of 31 March 2023

## 17.5. Cash flow hedge accounting

### FX risk hedging

In 2017, the Group issued Eurobonds in EUR. In order to hedge currency risk under the aforesaid issuance, the Group 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 Group designated the foreign exchange risk on the Eurobonds issued by Energa Finance AB.

As the hedge, the Group designated CCIRS transaction under which the Group receives fixed-rate cash flows in EUR and pays fixed-rate cash flows in PLN. Cash flows received by the Group correspond with the cash flows under the Eurobonds. The Group expects that the hedged cash flows on the Eurobonds will continue until 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").

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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.

The Group designated CCIRS transactions under which the Group receives fixed-rate cash flows in EUR and pays fixed-rate cash flows in PLN as the hedging instrument. The cash flow received by the Group corresponds to the cash flow from the bonds issued. The Group expects that the hedged cash flows will continue until September 2027.

#### Interest rate risk hedging

In August 2019, the Group concluded interest rate swap (IRS) transaction to hedge the interest rate risk arising from the financing used under credit agreement concluded with EIB in 2013 – PLN 150 m (see Note 17.4).

As the hedged positions under the hedging relationships, the Group 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 Group 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 Group correspond with interest cash flows under the hedged financial liabilities. The Group 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 Eurobonds, hybrid bonds and credits from the European Investment Bank.

The fair value of hedging instruments was:

	Value (PLN m)	Recognition in the statement of financial position	Change in fair value of hedging instrument adopted as the basis for recognition of ineffectiveness of hedging in given period	Nominal amounts of hedging instrument in millions of	
				EUR	PLN
<b>As at 31 March 2023 (unaudited)</b>					
CCIRS III	83	Assets – Other financial assets	None	200	-
CCIRS IV	102	Assets – Other financial assets	None	250	-
IRS	2	Assets – Other financial assets	None	-	150
<b>As at 31 December 2022</b>					
CCIRS III	114	Assets – Other financial assets	None	200	-
CCIRS IV	139	Assets – Other financial assets	None	250	-
IRS	4	Assets – Other financial assets	None	-	150

The Group continued hedge accounting under IAS 39.

Under cash flow hedge accounting, the cash flow hedge reserve (the effective portion of changes in the value of the hedge, less deferred tax) decreased by PLN 42 m in the reporting period and increased by PLN 26 m in the corresponding period.

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

Change in cash flow hedge reserve during the reporting period	3-month period ended	3-month period ended
	31 March 2023 (unaudited)	31 March 2022 (unaudited)
<b>At the beginning of the reporting period</b>	<b>55</b>	<b>87</b>
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	7	(24)
Income tax on other comprehensive income	10	(6)
<b>At the end of the reporting period</b>	<b>13</b>	<b>113</b>

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



### 17.6. Security for the repayment of liabilities

At the end of the reporting period and as at 31 December 2022, there were no material assets securing repayment of liabilities or contingent liabilities.

## OTHER NOTES

### 18. Investment commitments

As at the end of the current reporting period, the Group's commitments to incur capital expenditure on the purchase of property, plant and equipment and intangible assets, which have not yet been recognized in the statement of financial position, amounted to approx. PLN 6,060 m, including:

- Undertakings covered by the development plan of Energa-Operator SA to satisfy the current and future demand for electricity in the years 2020-2025 (agreed upon with the President of the Energy Regulatory Office) – approx. PLN 2,800 m;
- CCGT Grudziądz – construction of gas and steam power plants – approx. PLN 1,667 m;
- CCGT Ostrołęka – construction of gas and steam power plants – approx. PLN 1,444 m.

### 19. Information on related entities

Related party transactions are made based on market prices of goods, products or services delivered derived from their manufacturing costs.

#### 19.1. Transactions involving parties related to the State Treasury

As at 31 March 2023, the Group's controlling entity was PKN ORLEN S.A. The sales revenues generated by the Group on transactions with the controlling entity amounted to PLN 153 m as at 31 March 2023 while the trade receivables totalled PLN 97 m. The costs of transactions with that entity reached PLN 205 m, while trade liabilities amounted to PLN 81 m. On 30 May 2022, Energa SA and PKN ORLEN S.A. executed an annex to the loan agreement of 31 May 2021 extending the loan repayment period until 30 May 2023. The maximum debt under the loan at any time during its term may not exceed PLN 1 billion. The interest rate on the loan is set at market levels and depends on the level of the net debt/EBITDA ratio. As at 31 March 2023, the value of debt under the agreement was PLN 1 billion, and the interest rate was WIBOR 1M + a margin of 0.7%. On 9 December 2022, Energa SA and PKN ORLEN S.A. entered into the second loan agreement maturing on 29 September 2023. The maximum debt under the loan at any time during its term may not exceed PLN 1 billion. The interest rate on the loan is set at market levels and depends on the level of the net debt/EBITDA ratio. As at 31 March 2023, the value of debt under the agreement was PLN 700 m, and the interest rate was WIBOR 1M + a margin of 0.84%.

The Group concludes transactions also with other parties related to the State Treasury in the ordinary course of business.

Transactions pertained mainly to the purchase and sale of electricity and property rights, sale of electricity distribution services (including transit), settlements with the transmission system operator on the balancing market, for transmission services, system services and intervention work services, and the purchase of fuels (mainly coal). These transactions are concluded on an arms' length basis and their terms and conditions do not deviate from transactions with other entities. As at 31 March 2023, the Group's sales revenues amounted to PLN 5 m, while the costs of transactions with such entities reached PLN 515 m.

There were also transactions of financial nature (credits, guarantees, banking fees and commissions) with Bank PKO BP, Bank Pekao S.A. and Bank Gospodarstwa Krajowego (banking fees and commissions).

As regards disclosures relating to transactions with parties related to the State Treasury, the Group applies the exemption defined in paragraph 25 of IAS 24.

#### 19.2. Transactions with joint venture and associate

In the period ended 31 March 2023 and in the corresponding period of the previous year, the value of sales of Energa SA Group companies to the associate and joint venture was immaterial. As at 31 March 2023, receivables were PLN 8 m and included mainly an advance payment for Elektrownia Ostrołęka Sp. z o.o. (an asset purchase transaction between CCGT Ostrołęka Sp. z o.o. and Elektrownia Ostrołęka Sp. z o.o. related to the construction of a gas power plant); as at 31 December 2022, the receivables were at the level of PLN 50 m and concerned, in addition to the above-mentioned advance, loans granted to the company (repayment took place in the first quarter of 2023).

In the period up to 31 March 2023 and in the corresponding period of the previous year, there was no purchase from an associate or a joint venture. The value of liabilities as at 31 March 2023 and as at 31 December 2022 amounted to PLN 9 m.

#### 19.3. Transactions with the parent company's Management Board members

During the reporting period, the parent company did not enter into any material transactions with Management Board members.

**19.4. Compensation paid or due to key management and Supervisory Boards of Group companies**

	3-month period ended 31 March 2023 (unaudited)	3-month period ended 31 March 2022 (unaudited)
<b>Parent company</b>		
Short-term employee benefits	5.0	4.4
Benefits from termination of employment	0.3	<1
<b>Subsidiaries</b>		
Short-term employee benefits	17.9	15.9
Other long-term benefits	0.1	-
Benefits from termination of employment	0.4	0.1
<b>TOTAL</b>	<b>23.7</b>	<b>20.4</b>

**20. Contingent assets and liabilities**
**20.1. Contingent liabilities**

As at 31 March 2023, the Group identifies contingent liabilities of PLN 260 m (PLN 259 m as at 31 December 2022), including mainly the contingent liabilities relating to legal claims filed against Energa Group companies likely to be effectively dismissed by the companies or for which no cash outflow can be reliably estimated at this time and no provision has been recognized for those claims.

The largest contingent liability item are disputes relating to the power infrastructure of Energa-Operator SA located on private land. If there is uncertainty as to whether a claim amount or legal title to land is justified, the Group recognizes contingent liabilities. As at 31 March 2023, the estimated value of those claims recognized as contingent liabilities is PLN 241 m, compared to PLN 239 m as at 31 December 2022. Considering the available legal opinions, the estimated risk of losing the dispute is below 50%.

**20.2. Contingent assets**

As at the end of the reporting period there were no material contingent assets.

**21. Other information significantly affecting the assessment of assets, financial position and the financial result of the Group**
**Impact of energy regulation**

In connection with the extraordinary regulations adopted in 2022 aimed at regulating the energy market and protecting consumers, about which the Group informed, m.in. in note 39 of its consolidated financial statements for 2022, in the first quarter of 2023 the Group settled a part of the provision for onerous contracts in the amount of PLN 329 million (from the created provision in the amount of PLN 1,068 million).

At the same time, based on the applicable regulations, in the statement of profit or loss in the item of revenues from the Price Difference Payment Fund, the Company presented PLN 1,443 million in compensation due to electricity trading companies and distribution system operators as a consequence of applying frozen electricity and gas prices and fees for the provision of distribution services in settlements with eligible customers.

As part of the obligatory write-off for the Price Difference Payment Fund for electricity generators and enterprises conducting business activity in the field of electricity trading, the Group estimated the value of impairment losses at PLN 446 million.

**The impact of the war in Ukraine**

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 Group's activities and financial performance.

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 will 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 renewed increase in prices of energy inputs (coal and gas) as a result of their limited availability. It needs to be stressed that the Group no longer purchases fuels from operators based in Russia, Belarus or Ukraine.  
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 are exposed to this risk).

Accounting policies and additional notes  
to the condensed interim consolidated financial statements constitute an integral part  
thereof

**(This is translation of the consolidated financial statements originally issued in  
Polish)**

- Liquidity risk of the settlement system under the introduced energy market regulations, which may result in the failure to obtain part of the compensation due, which may have a negative impact on the Group's result.
- The risk of 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 situation as regards timely delivery of measuring infrastructure items and takes the relevant adaptive actions to ensure the continuity of its operating activities in terms of the installation of meters in the distribution network.
- Greater risk of attacks against the 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 facilities, buildings and civil structures, and the 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.

On the other hand, the Group has not identified any direct impact of the war in Ukraine on its financial performance in the first quarter of 2023.

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

## 22. Significant subsequent events

### Cash pooling

Since 4 January 2016, Energa Group companies have been using the launched non-returnable cash pooling service for funds in the domestic currency.

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.

Signatures of Members of the Management Board of Energa SA:

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

.....

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

.....

Person responsible for the preparation of the statements:

Magdalena Kamińska  
Deputy director of the Finance Department

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Gdańsk, 24 May 2023