



Energa SA's Management Board Report on performance of the Energa Capital Group in the first half of 2023

Gdańsk, 23 August 2023

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1. SUMMARY

ENERGA GROUP IN H1 2023



One of the leading energy groups and a reliable supplier of electricity and services for 1/4 of Poland, with a 53% share of RES in own production.




Financial data

Revenues	EBITDA	EBITDA margin
PLN 13,434 m	PLN 2,607 m	19.4%

Renewable energy sources

RES production	Installed capacity	
921 GWh	616 MWe	





Operating data

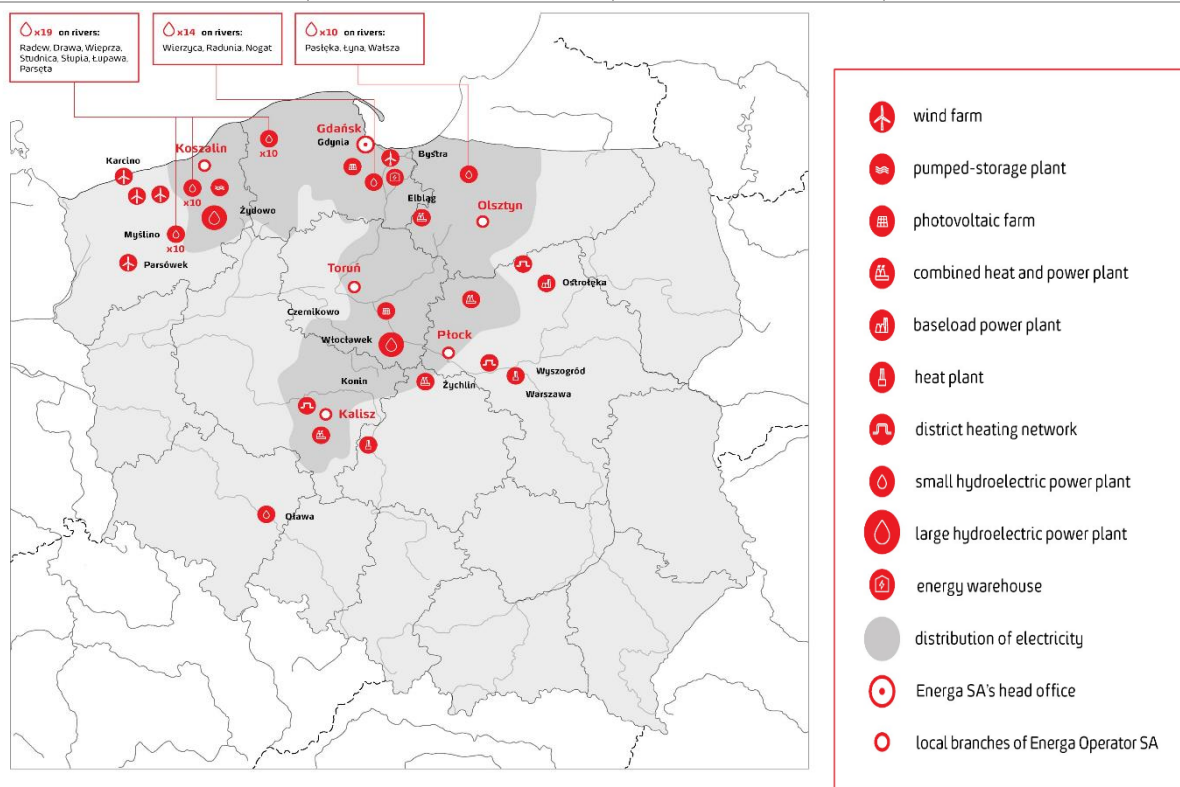
Volume of electricity supplied	Gross electricity production	Retail sales of electricity
 11.3 TWh	 1.7 TWh	 8.6 TWh

Investor's guide*

Capitalization	Share price	Fitch rating	Moody's rating
PLN 3.48 billion	PLN 8.40	BBB+	Baa2

* As at 30 June 2023

Key resources			
Distribution grid	Installed capacity	Number of clients	Number of employees
196 k km 	1.41 GWe of which 44% are RES 	Distribution: 3.3 m Sales: 3.3 m 	8.8 k 



Key Business Lines		
Distribution	Generation	Sales
Energa Operator	Energa Wytwarzanie	Energa Obrót
EBITDA: PLN 1,591 m	EBITDA: PLN 366 m	EBITDA: PLN 742 m

Investments			
PLN 1,731 m	New customer connections	Modernization of HV, MV and LV lines	New RES*
Of which Distribution: PLN 935 m	36 k	1,470 km	800 MW

*connected to the distribution grid



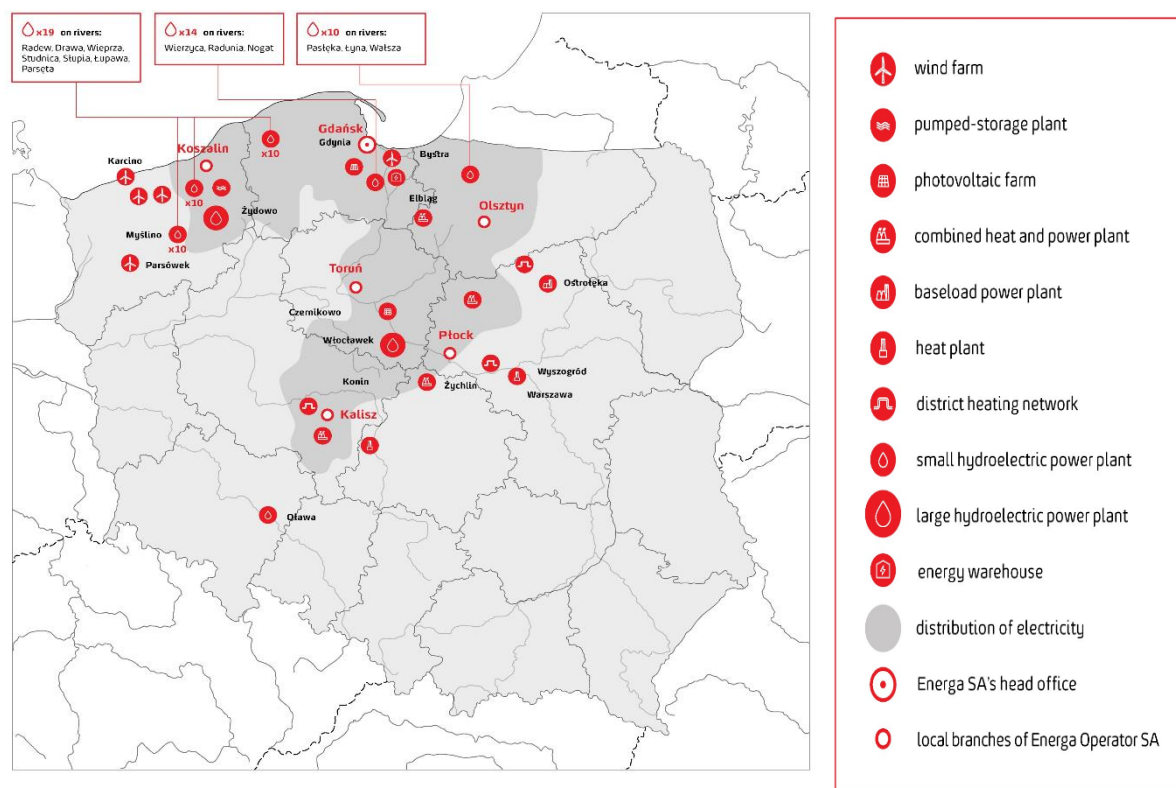
Straszyn hydro plant

Key information about the Energa Group

2. KEY INFORMATION ABOUT THE ENERGA GROUP

2.1. Activities of the Group

Figure 1: Business locations and main assets of the Group



The core business of the Energa Capital Group (“Group”, “Energa Group”) involves the distribution, generation and the sale of electricity and heat and concentrates on the following business lines:

Distribution Business Line. This is the Business Line of key importance to the Group’s profitability, involved in the distribution of electricity (which is a regulated activity in Poland) conducted on the basis of tariffs approved by the President of the Energy Regulatory Office (“ERO”). Energa Operator SA (“Energa Operator”, “EOP”) acts as the leading entity in this Line. Energa Group has a natural monopoly position in the northern and central part of Poland which hosts the Group’s distribution assets through which the Group supplies electricity to 3.3 million customers, approximately 3.2 million of whom are customers with universal agreements and 161 thousand are TPA (Third Party Access) customers. At the end of June 2023, the total length of the power lines operated by the Group was more than 196 thousand km and covered almost 75 thousand sq. km, i.e. approximately 24% of the area of Poland.

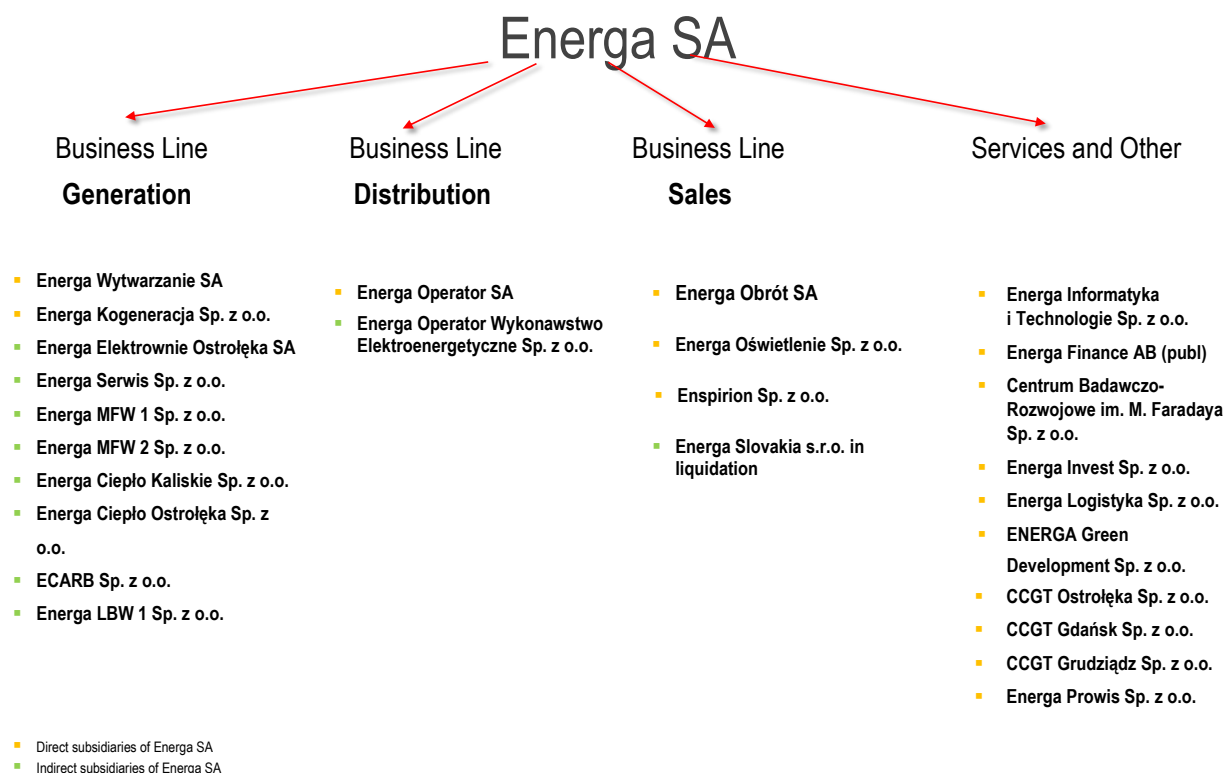
Generation Business Line. The operation of this Business Line is based on four Generation Areas: the Ostrołęka Power Plant, Hydro, Wind and Other (including cogeneration – CHP). At the end of June 2023, the total installed generation capacity in the Group’s power plants was approx. 1.4 GW. The leading entity in this Business Line is Energa Wytwarzanie SA (“Energa Wytwarzanie”, “EWYT”). In H1 2023 the Group generated approx. 1.7 TWh of gross electricity, of which 44% originated from coal, 37% from hydro, 15% from wind, 3% from biomass and 2% from PV. The Energa Group owes its leading position, in terms of the percentage of electricity from renewable energy sources in the total energy generated, primarily to the generation of energy by its hydro power plants and wind power plants. Green energy is produced by 46 hydropower plants, 6 wind farms, as well as biomass-fired installations (as part of Energa Kogeneracja entity) and photovoltaic installations owned by the Group. As at the end of June 2023, the Group had c.a. 0.6 GW of renewable capacity, with a gross production of electricity totalling 921 GWh throughout the first half of 2023.

Sales Business Line. The Business Line with Energa Obrót SA (“Energa Obrót”, “EOB”) as the leading entity sells electricity, gas and additional services both as separate products and in bundles to all customer segments – from industry through large, medium and small enterprises, to households. As at the end of first half-year of 2023, the Energa Group had approx. 3.3 m customers, including 3.0 m classified as G tariff customers, with the remainder being customers from tariff groups: C, B and A, in a decreasing order.

Structure of the Group

As at 30 June 2023, the Energa Group consisted of 27 companies, including its parent company, Energa SA (“Energa”, “Company”, “Issuer”).

Figure 2: Simplified organizational chart of the Energa Group as at 30 June 2023



As at 30 June 2023 the Group held shares in a joint venture Elektrownia Ostrołęka Sp. z o.o. (formerly Elektrownia Ostrołęka SA) and in an associate Polimex-Mostostal S.A. (“Polimex”).

Major changes in the Group’s structure and organisation

Establishment of Energa Prowis Sp. z o.o.

The company was registered in the National Court Register on 28 June 2023. Energa SA holds 100% of shares in this company. The main objective of Energa Prowis Sp. z o. o. will be activities aimed at the sale of assets comprising the project under preparation, consisting in the construction of a dam and a hydroelectric power plant on the Vistula River in Siarzewo, downstream of Włocławek.

Sale of Energa Invest Sp. z o.o.

On 31 July 2023, Energa and ORLEN Projekt SA concluded a sale agreement, based on which the Company sold 100% of shares held in the subsidiary Energa Invest Sp. z o. o. The legal title to the shares was transferred to ORLEN Projekt SA on 1 August 2023. The sale price was PLN 14.5 million. The transaction is aimed at integrating the project activities carried out by the ORLEN Group entities, which will strengthen this business area and have a positive impact on the implementation of investment projects by the Group. In the period preceding the sale, Energa Invest was classified as a disposal group in accordance with IFRS 5 (detailed information in this regard is presented in Note 16 to the Condensed Interim Consolidated Financial Statements of the Energa Capital Group for the 6-month period ended 30 June 2023).

2.2. Key events in H1 2023 and after the balance sheet date

2.2.1. Material events in the reporting period

Changes in the Management Board and Supervisory Board of Energa SA

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

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

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

On 15 June 2023 the Ordinary General Meeting of the Company adopted resolutions on appointment the following Members of the Supervisory Board of the new joint 7th Term of Office:

- Ms. Agnieszka Terlikowska-Kulesza,
- Mr. Artur Michalski,
- Ms. Sylwia Kobyłkiewicz,
- Ms. Barbara Hajdas.

On the same day ORLEN submitted a statement informing that - pursuant to Article 385 § 2 of the Polish Code of Commercial Companies and § 17 section 3 of the Company's Articles of Association - it appointed the following persons to the Company's Supervisory Board of the new joint 7th Term of Office:

- Ms. Paula Ziemięcka-Księżak for the function of the Chairperson of the Supervisory Board,
- Ms. Anna Barbara Ziobroń for the function of the Member of the Supervisory Board,
- Mr. Jarosław Piotr Dybowski for the function of the Member of the Supervisory Board,
- Ms. Agnieszka Sylwia Żyro for the function of the Member of the Supervisory Board.

The 7th Term of Office of the Supervisory Board of the Company started on the day following the date of the Ordinary General Meeting of the Company approving the financial statements of Energa SA for 2022, i.e. on 16 June 2023.

Distribution of the Company's net profit for 2022

On 9 May 2023 the Management Board of the Company decided to recommend to the General Meeting of Energa SA ('GM') to transfer the Company's net profit for 2022 in the amount of PLN 49,875,171.18 to increase the supplementary capital. On 11 May 2023 the Supervisory Board of the Company positively assessed this recommendation. On 15 June 2023 the GM decided on distribution of the Company's net profit for 2022 in accordance with the recommendation of the Company's Management Board.

Signing a loan agreement for financing the construction of CCGT power plant in Ostrołęka

On 29 June 2023 the subsidiary

CCGT Ostrołęka Sp. z o.o. ("Borrower") signed a loan agreement for financing the construction of a 745 MWe net gas-fired combined cycle gas turbine (CCGT) power plant in Ostrołęka and the operating activity of the Borrower. The agreement was signed with the consortium of the following Polish and foreign financial institutions: Bank Gospodarstwa Krajowego, Alior Bank SA, Bank Polska Kasa Opieki SA (in the role of the Facility Agent and Security Agent), KfW IPEX-Bank GmbH and Erste Group Bank AG.

The purpose of the agreement is to grant the Borrower financial funds in the total amount of PLN 2.64 billion, of which PLN 2.45 billion is a term investment loan, while the remaining part is two revolving loans for the Borrower's operating activities and VAT financing during the construction of the power plant (hereinafter collectively "Loan"). According to the agreement, the Borrower is obliged to repay the funds from the Loan together with interest and other amounts due under the terms of the Agreement, while the repayment of the funds under the term loan should take place by 15 December 2036. The interest rate for the Loan has been set on market terms based on the WIBOR rate plus margin. The Loan is secured, among others, by a mortgage on the Borrower's real estate. The Loan will be disbursed after fulfilment of the conditions precedent.

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

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

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

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

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

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

The Group has not identified any direct negative impact of the war in Ukraine on its financial performance in H1 2023.

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

2.2.2. Material events after the balance sheet date

Signing of a document containing a summary of the terms of the acquisition by the State Treasury of shares in Energa Elektrownie Ostrołęka SA

On 23 July 2021, Energa signed a cooperation agreement on the spin-off of coal assets and their integration within the National Energy Security Agency ("NABE"). In connection with it, on 14 July 2023 Energa Wytwarzanie SA ("EWYT") received from the State Treasury, represented by the Minister of State Assets, a proposal for a non-binding document ("Term Sheet") summarizing the key terms of the purchase transaction by the State Treasury of all shares in Energa Elektrownie Ostrołęka SA ("EEO") held by EWYT, constituting 89.64% of EEO's share capital, for the purpose of establishing NABE ("Transaction").

In particular, the Term Sheet contained a proposal for the purchase price of shares in EEO, key economic and legal conditions for the Transaction, including key provisions of the preliminary sale agreement and the final sale agreement. According to the Term Sheet, the sale price of the shares in EEO amounted to PLN 153 million based on the Enterprise Value determined using the locked-box mechanism as at 30 September 2022.

The Term Sheet was a subject to further negotiations between EWYT and the Issuer with the State Treasury, the aim of which the purpose of which was to finalize the content of this document.

On 10 August 2023, the final version of the Term Sheet was signed by Energa Wytwarzanie and the State Treasury, represented by the by the Minister of State Assets. The signed Term Sheet contains the key boundary conditions of the Transaction, which were indicated above and also specifies the terms upon which the conclusion of the preliminary agreement for the sale of shares in EEO to the State Treasury is conditional, including in particular:

- a) reaching an agreement on the content of documentation related to the Transaction, including future financing of NABE and obtaining preliminary credit decisions of banks for financing NABE,
- b) positive consideration by the Prime Minister of the application for the purchase of shares in EEO by the State Treasury from the Reprivatisation Fund,
- c) obtaining all internal approvals and permissions required to conclude or execute the Transaction,
- d) signing of agreements (or relevant annexes) ensuring the functioning of the companies constituting NABE after closing the Transaction,
- e) conducting changes in the share capital or the structure of shares of the companies constituting NABE in order to prepare them for the Transaction, including carrying out the conversion.

The Term Sheet does not constitute an offer or obligation to conclude any contract.

As part of the next stage of the Transaction, it is planned to conclude a preliminary agreement, and then a final agreement for the sale of shares in EEO to the State Treasury.

Statement of claim for the repeal of the resolution of Energa SA's General Meeting

On 21 August the Company informed that it received from the Regional Court in Gdańsk, 9th Commercial Division, a copy of the statement of claim for the repeal of the resolution No. 5 of the Ordinary General Meeting of the Company on 15 June 2023 on the distribution of the net profit for the financial year 2022 and allocation of this profit to increase of the supplementary capital. The Company does not agree with the statement of claim and will submit a statement of defence within the time limit and in the manner prescribed by the applicable legal regulations.

2.3. R&D and innovation activities

In H1 2023, Energa Group companies implemented 19 projects in the area of Research, Development and Innovation (R&D&I), 3 of which were completed during this period. For the implementation of the above 19 project the Group's companies spent around PLN 9 million.

In the first half of 2023, two innovative projects were initiated within the Energa Group: the first one by Energa Obrót entitled "Offer for energy communities", and the second one by Energa Oświetlenie Sp. z o. o. entitled "Development of a pole-mounted charging station for electric vehicles". Descriptions of selected R&D&I projects are provided in point 2.3.1 below.

2.3.1. Key projects of Energa Group implemented in H1 2023

SERENE

Energa Operator is implementing SERENE, a research project which aims to develop mechanisms and business models for new network services to increase the flexibility of the MV and LV distribution network and to employ technical solutions to

actively manage the LV network using AMI meters. The project is being implemented by an European consortium and is supported under the Horizon 2020 programme. The project started in August 2019 and is scheduled for completion by the end of May 2025. In H1 2023, as part of the project, work began on the modernization of the power station in Przywidz, work was carried out on the preparation of a power grid model describing the integration of installed devices (PV, EV, HVAC), as well as guidelines for contractors regarding the modernization of the T-5393 PRZYWIDZ OSADA power station were developed.

OneNet

Energa Operator is implementing OneNet, a research project which aims to develop mechanisms and business models for new network services to increase the flexibility of the HV, MV and LV transmission and distribution grids. The project is being implemented by an European consortium and is supported under the Horizon 2020 programme. The project started in November 2019 and is scheduled for completion in July 2024. In H1 2023, as part of the project, i.a. communication tests of devices controlling PV installations at customers were carried out and tests were continued in all areas of the grid (Mława, Puck and Kalisz), tests of installations and devices controlling PV installations at customers were started using the NCBJ algorithm to optimally select offers for balancing auctions, data from the Polish demo in the field of the Polish market platform AtFlex, developed as part of the Polish demo, was provided as an input to the prepared report.

EUniversal

Energa Operator is carrying out the EUniversal project in the area of grid flexibility development and use of flexibility services on the energy market. The project is being implemented by a consortium of 18 European energy sector companies and is supported under the Horizon 2020 programme. The project started in June 2018 and is scheduled for completion by the end of February 2024. In the first half of 2023, as part of the project, tests of intelligent transformer stations were carried out and tests of flexibility services using the NODES platform were continued, which ended with a positive result.

rSOC

Centrum Badawczo-Rozwojowe im. M. Faradaya Sp. z o.o. is implementing rSOC, a research project aimed at developing and building a power-to-gas system based on a stack of reversible solid oxide electrochemical cells operating in the electrolyser mode, which can also be operated in a reversible mode. The project is being implemented by a consortium and is co-financed under the Fast Track (*Szybka ścieżka*) programme of the National Centre for Research and Development. The project started in January 2020 and is scheduled for completion by the end of November 2023. In the first half of 2023, as part of the project, tests of the rSOC installation in Elbląg were carried out, together with a study of the production level.

Innovative phase-change thermal energy storage in an advanced district heating system

Energa Ciepło Ostrołęka Sp. z o.o. is implementing "Innovative phase-change thermal energy storage in an advanced district heating system", a research project aimed at developing a dedicated phase-change thermal energy storage facility to work with a small gas power station. The project is being implemented by a consortium and is supported under a programme of the National Centre for Research and Development. The project started in March 2017 and is scheduled for completion by the end of September 2023. In the first half of 2023, i.a. the tests of heat and cold storage in real conditions were carried out. In February 2023, another, third warehouse was installed, where the research will be continued.

Innovative special-purpose structures of single- and double-circuit transmission towers for high voltage lines equipped with a communication system supplied directly from high voltage line

Energa Invest Sp. z o.o. is implementing a research project aimed at developing innovative special-purpose structures of single- and double-circuit transmission towers for high voltage lines equipped with a communication system supplied directly from high voltage line. The project is being implemented by a consortium and is supported under a programme of the National Centre for Research and Development. The project started in May 2020 and is scheduled for completion by the end of December 2023. In the first half of 2023, stage 9 of the project was launched, i.e. development work aimed at completing a complete set of structural solutions, as well as numerical analysis of the 3D model.

2.4. Capital expenditures and realization of key projects

During the first 6 months of 2023, capital expenditures of the Energa Group totaled PLN 1,731 m, up by PLN 796 m (85%) on the figure in the same period last year. Investments in the Distribution Business Line accounted for 54% of the total expenditures made by the Group and amounted to PLN 935 m.

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

In the Generation Business Line, capital expenditures totaled PLN 195 m, a significant portion of which were outlays for the construction of new photovoltaic farms (mainly PV Wielbark).

The Sales Business Line, in turn, allocated PLN 57 m to investments, most of which was spent on work related to lighting assets. A significant expenditure in the reporting period was also the purchase of an electric vehicle charging stations from Energa Operator SA.

The Other Business Line and adjustments generated expenditures in the amount of PLN 544 m, of which expenditures relating to the construction of a CCGT in Ostrołęka amounted to PLN 324 m, and CCGT in Grudziądz to PLN 246 m.

Table 1: Status of the investment programme for 6 months of 2023

Project description	Capital expenditure in 6M 2023 (PLN m)
Distribution Business Line	935
Connecting electricity customers and sources and the associated construction of new grids	576
Upgrading and reconstruction of the existing assets, associated with improvement in service quality and increased power demand	262
Other capital expenditures, collisions and corrections	97
Generation Business Line	195
ENERGA Wytwarzanie New production capacities (PV Wielbark)	149
Other investments	46
Sales Business Line	57
Capital expenditures for lighting assets	27
Purchase of an electric vehicle charging station	21
Other capital expenditures	9
Other companies, projects and corrections	544
CCGT Ostrołęka	324
CCGT Grudziądz	246
Other investments	-26
Total	1,731

Investment programme in the area of heat assets

Preparations are under way for a task involving the construction of 3xSG10 gas engines at the Elbląg site – the conditions for connecting to the power grid and the Decision on Environmental Conditions have been obtained. On 23 May 2023 launched a tender for the general contractor of the investment.

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

At the Ostrołęka site, design work was carried out on a gas pipeline to supply a new heat source. Work is in progress related to the preparation of documentation for obtaining administrative decisions and the tender procedure for the selection of the general contractor for the investment.

In H1 2023, development and upgrade investments were also made in the area of district heating networks.

CCGT Ostrołęka power plant development project

In December 2021, as a result of the main auction of the capacity market for the year 2026, CCGT Ostrołęka Sp. z o.o. signed a capacity contract for a period of 17 years (capacity requirement of 695.951 MW). On 24 March 2022 the company CCGT Ostrołęka Sp. z o.o. had issued the Commencement Order (a notice to proceed - NTP) related to the construction of a gas-fired combined cycle gas turbine (CCGT) power plant in Ostrołęka for the general contractor of this investment. Construction is currently underway. On 29 June 2023, a loan agreement was concluded for financing the construction with a consortium of Polish and foreign financial institutions.

CCGT Grudziądz power plant development project

In December 2021, as a result of the main auction of the capacity market for the year 2026, CCGT Grudziądz Sp. z o.o. signed a capacity contract for a period of 17 years (capacity requirement of 518.370 MW). On 24 June 2022, the company gave possession of the site to the general contractor. On 18 May 2023, the cornerstone was laid. The block is currently under construction.

CCGT Gdańsk project

On 16 September 2022, Energa and PKN ORLEN signed an agreement regarding the financing of the construction of a CCGT plant in Gdańsk. In H1 2023, the procedure for selecting the general contractor (EPC) and maintenance service provider (LTSA) for a CCGT unit in Gdańsk with a capacity of up to 456 Mwe was continued.

Smart Grid

The project aims to ensure the stability and flexibility of the distribution system through the implementation of smart grid solutions and is co-financed by the EU under the Operational Programme Infrastructure and Environment. As part of the project, a fault localisation module will be added to a SCADA power grid control system to shorten the duration of power outages. The project also includes the construction of an energy storage facility to stabilise the performance of the distribution system at the connection of a 4 MW photovoltaic farm in Czerników. In 2022, an opening ceremony of the energy storage facility in Czerników took place. In H1 2023, an IT environment for SCADA was launched.

PV Gryf 1 and PV Gryf 2 project

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

PV Mitra project

The goal of the project is to prepare, build and put into service a photovoltaic installation consisting of a complex of photovoltaic power plants with a total installed capacity of approximately 65 MW, 23 30/0.8kV substations, a 110 kV high voltage power connection with an optical fibre link, a 110/30 kV wind farm substation, 30 kV medium voltage and telecommunication cable lines, an earthing system and an internal road system with complete associated infrastructure. In H1 2023, a tender procedure was launched to select the general contractor for this investment.

5xPV

The purpose of the project is to build five photovoltaic farms (PV Czernikowo+, PV Samolubie 1, PV Samolubie 2, PV Przykona, PV Pierzchały) up to 1 MW each and power offtake points. In H1 2023, the final acceptance of PV Przykona and PV Czernikowo+ was carried out, works related to the power supply of PV Samolubie 1 and PV Samolubie 2 are in progress. Works related to wiring the line for PV Pierzchały are also in progress. The expansion of new capacities will increase the share of renewable sources in the total electricity production of all Energa Group assets.

Investment in new RES of total capacity of 59 MW

On 30 June 2023, Energa Wytwarzanie SA signed with Greenvolt a preliminary agreement for the purchase of wind farm and four PV installations of a total capacity of 59 MW for an estimated amount of approx. EUR 107 million. The transaction involves two portfolios of RES projects carried out in the Wielkopolska province. One is the Opalenica portfolio, involving three photovoltaic farms with a total capacity of 22 MW. The other one is the Sompolno hybrid project, combining 26 MW of wind turbines and a 10 MW photovoltaic installation. The Opalenica project is expected to become fully operational in December 2023, and the Sompolno project in June 2024. The assets purchased during the year can produce 111 GWh of energy, which is equivalent to the consumption of over 55 thousand households. Greenvolt Power, a company that is part of the Greenvolt Group, is responsible for the construction and bringing both projects to the operational phase.

2.5. Awards and distinctions

No.	Award/distinction name/title	Description - what the prize was awarded for	Date of award of the prize/distinction (month)	Company
1.	Patron of Sport in Toruń 2022	Recognition for the sponsor of sports clubs from Toruń	March 2023	Energa
2.	Booth design: Creative Award	Energa Obrót received an award in the Booth Design category: Creative Award from the Modern House and Renewable Energy Sources Construction Fair held on 15-16 April 2023 in Jaworzno.	April 2023	Energa Obrót
3.	WPROST Eagle	Wprost (weekly magazine) Eagles 2023 award in the Pomorskie Region in the POWER ENGINEERING category	May 2023	Energa Logistyka
4.	Great Gak 2023 statuette	Recognition for the support for the Gdynia Basketball Academy in 2022/2023	June 2023	Energa
5.	Memorial plaque for cooperation with the Polish Basketball Federation	Recognition for the sponsorship cooperation with the Polish Basketball Federation at termination of the agreement	June 2023	Energa
6.	Statuette for the Sponsor of Energa Basket League and Energa Women Basket League for the 2022/23 season	Recognition for the league name sponsor for the 2022/23 season	June 2023	Energa
7.	2nd place for Energa in the Responsible Business Leader competition, category "Fuels, power engineering, mining" in the Responsible Businesses Ranking	Energa is a runner-up in the "Fuels, power engineering, mining" sector in the 17th edition of the Responsible Businesses Ranking 2023	June 2023	Energa
8.	Energa awarded with Polityka (weekly magazine) CSR Golden Leaf in the ranking of socially responsible businesses for 2022.	Polityka CSR Leaves is the ranking of companies in Poland that show the greatest social commitment	June 2023	Energa
9.	Distinction for activities in support of sustainable development objectives for 2022 - Energy Planet, Good Energy Homes projects, AMI remote meters and TETRA radio communication	Energa was recognized for the implementation of sustainable development objectives.	June 2023	Energa



Pieniężno hydro plant

Regulatory and business environment

3. REGULATORY AND BUSINESS ENVIRONMENT

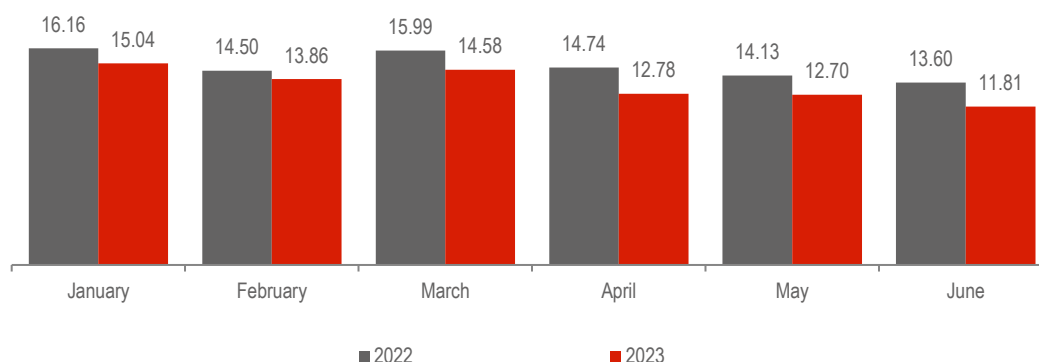
3.1. Electricity market in Poland

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

Domestic production and consumption of electricity

According to data published by Polskie Sieci Elektroenergetyczne (“PSE”), in the first half of 2023 production of electricity in Poland totaled 80.77 TWh and was 8.35 TWh, or 9.4% lower vs. the corresponding period of the previous year (89.12 TWh). Lower production was evident in lignite and hard coal-fired power plants. The decline in generation was prompted by lower demand for electricity within the National Electricity System (KSE).

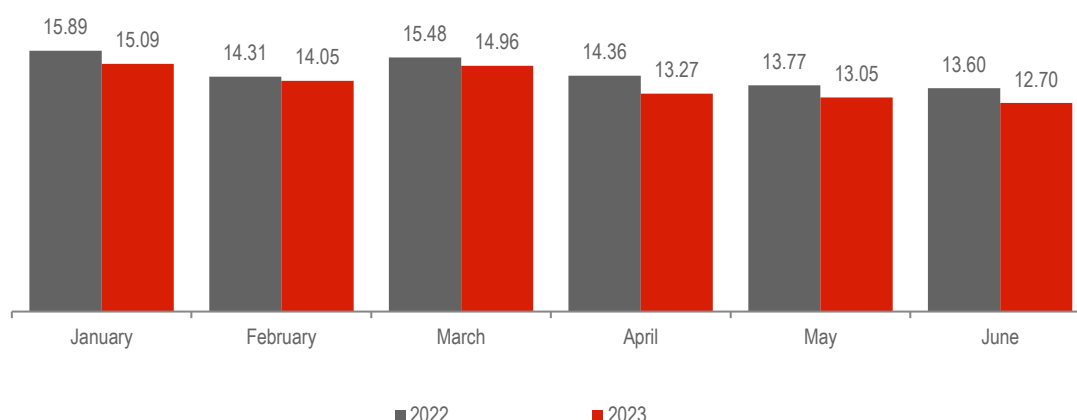
Figure 3: Production of electricity in Poland in H1 2023 (TWh)



Source: PSE

In the first half of 2023, domestic consumption of electricity in Poland was at 83.12 TWh and was lower by 4.29 TWh, i.e. 4.9% lower relative to the corresponding period of the previous year (87.41 TWh). The decline in consumption was attributed to lower demand due to economic slowdown.

Figure 4: Consumption of electricity in Poland in H1 2023 (TWh)

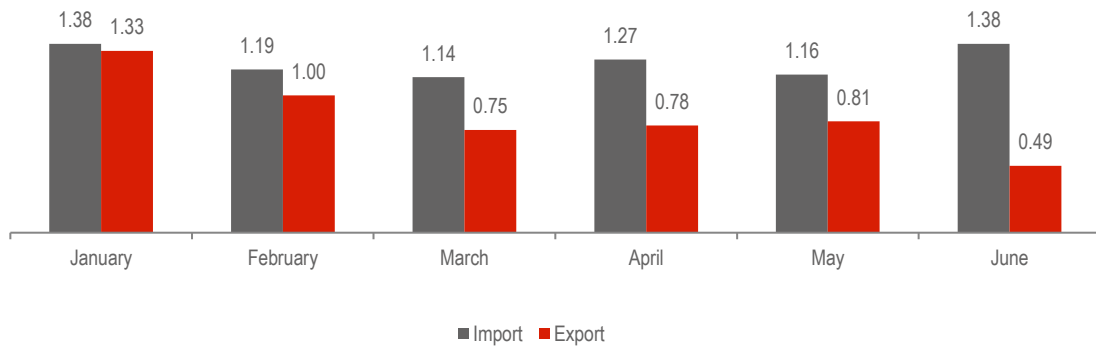


Source: PSE

Poland's cross-border power exchange

In H1 2023, electricity exports were as much as 4.09 TWh lower than in the same period last year. When comparing the two corresponding periods, a slight decline in electricity imports by 0.04 TWh can be observed, accounting primarily for the 2.35 TWh surplus of net electricity imports in the period under review over net exports of 1.71 TWh in the corresponding period of the previous year. This is mainly the result of higher electricity imports at the interconnection with Lithuania and Ukraine.

Figure 5: Monthly volumes of cross-border exchange in Poland in H1 2023 (TWh)

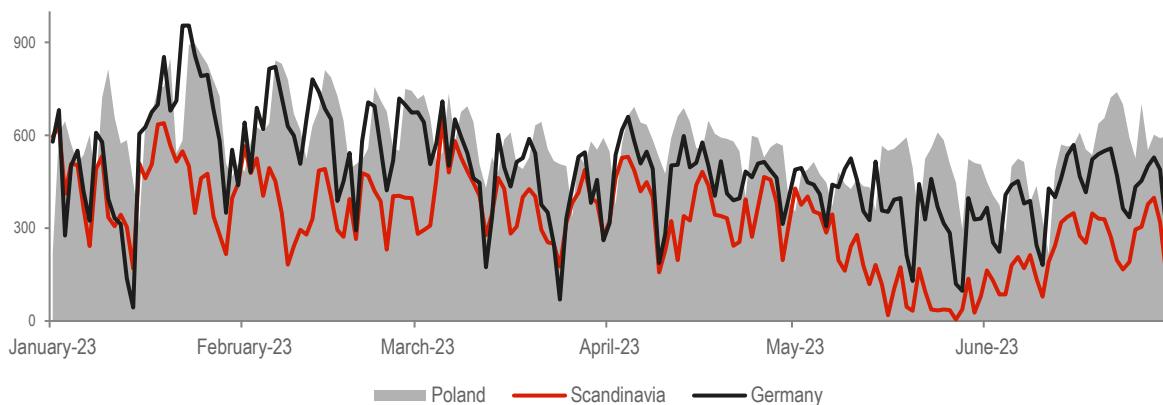


Source: PSE

Energy prices in selected countries neighbouring with Poland

The average prices on the SPOT market in Poland in H1 2023 were higher than in the neighboring countries, similarly to Q2 2023. A decline in demand for power, combined with higher output from renewable sources, energy security measures taken in Europe leading to price drops, and satisfied demand for gas and coal, supported by lower system losses, translated into price drops in the Polish market and in the neighboring countries. The highest price deviations were observed in relation to the Scandinavian market (+74.4%, or PLN +243.68/MWh), while lower deviations were observed in comparison with prices in the German market (+18.1%, or PLN 87.44/MWh).

Figure 6: Prices of energy in the SPOT market in Poland and in selected neighboring countries in H1 2023 (price (PLN/MWh))

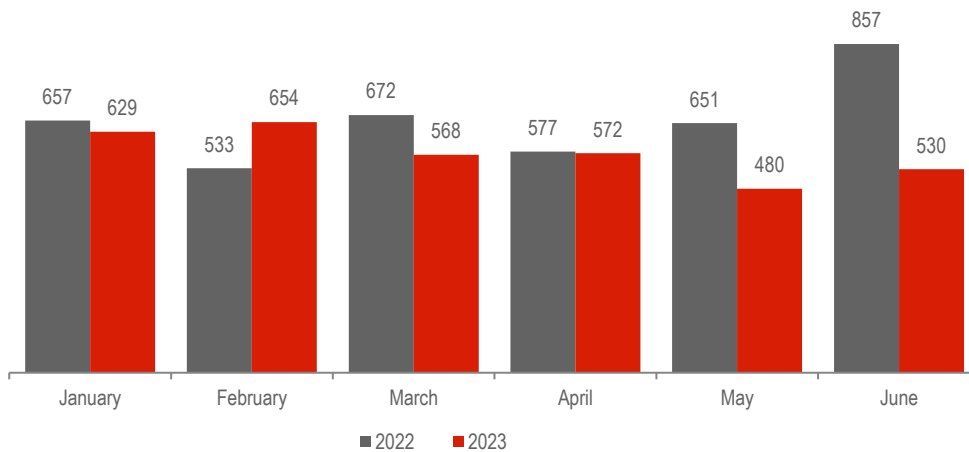


Source: Bloomberg, TGE

Day-Ahead Market of electricity in Poland

In H1 2023, the TGeBase index averaged PLN 571.14/MWh, and was lower by PLN 88.27/MWh than in the corresponding period of the previous year (PLN 659.42/MWh). The comparison of Q2 2023 to Q2 of the previous year shows a price drop by PLN 167.36/MWh. The decrease in domestic power demand due to economic slowdown was supported by lower system losses and higher RES output which, combined with energy security measures taken in Europe following a supply shock in the raw materials market, drove prices down in relation to the same period of the previous year.

Figure 7: TGeBase index in H1 2023 (PLN/MWh)



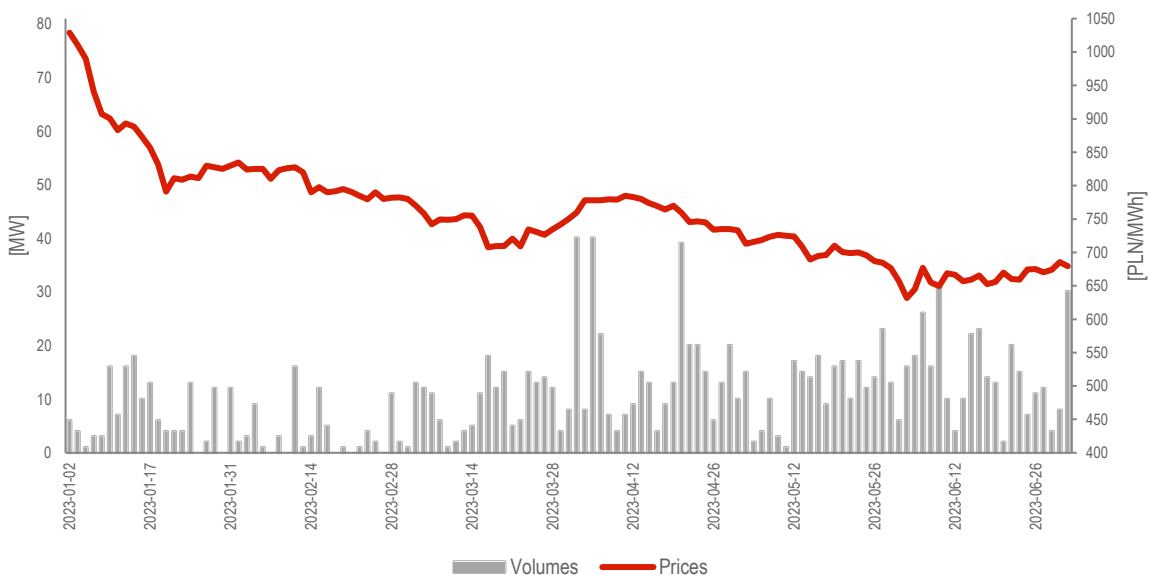
Source: TGE

Electricity futures market in Poland

In H1 2023, the electricity futures market was in a downward trend, closing well below the level of PLN 700.00/MWh (BASE 2024). The main drivers of electricity price drops in the futures market in H1 were:

- energy security measures taken in Europe, i.e. unlocking new raw material supply routes and consequently filling up gas storage facilities and increasing coal stocks at European ports following the imposition of sanctions on Russian energy imports to the EU,
- decline in SPOT market prices,
- increase in electricity production by RES,
- energy price drops in the neighboring markets.

Figure 8: Forward contract price, BASE with delivery for 2024 in H1 2023



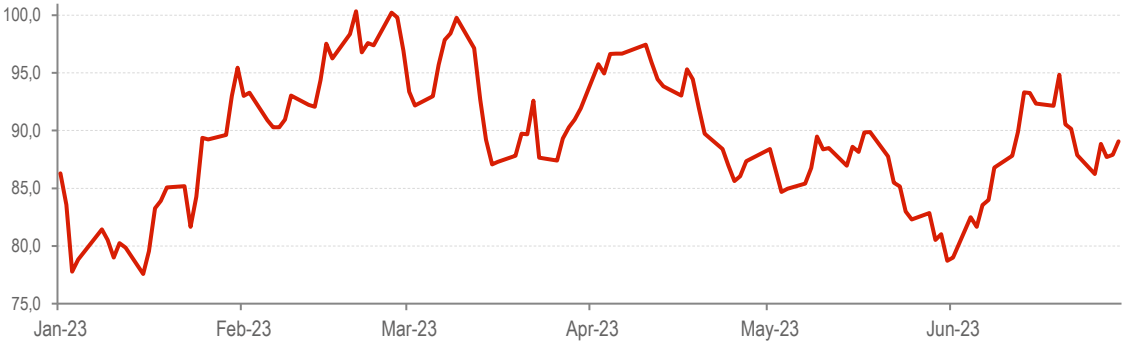
Source: TGE

Emission allowance market

On 15 May 2023, the European Commission reported that more than 1,135 million emission allowances were in circulation at the end of 2022 (a drop in the number of allowances by some 314 million, or 22%). This value formed a baseline for the determination of the EU Emissions Trading System (EU ETS) Market Stability Reserve (MSR), which was launched in January

2019. In accordance with the rules of the MSR, almost 272 million allowances in total will have been allocated to the Market Stability Reserve over a 12-month period from 1 September 2023 to 31 August 2024. This is already the seventh calculation of the allowances surplus published by the EC. The key drivers of the EUA price in Q1 were speculation and continuation of proceedings and consultations on the concept for the REPowerEU initiative aimed at increasing the volume of electricity traded on power exchange. On 21 February 2023, the Council adopted a part of the REPowerEU plan aimed at accelerating the sale of €20 billion worth of emission allowances. Under the terms of REPowerEU, the financing sources for the €20 billion will be the auctioning of emission allowances in 2027-2030 (€8 billion) and the Innovation Fund (€12 billion). On 27 March 2023, the Commission announced that the first stage, the plan to sale volumes transferred from auction reserves of member states that would otherwise have been auctioned after 2027, would start in July 2023. It means that only 16.5 million additional allowances will be added to the auction table in 2023 (from 3 July 2023), or about 3 million more allowances per month (1.5 million more for the 'summer holiday' volume in August). The EUA auction from the Innovation Fund will be launched only in 2024. The EU regulation on the carbon border adjustment mechanism (CBAM) was published in the Official Journal on 16 May, and became effective on the following day. In February, for the first time in history, the closing price exceeded EUR 100/t, amounting to EUR 100.34/t, and at the end of H1 2023 to EUR 89.08 per ton, up 10% since the end of 2022 and down 1% compared to the end of Q2 2022.

Figure 9: EUA prices in H1 2023 (EUR/ton)



Source: Bloomberg

Market for property rights

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

Table 2: Average price levels of green property rights listed on the Polish Power Exchange

Index (type of certificate)	Index value		Percentage of obligation (%)	Substitution fee (PLN)
	H1 2022 (PLN/MWh)	H1 2023 (PLN/MWh)		
OZEX_A (green)	218.62	207.33	12.5*	300.03*

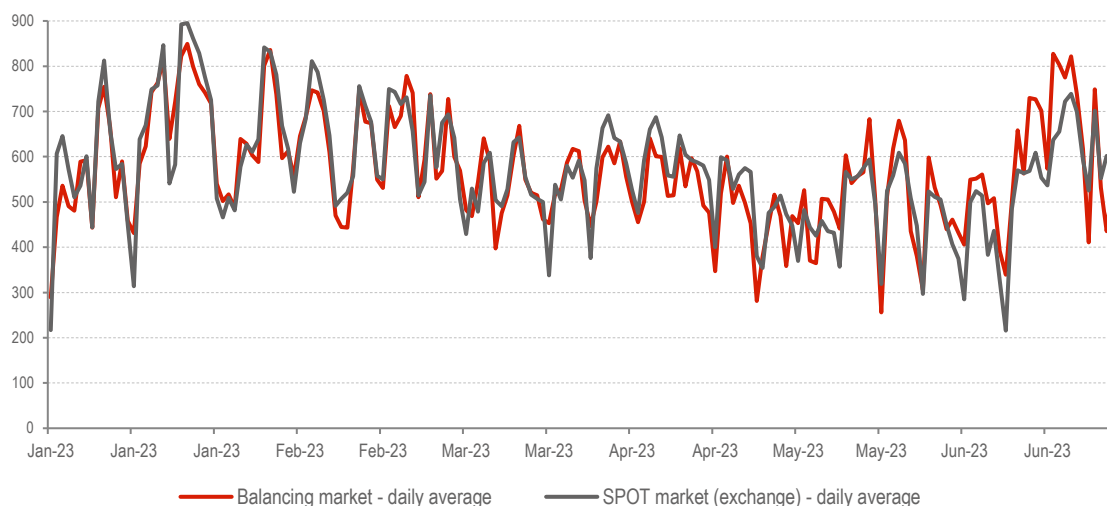
* value of the substitution fee and redemption obligation for 2022.

From the perspective of the Energa Group’s generation structure (high share of renewable production), the prices of green property rights are of key importance. The prices of RES PR in session transactions were consistently falling over the entire H1 2023. At the end of H1 2023, RES PR were quoted at 175.17 PLN/MWh.

Balancing market

Since 1 January 2019, the limits for electricity clearing prices on the balancing power market changed and currently range from PLN -50,000.00/MWh to PLN +50,000.00/MWh. For most of H1 2023, the prices in the balancing market were similar to the day-ahead market prices. However, the situation on 11 June marked a clear departure from that rule, when the average daily price on the balancing power market was PLN 339.53/MWh, PLN 123.72/MWh less than the day-ahead market price. The average price in the balancing power market in the period under review was PLN 570.11/MWh, compared to PLN 608.06/MWh in the corresponding period of the previous year.

Figure 10: Comparison of prices in the balancing market and SPOT market (exchange) in H1 2023 (PLN/MWh)



Source: TGE, PSE

3.2. Regulatory environment

Legislative processes completed in the first half of 2023

Table 3: Overview of legislation having a material effect on the Group

Legal act	Description and purpose of the regulations
<p>Act of 8 February 2023 amending the Act on specific solutions for certain heat sources in connection with the situation in the fuel market and certain other acts</p> <p>Bill ID: Journal of Laws of 2023 item 295</p>	<p>Key assumptions:</p> <ul style="list-style-type: none"> ✓ Introduction of support for households and public service institutions (eligible customers), such as hospitals, schools, kindergartens etc.; ✓ The assumption is that if the net price of heat supply in a given district heating system increases by more than 40% compared to prices from 30 September 2022, energy companies will be compensated so that eligible customers will not have to carry the burden of increased cost of heating; <ul style="list-style-type: none"> ▪ In this way, the increase in the price of heat for residential and public service customers will be additionally reduced to a predefined level; ▪ The maximum net price for heat also applies to the cap obtained from the average price of heat generation with compensation. The point is to avoid excessive surges in heat prices where prices were already raised before 30 September 2022. In that case, heat providers will have to use prices which are more advantageous to customers for customer billing. ✓ The maximum net price for heat supply must include all cost components of heat supply existing in the district heating system concerned, including those relating to heat generation and transmission; ✓ Within 10 days of the entry into force of the Act, the President of the Energy Regulatory Office will calculate and publish the maximum net price for heat supply, separately for each energy company that holds a license and is engaged in business activities associated with the sale of heat; <p>Furthermore, the bill introduces the following legislative changes:</p> <ul style="list-style-type: none"> ✓ in the Act of 10 April 1997 – Energy Law: <ul style="list-style-type: none"> ▪ new definitions of a storage facility and energy storage; ▪ the option for the distribution system operator and electricity system operator to have and use electricity storage facilities, under certain conditions. ✓ in the Act of 7 October 2022 on specific solutions for the protection of electricity customers in 2023 in connection with the situation in the electricity market: <ul style="list-style-type: none"> ▪ introduction of a new obligation: a supplier of last resort is obligated to enter into an electricity contract or universal agreement with an eligible customer. ✓ in the Act of 27 October 2022 on urgent measures to cap electricity prices and support certain consumers in 2023: <ul style="list-style-type: none"> ▪ a revised definition of the sale of electricity: in the new wording, an electricity contract is a contract for the sale of electricity with a guarantee of physical delivery of that energy, including all additional cash settlements relating to the sale of that electricity; ▪ imposing an obligation on DSOs or TSOs to hand over declarations of eligible customers who switch their suppliers to the new supplier; ▪ addition of a definition of a market price, that is, the net price of electricity (in PLN per MWh) established in: (1) an electricity contract; or (2) the balancing power market; or (3) an

Legal act	Description and purpose of the regulations
<p>Act of 9 March 2023 amending the Act on wind farm investments and certain other Acts</p> <p>Act ID: Journal of Laws of 2023 item 553</p>	<p>agreement associated with the sale of electricity that includes, in particular, financial instruments.</p> <p>Key assumptions: A key change in the Act is the regulation of the minimum distance between a wind turbine and residential buildings or, for instance, Natura 2000 sites. Because of the high social importance of housing, it was considered that this sphere should be regulated separately. When selecting a site for a residential building, a minimum distance of 700 m must be observed, as with wind farms. If a site for residential buildings is selected around an existing wind farm, the 10h rule will no longer apply. Importantly, each municipality, including adjacent municipalities, may set different distances from wind turbines within which residential buildings cannot be located, even in relation to the same wind farms. Other changes:</p> <ul style="list-style-type: none"> ✓ According to the revision, sites for new wind turbines can only be selected based on a local zoning plan (MPZP); ✓ The determination of the minimum setback distance – between 10 times the total height of the turbine (the 10H rule) and a minimum setback distance of 700 m from residential buildings – will be based on a range of factors, including the findings of strategic environmental impact assessment (SEIA) carried out for the purposes of the local zoning plan. SEIA covers, <i>inter alia</i>, the impact of noise emissions on the environment and community health. Municipal authorities will not be able to refrain from performing the SEIA for a draft local zoning plan that includes a wind farm; ✓ The Act additionally introduces minimum setback distances between wind turbines and electricity transmission lines. At the same time, it completely removes the ban on erecting residential buildings in the vicinity of <u>existing</u> wind turbines; ✓ The revised act upholds the 10H rule for national parks and the 500 m limit for nature reserves. For other forms of nature conservation, the distance is to be specified in an installation-specific environmental decision. It upholds the ban on erecting wind farms in national parks, nature reserves, landscape parks and Natura 2000 sites; ✓ In addition, under the new arrangements, a developer will be required to offer at least 10 per cent of the installed wind power capacity to municipality inhabitants, who will use the electricity as a virtual prosumer. Every inhabitant in the municipality will be given the opportunity to take a share up to 2 kW and obtain electricity at a price based on a calculation of the maximum cost of construction.
<p>Regulation of the Minister of Climate and Environment of 22 March 2023 on specific conditions of functioning of the electricity system</p> <p>Act ID: Journal of Laws of 2023, item 819</p>	<p>The regulation lays down the rules for the functioning of the electricity balancing market. The balancing market was adapted to the assumptions specified as part of Poland's obligations resulting from the European Commission's decision SA.46100 – Poland – <i>Planned Polish capacity mechanism</i> and the Plan for the implementation of electricity market reforms prepared according to Article 20 of EU regulation 2019/943. The new regulation enables the electricity transmission system operator to prepare amended Balancing Terms, which are the terms for the functioning of the electricity balancing market. The regulation defines:</p> <ul style="list-style-type: none"> ✓ Criteria for the classification into groups of entities applying for grid connection; ✓ The grid connection conditions, including technical requirements for grid connection of generating equipment, distribution networks, end-user equipment, cross-border connections and direct lines; ✓ The electricity trading method and seller change procedure; ✓ Conditions for the provision of the electricity transmission and distribution services, grid traffic, grid operation, and use of the electricity system and interconnection; ✓ The electricity system balancing scope, conditions, and method, as well as settlements with users of that system resulting from non-balancing of electricity input into and output from the system; ✓ The scope, conditions and method of managing system limitations; ✓ Coordination method for the planning of the development of the electricity system; ✓ The terms of cooperation among electricity system operators, including other energy undertakings, in respect of grid traffic, flow management and generating units' power dispatching as well as procedures for emergency situations; ✓ The scope and method of providing information among energy undertakings and between energy undertakings and customers; ✓ The scope and method of provision of information by sellers to customers about the structure of fuels used for the generation of electricity sold by the seller in the previous year; ✓ The method of notifying customers by the seller about where to find the information about the environmental impact of generation of electricity sold by the seller in the previous year, at least in respect of CO2 emissions and radioactive waste; ✓ Quality parameters of electricity and quality standards for customer service; ✓ Complaint handling method; ✓ The scope and method of providing grid users and operators of other electricity systems, with which the transmission system is connected, with information about: <ul style="list-style-type: none"> ▪ the terms of provision of the electricity transmission service, required to obtain access to the transmission grid, the use of that network, KSE and its operation, in particular about the cross-border exchange, grid management and system balancing, planned shutdowns of generating units connected to the transmission system and centrally dispatched generating

Legal act	Description and purpose of the regulations
	<p>units connected to the coordinated 110 kV grid, as well as about power losses of those generating units;</p> <ul style="list-style-type: none"> ▪ balancing offers submitted to generating units; <p>✓ The scope and method of notifying customers by sellers about the quantity of energy consumed by the customer for a given customer connection group, measures to improve energy efficiency within the meaning of the Act of 20 May 2016 on energy efficiency, and technical performance parameters relating to energy efficiency of equipment.</p>
<p>Act of 14 April 2023 on the planning for and execution of pumped-storage power plant investment projects and associated investment projects</p> <p>Act ID: Journal of Laws of 2023, item 1113</p>	<p>The Act lays down the terms, conditions and method of planning for and executing pumped-storage power plant (PSP) investment projects, including authorities competent for the planning for and execution of such projects. The Act provides for a number of procedural improvements, such as:</p> <ul style="list-style-type: none"> ✓ Introduction of a decision on the PSP project siting issued by the province governor (<i>województwo</i>) competent for the project location; ✓ Replacement of the requirement for the project owner to obtain, at the stage of applying for the PSP project siting decision, of approvals, permits, opinions, terms, consents or position papers, required under the applicable laws, with the procedure on the opining by the authorities referred to in Article 4(2) of the Act, and specification of a 30-day time-limit for those authorities to present their opinion paper, or otherwise it being deemed that the authority does not raise any reservation if the opinion is not issued in that time-limit (the procedure concerned does not apply to the water management permit and to the decision on environmental requirements for the PSP project); ✓ Simplification of the process of obtaining the decision, and acceleration of administrative proceedings preceding the PSP project siting decision, for example for the environmental requirements decision, by setting a 90-day time-limit for the issue of that decision for PSP projects; ✓ Giving priority for the proceedings for the issue of the PSP project siting decision over civil-law actions and over administrative proceedings covering other projects; ✓ Allowing the project owner to enter real properties to perform measurements, tests or other work required to prepare the project information sheet or the environmental impact assessment report for the project development; ✓ Introduction of provisions allowing the project owner to obtain a legal title to the property necessary to develop the project, while at the same time ensuring compensation for dispossession or for limitation of real property rights other than the ownership title. According to the Act, on the day that the PSP project development consent decision becomes final, the properties within the project boundaries become state property. The project owner acquires, by operation of law, the perpetual usufruct (99 years' lease) title to land properties and ownership title to buildings, other facilities permanently attached to the land and building units located on those properties on the day that the decision becomes final; ✓ Compensation for dispossession or for limitation of real property rights other than the ownership title will be determined on similar terms to cases specified in the Act of 21 August 1997 on real property management, with a proviso that in the case that the interest parties (project owner and the entity entitled to compensation) are unable to agree on the amount of the compensation within 2 months of the date on which the PSP project development consent becomes final, the compensation is set by the decision of the province governor.
<p>EU ETS / CO2 emission distribution and trading system:</p> <p>Act ID: Document L:2023:130:TOC / Document 32023L0958</p>	<p>Three EU ETS legislative acts were published in the Official Journal of the European Union on 16 May 2023:</p> <ul style="list-style-type: none"> ✓ Directive (EU) 2023/959 of the European Parliament and of the Council of 10 May 2023 amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system; ✓ Regulation (EU) 2023/957 of the European Parliament and of the Council of 10 May 2023 amending Regulation (EU) 2015/757 in order to provide for the inclusion of maritime transport activities in the EU Emissions Trading System and for the monitoring, reporting and verification of emissions of additional greenhouse gases and emissions from additional ship types; ✓ Directive (EU) 2023/958 of the European Parliament and of the Council of 10 May 2023 amending Directive 2003/87/EC as regards aviation's contribution to the Union's economy-wide emission reduction target and the appropriate implementation of a global market-based measure; <p>The adopted legislation introduces the announced reform of the EU emission allowances trading system (EU ETS). It covers e.g. a gradual phase-out of free emission allowances, inclusion of maritime transport and aviation in the ETS, and introduction of a separate system for transport and buildings.</p>
<p>CBAM / Border price adjustment mechanism considering CO2 emissions:</p> <p>Act ID:</p>	<p>16 May 2023 saw the publication in the Official Journal of the European Union of Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism.</p> <p>CBAM is to be a key component of the EU set of tools allowing the attainment of the EU's climate neutrality objective by 2050 at the latest according to the Paris Agreement by reducing greenhouse gas leakage risk resulting from higher climate ambitions of the EU. It is expected that CBAM will also help to reduce emissivity in third countries, as noted in the regulation.</p>

Legal act	Description and purpose of the regulations
Document L:2023:130:TOC / Document 32023R0956	CBAM will be gradually phased in from 2026 to 2034 at the same speed that the free allowances in the ETS will be phased out. The mechanism will cover such goods as iron, steel, cement, aluminum, fertilizers, electricity and hydrogen.

Legislative processes conducted in the first half of 2023

Table 4: Overview of legislation having a material effect on the Group

Legal act	Description and purpose of the regulations
<p>Draft regulation of the Minister of Climate and Environment on the parameters of the main auction for the supply year 2028 and parameters of additional auctions for the supply year 2025</p> <p>Bill ID: Number on the list: 1063</p>	<p>The draft regulation fulfils the statutory authorization contained in Article 34(1) of the Act of 8 December 2017 on the capacity market. It is published periodically, not later than 18 weeks before the main auction commences. The documents establishes technical and economic parameters of the main auction for the delivery year 2028, to be held in 2023, and additional auction parameters for the delivery year 2025, to be held in 2024.</p> <p>Key auction parameters specified in the document:</p> <ul style="list-style-type: none"> ✓ Demand for capacity (PZM) in the main auction for delivery in 2028. (PZM) 5,791 MW; ✓ Price increase factor 1.0; ✓ CeWe (price of technology having the lowest fixed costs) PLN 431/kW; ✓ CeCe (maximum price for the price recipient) PLN 183/kW; ✓ Min. CAPEX for a 5-year contract PLN 400/kW; ✓ Min. CAPEX for a 15-year contract PLN 2,400/kW. <ul style="list-style-type: none"> ✓ Demand for capacity in the capacity market in the respective quarters of 2024 considers the results of the main auction and is as follows: <ul style="list-style-type: none"> ▪ 3,520 MW for Q1; ▪ 1,131 MW for Q2; ▪ 500 MW for Q3; ▪ 842 MW for Q4.
<p>Act amending the Energy Law Act and certain other acts</p> <p>Bill ID: parliamentary paper No 3237 and 3298, Senate paper No. 1010</p>	<p>The bill implements directives of the European Parliament and of the Council on common rules for the internal market for electricity and promotion of energy use from renewable sources</p> <p>Proposed changes:</p> <ul style="list-style-type: none"> ✓ The bill envisages the option of establishing civil energy communities in the form of cooperatives, housing cooperatives, housing communities, associations, excluding standard associations, partnerships to the exclusion of professional partnership, and farmer cooperatives. The object of such civil energy communities may be generation, distribution, trading, aggregation and storage of electricity, development of projects to improve energy efficiency and provision of electric vehicle charging services to their members. The communities may operate within the grid of a single distribution system operator ✓ During parliamentary work on the bill, the government introduced its own amendment, which postpones the launch of the Central Energy Market Information System (CSIRE) by one year: from 1 July 2024 to 1 July 2025. Provisions enabling a technical change of the electricity seller in 24 hours are to be effective from 2026; ✓ Another provision tasks URE with the establishment of the price comparison service for all electricity sale offers available in the market for households and businesses whose annual consumption is less than 100 MWh per year. The comparison service will have to include offers for sale only; it will also be possible to compare other electricity sale-related services provided by electricity sellers. The sellers will have to make their offers available to the regulator for the purpose of the price comparison service or face sanctions; ✓ It will also be possible to enter into contracts with dynamic electricity price at a minimum billing frequency of 15 minutes. Those contracts are to be offered by sellers supporting more than 200 end-users, and end-users will have to have remote-reading meters. ✓ The Act also defines the energy market aggregator and active customer, who can use, store and sell electricity it produces, provide system or flexibility services. The only condition is that such activities are not the prime business or professional object of that customer; ✓ The Act also includes provisions on the so-called direct line between the electricity customer and producer. Businesses willing to build such lines will no longer need the consent of the URE president, but file a notification only instead. If grid security requirements are met, the business holding the direct line with a source will be able to feed electricity to the National Electricity System (KSE).

Legal act	Description and purpose of the regulations
<p>Government bill to amend the Act on renewable energy sources and certain other acts</p> <p>Bill ID: parliamentary paper No. 3279</p>	<p>Implementation into the Polish legal system of Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources, e.g. in the area of heating and cooling, guarantees of origin, solutions for the offshore, biomethane, energy clusters, operational support for RES, hybrid installations;</p> <p>Proposed changes:</p> <ul style="list-style-type: none"> ✓ The Act defines biomethane, the register of biogas producers, removes support for biogas in the form of certificates of origin, and establishes operational support for biomethane in the form of the feed-in-premium system. Biomethane is added to the list of gaseous fuels; ✓ As regards clusters, the definition of the cluster is changed in that the cluster must include at least one local government unit, and the scope of the cluster's activities is extended to include energy storage. Clusters will be able to operate in a single district (<i>powiat</i>), five neighboring communes, and in addition in the area of a single Distribution System Operator. The register of the clusters is introduced, and the bill also lays down the terms of cooperation and billing between the cluster and DSO; ✓ As part of the support system, energy produced and then consumed by cluster members will be exempt from RES and cogeneration fees, as well as from obligations relating to the certificates of origin and energy efficiency certificates. By the end of 2026, it will be required that at least 30% of energy produced and fed to the grid by members of the cluster come from RES, and the total capacity of installations in the energy cluster not exceed 150 MW, and allow for the coverage, during the year, of at least 40% of the total annual demand of the energy cluster members. In addition, the total capacity of energy storage facilities of cluster members should equal at least 2% of the total installed capacity of the generation installations in that cluster. The requirements will be increased as of 2027; ✓ As regards transposition on RED II, the bill introduced the obligation to connect RES installations to the district heating grid and to purchase heat from RES, including from waste incineration plants, and waste heat. The bill introduces a methodology for the calculation of energy quantity from RES generated by heat pumps. The bill also envisages the introduction of the guarantees of origin for heating or cooling from RES; ✓ The capacity threshold for photovoltaic installations above which a building permit is required is to be increased from 50 to 150 kW; ✓ The bill introduces, into the Energy Law, the basis for energy contracting under PPAs (power purchase agreements), understood as the sale of RES electricity directly from the producer. Further, an operational support mechanism is introduced for selected RES sources, whose 15-year support period under the certificate of origin system is lapsing; ✓ The bill also envisages extension of the scope of activities of cooperatives to include trading in and storage of energy from biogas and biomethane, as well as modification of the operating area of the cooperative. The limit of 1,000 cooperative members is to be removed, and the requirement to cover the cooperatives' demand by RES is reduced from 70 to 40% by the end of 2025; ✓ The household prosumer definition is introduced in the bill, to streamline billing in the case of RES sources installed on multi-family buildings, such as blocks of flats; ✓ The bill introduces new guarantees of RES origin for biomethane, heating or cooling, and renewable hydrogen; ✓ Electricity produced from biomass is to be classified as RES energy only after certain conditions are fulfilled; ✓ The bill envisages that the maximum capacity of offshore wind farms eligible for support under the contracts for difference in the auctions scheduled for 2025-2031 will increase to 12 GW.
<p>European regulations: Proposal for Regulation of the European Parliament and of the Council amending Regulation (EU) 2019/943 and (EU) 2019/942 as well as Directive (EU) 2018/2001 and (EU) 2019/944 to improve the EU market for electricity / Electricity Market Design</p> <p>Bill ID: 2023/0077(COD)</p>	<p>The EC's proposal regarding the market reform was presented on 14 March 2023.</p> <p>The following changes are proposed, among others:</p> <ul style="list-style-type: none"> ✓ A greater selection of contracts and clearer information for consumers, with an option to secure long-term prices, as well as use dynamic pricing contracts; ✓ Limitation of the risk of the supplier's failure by new requirements on price risk management and establishment of the suppliers of last resort; ✓ Improved division of renewable energy, for example by the sale of excess energy from rooftop photovoltaic installations to neighbors; ✓ More stable long-term contracts (PPAs) between businesses and suppliers; ✓ Bilateral contracts for difference (CfD) between electricity producers and public entities; ✓ Obligations to facilitate renewables integration with the system; <p>The proposal was processed by European Parliament's Committee on Industry, Research and Energy (ITRE) and was published on 12 May 2023;</p> <p>certain additional changes were included in the Commission's proposal, such as for example:</p> <ul style="list-style-type: none"> ▪ with respect to the contract for difference (CfD), so that it better supports energy saving and vulnerable consumers; ▪ with respect to the long-term contract for electricity supply (PPA) by facilitating the entry of smaller players;

Legal act	Description and purpose of the regulations
	<ul style="list-style-type: none"> ▪ in addition, acceleration of the development of power grids was proposed, along with more flexible solutions for their connections, as well as tangible national goals concerning the response to demand and storage, as well as ▪ the strengthening of consumer rights.
<p>Act amending the Act on the planning for and execution of strategic transmission grid investment projects and certain other Acts</p> <p>Bill ID: paper No. 3185, 3392, 3442</p>	<p>The purpose of the proposed Act is to extend the operation of provisions on transmission grid investment projects to accelerate distribution infrastructure investments, of key importance for the electricity system, and RES development in Poland. To that end, the bill proposes the coverage of certain distribution investment projects by the special transmission Act.</p> <p>The bill envisages the following changes among others:</p> <p>To the Act of 24 July 2015 on the planning for and execution of strategic transmission grid investment projects and certain other Acts:</p> <ul style="list-style-type: none"> ✓ Addition of point 1a in Article 1(2) of that Act, containing a definition of an associated investment project, understood as an investment task functionally related to the strategic transmission grid investment project, including the required construction work within the meaning of the Building Law, in particular construction or redevelopment of facilities, equipment, networks and installations required for the construction, redevelopment, overhaul, maintenance, use, changed use, operation or dismantling of lines which are part of the distribution grid, whose voltage is at least 110 kV, in particular the coordinated 110 kV grid, as well as an investment task involving redevelopment or overhaul of the existing power lines which are part of the distribution grid whose voltage is at least 110 kV, temporary civil facilities, gas, power, water supply, sewage, heating, telecom network facilities, road or railway infrastructure and open-access charging stations; ✓ Addition of Article 2a in order to ensure greater flexibility in respect of options to use simplified procedures for investment projects involving redevelopment or overhaul of existing lines; the Council of Ministers is to specify, by regulation, the list of investment projects concerning the already existing infrastructure which, as an exception, will be covered by the Act on 24 July 2015 on the planning for and execution of strategic transmission grid investment projects; ✓ Addition of Article 3b to precisely specify the scope of application of the Act on 24 July 2015 on the planning for and execution of strategic transmission grid investment projects to associated investment projects. To that end, the proposed provision specifies the method of suitable adaptation of that Act, and interpretation of the respective expressions it introduces as regards associated investment projects. <p>To the Act of 7 July 1994 – Building Law:</p> <ul style="list-style-type: none"> ✓ Addition of section 1a in article 5a of that Act, by introduction of the option to publicly announce the decision in the case of land whose legal status is not regulated; ✓ Amendment in Article 29(1)(27) of that Act, to facilitate the investment process. As a result of that change, the substructure of the power line poles does not require a notification. <p>To the Act amending the Act of 21 August 1997 on real property management:</p> <ul style="list-style-type: none"> ✓ Amendment of Article 124(3) of that Act involves elaboration on the format of negotiations with the owner of the real property to be covered by the decision issued under Article 124 of the Act of 21 August 1997 on real property management. Reference to the application as appropriate of Article 114(1) and (2) and Article 115 of that Act, which govern the real property dispossession procedure, reorders the rules for the negotiations and initiation of the proceedings on the limitation of real property use if the negotiations are not successful (no consent to the grant of title to real property); <p>To the Act of 27 March 2003 on spatial planning and management:</p> <ul style="list-style-type: none"> ✓ Amendment in Article 11(5)(n), Article 17(6)(a) ninth indent, and Article 53(5e)(1) of that Act seeks to modify the scope of opining of draft planning documents by the electricity transmission system operator; ✓ Changes to the existing obligation binding on commune authorities in respect of the opinion on the draft zoning plan blueprint for the commune, the zoning plan, and the interim zoning plan from the electricity transmission system operator in respect of the use of land located at a relevant distance from the axis of the highest-voltage overhead power line. <p>To the Act of 3 October 2008 on the provision of environmental information and environmental protection, public participation in environmental protection, and on environmental impact assessment:</p> <ul style="list-style-type: none"> ✓ Changes to amplify the provisions of, respectively, Article 64(2)(3), Article 74(1)(4) and (5), Article 77(2)(3) and Article 80(2) of that Act so that to include associated investment projects. The amendments follow from the introduction of the proposed definition of the associated investment project to the Act of 24 July 2015 on the planning for and execution of strategic transmission grid investment projects;

Legal act	Description and purpose of the regulations
	✓ As a result of the proposed regulations, associated investments will also be covered by regulations allowing public participation in the provision of environmental information and in environmental protection.

Draft legislation on further support for the most vulnerable electricity customers

On 11 July 2023, a draft Act on the Amendments to the Act on Specific Solutions for the Protection of Electricity Customers in 2023 in Connection with the Situation on the Electricity Market (hereinafter: the Act) was introduced into the Sejm. On 16 August 2023, the Act was approved by the Sejm.

The Act envisages, among other things, the following amendments to the system of support for vulnerable electricity customers:

- Increase from 2 MWh to 3 MWh of the basic electricity consumption limit subject to the freeze on prices at the 2022 level. The limit applies to household customers
- Increase of the limits for households with a disabled person from 2.6 MWh to 3.6 MWh, and for households with a Large Family Card and farmers' households from 3 MWh to 4 MWh
- Reduction of the regulated electricity price for local governments, small businesses, public service entities and other vulnerable customers from PLN 785 to PLN 693 per MWh, net of value added taxes, starting from Q4 2023.

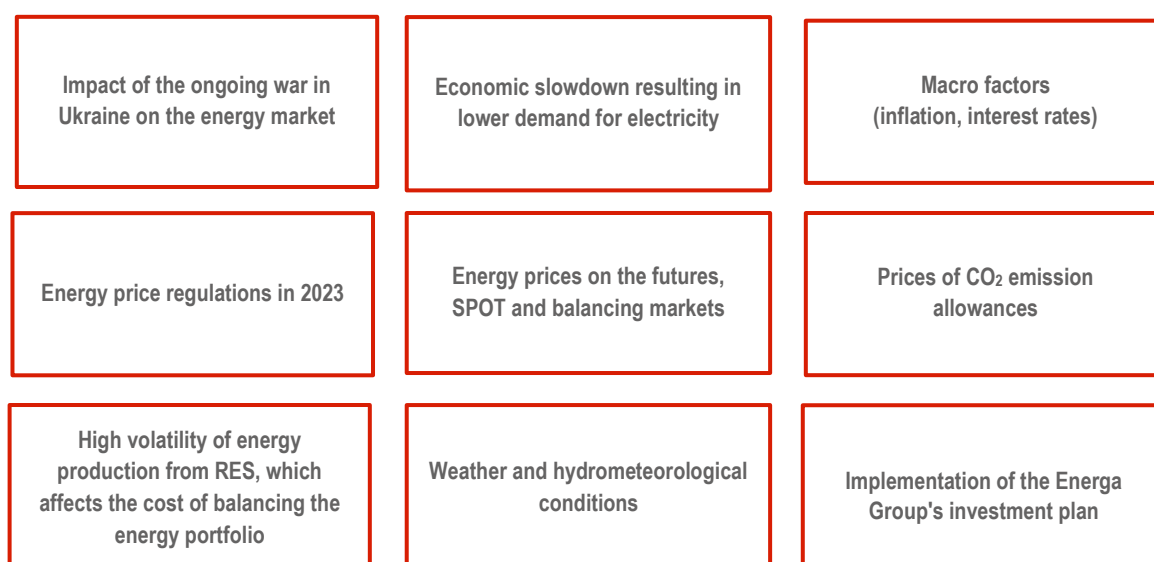
In addition, on 17 August 2023, the Sejm passed the Act on the principles of granting guarantees by the State Treasury for the liabilities of the National Energy Security Agency, which included provisions reducing energy prices under the above-mentioned energy consumption limits in individual tariff groups up to 0.95 of the prices included in the tariff.

As at the date of publication of this Report, the Sejm is still working on the above mentioned acts and the Group has not completed its analysis of the impact of the aforementioned legislations on its future financial performance.

3.3. Factors likely to impact the Energa Group's performance within at least the subsequent quarter

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

Figure 11: Factors likely to impact the Energa Group's performance within the subsequent quarter





Straszyn hydro plant

Financial and assets situation of the Energa Group

4. FINANCIAL AND ASSETS SITUATION OF THE ENERGA GROUP

4.1. Rules of preparing the mid-year consolidated financial statements

The Condensed Interim Consolidated Financial Statements of the Energa Group for the six-month period ended 30 June 2023 have been prepared:

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

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

The accounting principles (policy) used in the preparation of the Condensed Interim Consolidated Financial Statements have been presented in Note 7 to the Condensed Interim Consolidated Financial Statements of the Energa Group as at and for the six-month period ended 30 June 2023.

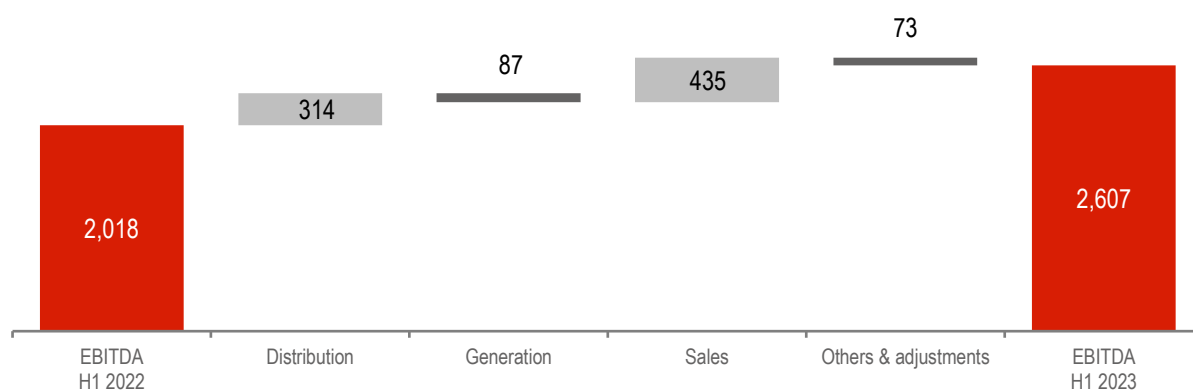
4.2. Explanation of the economic and financial data disclosed in the mid-year consolidated financial statements

Table 5: Consolidated statement of profit or loss

PLN m	Q2 2022	Q2 2023	Change	Change (%)
Sales revenues	4,579	5,214	635	14%
Revenue from the Price Difference Payment Fund	-	797	797	-
Cost of sales	(3,578)	(5,542)	(1,964)	55%
Gross profit on sales	1,001	469	(532)	-53%
Other operating income	132	189	57	43%
Selling and distribution expenses	(240)	(462)	(222)	93%
General and administrative expenses	(73)	(175)	(102)	> 100%
Other operating expenses	(243)	(40)	203	-84%
Operating profit	577	(19)	(596)	< -100%
Result on financial activity	(78)	(155)	(77)	99%
Share in profit/(loss) of the entities measured using the equity method	15	4	(11)	-73%
Profit or loss before tax	514	(170)	(684)	< -100%
Income tax	(68)	23	91	< -100%
Net profit or loss for the period	446	(147)	(593)	< -100%
EBITDA	941	276	(665)	-71%

PLN m	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Sales revenues	9,517	11,194	1,677	18%
Revenue from the Price Difference Payment Fund	-	2,240	2,240	-
Cost of sales	(7,372)	(10,158)	(2,786)	38%
Gross profit on sales	2,145	3,276	1,131	53%
Other operating income	263	316	53	20%
Selling and distribution expenses	(487)	(1,097)	(610)	> 100%
General and administrative expenses	(152)	(311)	(159)	> 100%
Other operating expenses	(386)	(162)	224	-58%
Operating profit	1,383	2,022	639	46%
Result on financial activity	(148)	(271)	(123)	83%
Share in profit/(loss) of the entities measured using the equity method	48	5	(43)	-90%
Profit or loss before tax	1,283	1,756	473	37%
Income tax	(226)	(332)	(106)	47%
Net profit or loss for the period	1,057	1,424	367	35%
EBITDA	2,018	2,607	589	29%

Figure 12: EBITDA bridge by business lines (PLN m)



The Group's EBITDA in H1 2023 was PLN 2,607 m vs. PLN 2,018 m in the same period of the previous year.

The largest EBITDA increase by PLN 435 m to PLN 742 m, was recorded by the Sales Business Line. The key driver of that growth was a partial reversal of a provision for onerous contracts created in December 2022, as well as receipt of the exit fee for the transfer of processes and functions relating to wholesale trading in electricity from Energa Obrót to ORLEN Energia.

A major improvement in EBITDA, by PLN 314 m year on year, was also reported by the Distribution Business Line, mainly on the back of an increase in the margin on distribution of electricity (with grid losses), attributable to a higher average distribution service rate as well as advantageous valuation of estimated non-invoiced grid losses.

The Generation Business Line's EBITDA for H1 2023 was PLN 366 m, compared to PLN 453 million in the same period of the previous year. The Line's EBITDA was primarily driven by such factors as lower revenue from the sale of electricity, and higher cost of consumption of key fuels for its production (high coal prices).

The Distribution Business Line was the greatest contributor to the Group's EBITDA in H1 2023 (61%), while the contributions of the Sales Business Line and the Generation Business Line were, respectively, 28% and 14%.

In H1 2023, the Group's operating profit ("EBIT") was PLN 2,022 m, up by PLN 639 m on the same period of 2022. The y/y change in EBIT was primarily due to the operating factors described above.

In H1 2023, a share in results of associates and joint ventures was recognized at PLN 5 m vs PLN 48 m in the corresponding period of the previous year. In H1 2022, the provision for the settlement of the Ostrołęka Power Plant C project was partially reversed (with a positive effect on net profit of PLN 41 m).

The result on financing activities in H1 2023 dropped by 123 m y/y. The lower balance was due to increased interest expense as a result of a substantially higher indebtedness and higher interest resulting from higher WIBOR.

As a result, the Group's net profit in H1 2023 amounted to PLN 1,424 m as compared to PLN 1,057 m in the corresponding period of 2022 (increase by PLN 367 m, or 35%).

The Group's sales revenue in H1 2023 was PLN 13,434 m (including PLN 2,240 m as compensation from the Settlement Manager, covering the loss in revenue from customers covered by the regulations on electricity and gas prices and distribution service rates), up by 41%, or PLN 3,917 m, on the revenue in the same period of 2022. The primary factor contributing to the improved sales revenue y/y was increased revenue in the Sales Business Line attributable to higher selling prices of electricity and gas reflecting their dynamic growth in the market. Energa Group's total revenue from the Capacity Market in H1 2023 totaled PLN 124 m (PLN 55 m in Q2 2023) vs. PLN 127 m in H1 2022 (PLN 62 m in Q2 2022).

Group EBITDA in Q2 2023 was PLN 276 million compared to PLN 941 million in Q2 2022. The largest decrease was recorded by the Distribution Business Line, whose EBITDA was PLN 606 m lower, primarily due to the high difference between the price from the contract for grid losses and the price from the balancing market, according to which the valuation of estimated non-invoiced grid losses was made (negative impact of PLN 491 m). In addition, OPEX costs were higher y/y, which resulted from the increase in minimum pay and inflation. Similarly, EBITDA of the Generation Business Line was lower by PLN 82 m y/y in Q2 2023, which resulted primarily from lower electricity sale revenue (mostly due to lower energy production volume) and higher consumption costs of primary fuels, primarily high unit purchase costs of coal. Conversely, the Sales Business Line's EBITDA in Q2 2023 was PLN 49 m higher than in the corresponding period of 2022. Similarly to the incremental value, the key driver of that increase was the partial reversal of the provision for onerous contracts and the exit fee from ORLEN Energia.

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

Table 6: EBITDA after material one-off events

EBITDA (PLN m)	
Q2 2023	
EBITDA	276
Adjusted EBITDA	172
<i>including:</i>	
<i>Revenue from „exit fee”</i>	<i>(120)</i>
Q2 2022	
EBITDA	941
Adjusted EBITDA	917
EBITDA (PLN m)	
H1 2023	
EBITDA	2,607
Adjusted EBITDA	2,507

including:

Revenue from „exit fee”	(120)
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H1 2022

EBITDA	2,018
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Adjusted EBITDA	1,977
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including:

Actuarial reserves	(41)
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Table 7: Consolidated statement of financial position

(PLN m)	As at 31 December 2022	As at 30 June 2023	Change 2023/2022	Change 2023/2022 (%)
ASSETS				
Non-current assets				
Property, plant and equipment	17,386	18,548	1,162	7%
Intangible assets	1,487	860	(627)	-42%
Right-of-use assets	1,050	1,065	15	1%
Investments in associates and joint ventures measured using the equity method	153	158	5	3%
Deferred tax assets	418	235	(183)	-44%
Other non-current financial assets	190	50	(140)	-74%
Other non-current assets	702	529	(173)	-25%
	21,386	21,445	59	0%
Current assets				
Inventories	346	358	12	3%
Current tax receivables	399	504	105	26%
Trade receivables	3,271	5,404	2,133	65%
Other current financial assets	210	1,182	972	> 100%
Cash and cash equivalents	1,100	714	(386)	-35%
Other current assets	478	414	(64)	-13%
	5,804	8,576	2,772	48%
Assets classified as held for sale	58	47	(11)	-19%
TOTAL ASSETS	27,248	30,068	2,820	10%
EQUITY AND LIABILITIES				
Equity				
Share capital	4,522	4,522	-	-

Foreign exchange differences from translation of a foreign entity	6	1	(5)	-83%
Reserve capital	1,031	1,031	-	-
Supplementary capital	1,661	1,711	50	3%
Cash flow hedge reserve	55	(14)	(69)	< -100%
Retained earnings	3,706	5,108	1,402	38%
Equity attributable to equity holders of the Parent Company	10,981	12,359	1 378	13%
Non-controlling interest	559	808	249	45%
	11,540	13,167	1,627	14%
Non-current liabilities				
Loans and borrowings	1,531	1,307	(224)	-15%
Bonds issued	1,965	1,869	(96)	-5%
Non-current provisions	696	604	(92)	-13%
Deferred tax liability	931	977	46	5%
Deferred income and non-current grants	326	316	(10)	-3%
Liabilities on account of leases	817	801	(16)	-2%
Other non-current financial liabilities	5	6	1	20%
Contract liabilities	9	8	(1)	-11%
	6,280	5,888	(392)	-6%
Current liabilities				
Trade liabilities	2,388	2,087	(301)	-13%
Contract liabilities	314	906	592	> 100%
Current part of loans and borrowings	2,537	2,443	(94)	-4%
Bonds issued	609	577	(32)	-5%
Current income tax liability	3	3	-	-
Deferred income and grants	202	171	(31)	-15%
Short-term provisions	2,496	1,488	(1,008)	-40%
Other financial liabilities	609	2,916	2,307	> 100%
Other current liabilities	245	389	144	59%
	9,403	10,980	1,577	17%
Liabilities directly related to assets classified as held for sale	25	33	8	32%
Total liabilities	15,708	16,901	1,193	8%
TOTAL EQUITY AND LIABILITIES	27,248	30,068	2,820	10%

As at 30 June 2023, the balance sheet total of the Energa Group was PLN 30,068 million, up by PLN 2,820 million compared to the end of 2022.

The most significant change in respect of fixed assets covered property plant and equipment, which resulted in particular from the Distribution Business Line's expenditures (grid expansion and upgrades; connection of customers and sources of electricity), and the Services and Other Business Line's expenditures (CCGT Ostrołęka and CCGT Grudziądz). In addition, there was a significant drop in the value of intangible assets, which resulted primarily from the cancellation of CO2 emission allowances.

As regards current assets, the most important change was recorded in trade receivables, notably as a result of the increase in value of electricity and distribution service sales, and recognition of the compensation estimates by Energa Obrót.

Also in current assets, the value of other current financial assets increased in comparison to the end of 2022. The increase was primarily driven by cash pooling receivables. Following the integration of the Energa Group with the ORLEN Group, the accession of the Energa Group companies to the cash pooling structure of the ORLEN Group began in April 2023 to optimize cash management within the ORLEN Group.

As at 30 June 2023, Energa Group's equity was PLN 13,167 million, and financed the Group's assets in 44%.

As regards liabilities, the most significant change was recorded in other financial liabilities and current provisions.

The increase in other financial liabilities resulted, among others, from the above optimization of the ORLEN Group cash management (increase in cash pooling liabilities).

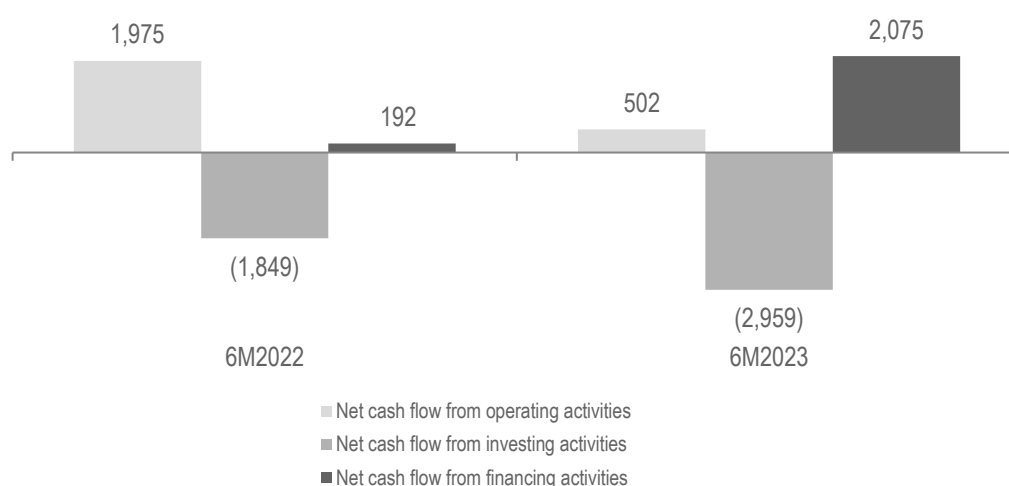
The drop in the provisions was primarily driven by the gradual reversal of the provision for onerous contracts, created in 2022 as a result of implementation of the Acts governing the prices of electricity, and use of the provision for CO2 emission liabilities.

As at 30 June 2023, the following line items were identified in the consolidated statement of financial position: assets classified as held for sale and liability directly associated with assets classified as held for sale, resulting from the planned sale of shares in its subsidiary, Energa Invest Sp. z o.o.

Table 8: Consolidated statement of cash flows

PLN m	6 months of 2022	6 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Net cash flow from operating activities	1,975	502	(1,473)	-75%
Net cash flows from investment activities	(1,849)	(2,959)	(1,110)	60%
Net cash flows from financial activities	192	2,075	1,883	> 100%
Net increase / (decrease) in cash	318	(382)	(700)	< -100%

Figure 13: Consolidated cash flow statement (PLN m)



Total net cash flows from operating, investing and financing activities of the Group in H1 2023 were negative at PLN (382) m, compared to positive flows of PLN 318 m in H1 2022.

Cash flows from operating activities amounted to PLN 502 m compared to PLN 1,975 m in the corresponding period of 2022. Negative cash flows from operating activities in H1 2023 were mostly due to a negative change in working capital of PLN

(2,345) m (which was also negative at PLN (305) m in the corresponding period of 2022), resulting mainly from an increase in trade receivables at Energa Obrót. The negative change in working capital was partially offset by profit before tax of PLN 1,756 m, compared to PLN 1,283 m in H1 2022.

Net cash flows from investing activities in H1 2023 totaled PLN (2,959) m, compared to PLN (1,849) m in the corresponding period of 2022. The main contributor was expenditure on property, plant and equipment and intangible assets, which totaled PLN (2,003) m in H1 2023 vs. PLN (1,884) m in the corresponding period of 2022, and cash pooling outflows in the amount of PLN (1,027) m.

Cash flows from financing activities totaled PLN 2,075 m and were generated mainly by new financial liabilities of PLN 2,380 m, cash pooling inflows of PLN 2,463 m and PLN 249 m in capital contributions to CCGT Ostrołęka Sp. z o.o. by ORLEN. On the other hand, financing outflows in H1 2023 resulted mainly from scheduled repayments of current loans and borrowings totaling PLN (2,691) m, PLN (64) m in lease repayments and PLN (247) m in current interest payments. In the corresponding period of 2022, cash flows from financing activities were at PLN 192 m, mostly as a result of the fact that disbursements under new financial liabilities totaling PLN 1,300 m were lower than debt repayments of PLN (1,404) m.

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

Figure 14: Structure of assets and liabilities

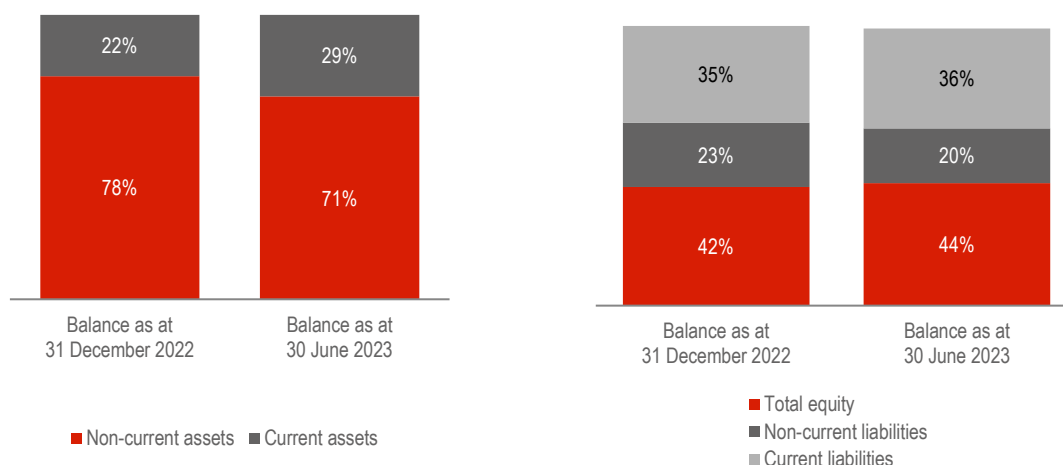


Table 9: Financial ratios of the ENERGA Group

Ratio	Definition	H1 2022	H1 2023
Profitability			
EBITDA margin	operating result + depreciation and amortization + impairment losses on non-financial non-current assets / sales revenues (including revenue from the Price Difference Payout Fund)	21.2%	19.4%
return on equity (ROE)	net profit for the period*/ equity at the end of the period	11.4%	10.5%
return on sales (ROS)	net profit for the period / sales revenues (including revenue from the Price Difference Payout Fund)	11.1%	10.6%
return on assets (ROA)	net profit for the period*/ total assets at the end of the period	5.7%	4.6%
* net profit for the last 12 months			

Ratio	Definition	As at 31 December 2022	As at 30 June 2023
Liquidity			
current liquidity ratio	current assets/current liabilities	0.6	0.8
Debt			
financial liabilities (PLN m)*	total liabilities due to loans and borrowings, debt securities and leases (both long- and short-term)	7,504	7,040
net financial liabilities (PLN m)	financial liabilities - cash and cash equivalents	6,404	6,326
net debt**/EBITDA* ratio	net financial liabilities/EBITDA	1.8	2.0

* EBITDA for the last 12 months

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

Both sales revenue and EBITDA recorded an increase in H1 2023 compared to the same period of the previous year (the factors affecting these changes are described in the section on discussion of financial figures). As a result of greater revenue growth, the EBITDA margin ratio deteriorated. Profitability ratios dwindled compared to the same period of the previous year, which resulted from higher equity (higher retained profit) and higher total of assets.

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

The deterioration of the net debt/EBITDA ratio was mainly due to the increase in net financial debt (calculated in accordance with the definition of covenants). On the other hand, the improvement in annualized EBITDA as at 30 June 2023 compared to 31 December 2022 had the opposite effect.

4.4. Description of significant off-balance sheet items

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

4.5. Projected financial results

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



Lidzbark Hydro plant

Operations of the Energa Group Segments

5. OPERATIONS OF THE ENERGA GROUP SEGMENTS

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

Table 10: EBITDA of the Energa Group, by Business Line

PLN m	Q2 2022	Q2 2023	Change	Change (%)
DISTRIBUTION	565	(41)	(606)	< -100%
GENERATION	147	65	(82)	-56%
SALES	248	297	49	20%
OTHER and consolidation eliminations and adjustments	(19)	(45)	(26)	>100%
Total EBITDA	941	276	(665)	-71%

PLN m	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
DISTRIBUTION	1,277	1,591	314	25%
GENERATION	453	366	(87)	-19%
SALES	307	742	435	> 100%
OTHER and consolidation eliminations and adjustments	(19)	(92)	(73)	>100%
Total EBITDA	2,018	2,607	589	29%

5.1. Distribution Business Line

5.1.1. Business and operating activities

Table 11: Distribution of electricity by tariff groups

Distribution of electricity by tariff groups (invoiced sales) in GWh	Q2 2022	Q2 2023	Change	Change (%)	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Tariff group A (HV)	933	895	(39)	-4%	1,853	1,740	(113)	-6%
Tariff group B (MV)	2,271	2,103	(168)	-7%	4,702	4,273	(428)	-9%
Tariff group C (LV)	991	936	(55)	-6%	2,158	1,977	(181)	-8%
Tariff group G (LV)	1,473	1,502	29	2%	3,165	3,273	107	3%
Total distribution of electricity	5,668	5,436	(233)	-4%	11,879	11,264	(615)	-5%

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

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

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

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

In H1 2023, the volume of electricity supplied by the Group was on average 5% lower than in the same period of the previous year. The largest volume drops were reported in B and C groups. Tariff group G was the only one to grow in terms of volume. The lower volume of the distribution service primarily resulted from inflation-driven economic difficulties, since as prices grew,

customers reduced their electricity consumption. A similar trend was not present in group G as a result of regulations introduced towards the end of 2022 freezing electricity prices for households.

The 4% y/y volume drop in Q2 also resulted from the above factors.

Table 12: SAIDI and SAIFI indicators

	SAIDI			SAIFI		
	Unplanned incl. catastrophic	Planned	Total	Unplanned incl. catastrophic	Planned	Total
	Minutes per customer in the period			Disruptions per customer in the period		
Q2 2022	26.4	6.9	33.4	0.5	0.0	0.6
Q2 2023	15.3	7.0	22.4	0.3	0.0	0.4
Change	(11,1)	0.1	(11.0)	(0.2)	(0.0)	(0.2)
Change (%)	-42%	2%	-33%	-37%	-9%	-35%
H1 2022	324.1	11.6	335.8	2.2	0.1	2.2
H1 2023	83.6	13.3	96.9	0.9	0.1	0.9
Change 2023/2022	(240.5)	1.6	(238.9)	(1.3)	0.0	(1.3)
Change 2023/2022 (%)	-74%	14%	-71%	-60%	1%	-58%

In H1 2023, the Energa Group's SAIDI (planned and unplanned incl. catastrophic failures) was at 96.9 minutes per consumer compared to 335.8 minutes per consumer in the corresponding period of 2022. SAIFI improved as well. The combined values of SAIDI and SAIFI supply reliability for H1 2022 resulted from three major mass failures caused by hurricanes in January and February 2022, and one failure in Q2 of the previous year. No weather events resulting in failures of such scale occurred in H1 this year.

In Q2 2023, SAIDI/SAIFI were also lower than in the corresponding period of the previous year. No mass failure occurred in the comparable period.

5.1.2. Financial results

Figure 15: Results of the Distribution Business Line of the Energa Group (PLN m)

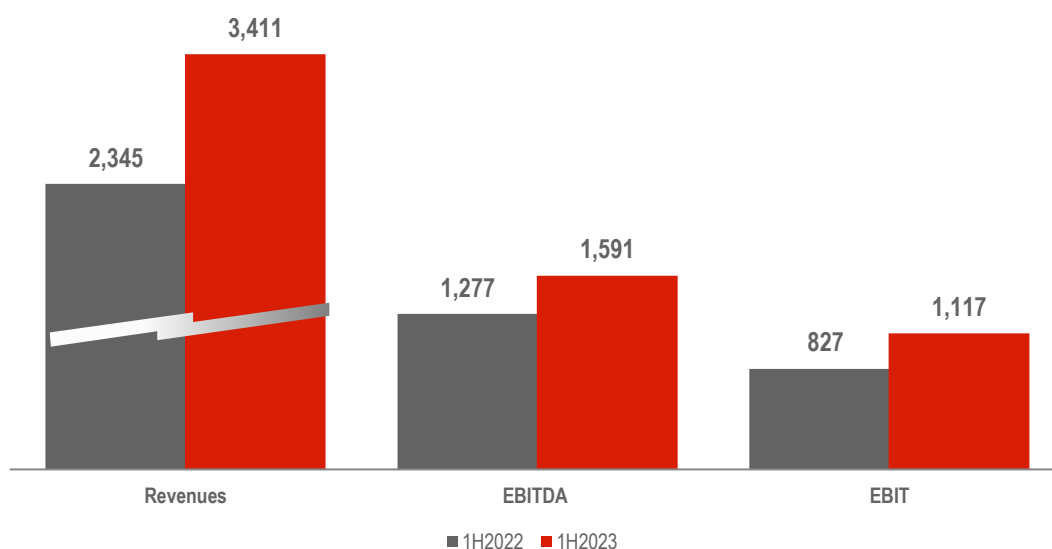
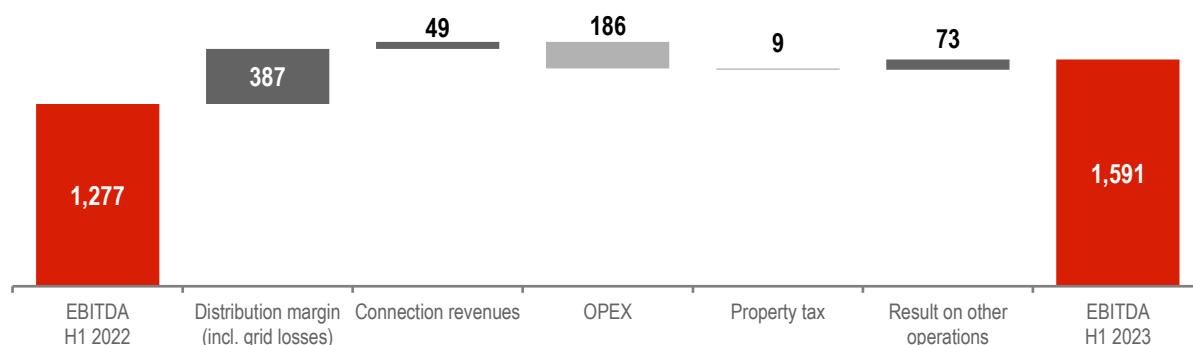


Table 13: Results of the Distribution Business Line

PLN m	Q2 2022	Q2 2023	Change	Change (%)
Revenues	1,110	1,568	458	41%
EBITDA	565	(41)	(606)	< -100%
amortization and depreciation	228	239	11	5%
impairment losses on non-financial non-current assets	-	-	-	0%
EBIT	337	(280)	(617)	< -100%
Net result	224	(297)	(521)	< -100%
CAPEX	388	466	78	20%

PLN m	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	2,345	3,411	1,066	45%
EBITDA	1,277	1,591	314	25%
amortization and depreciation	450	474	24	5%
impairment losses on non-financial non-current assets	-	-	-	0%
EBIT	827	1,117	290	35%
Net result	577	763	186	32%
CAPEX	664	935	271	41%

Figure 16: EBITDA Bridge of the Distribution Business Line (PLN m)



In H1 2023, the Distribution Business Line generated 61% of the EBITDA for the Energa Group (vs. nearly 63% in H1 2022).

Sales revenues of the Distribution Business Line in H1 2023 totaled PLN 3,411 million, a 45% increase year on year, resulting primarily from the increase in the average distribution service price by 43%, and from higher revenues from connection fees.

The Line's EBITDA was PLN 1,591, up by PLN 314 m, or 25%, on the figure from the corresponding period of the previous year.

An increase in the distribution margin by PLN 387 m (taking into account grid losses) had a significant impact on the increase in the EBIT operating result by PLN 290 million yoy (up to PLN 1,117 m). That was primarily the effect of the higher distribution service price y/y, with the volume lower by around 5%. In turn, the higher price of electricity to cover grid losses had a negative impact.

The other factors affecting the change in EBIT were for example the 2022 base effect: the cost work to rectify mass failures in H1 2022 was attributed to other operating activities, and not OPEX. As there were no such failures covered by insurance in

the current year, regular operating activities are carried out, hence the transfer between OPEX and other operating activities y/y. In addition, disadvantageous valuation of actuarial provisions burdened the OPEX for H1 2023 (the impact was favorable in the corresponding period of the previous year). Conversely, EBIT y/y was positively affected by higher revenues from the connection fee.

In H1 2023, the Distribution Business Line reported net profit of PLN 763 m, up by PLN 186 m y/y. The improvement was mainly the result of the change in EBIT.

Capital expenditures for this Line amounted to PLN 935 million and were 41% higher than in H1 2022.

In Q2 2023, EBITDA of the Distribution Business Line was PLN -41 m vs. PLN 565 m in the corresponding period of the previous year. The operating profit was significantly affected by a decrease of PLN 493 m in the distribution margin (including grid losses), what results mainly from the high difference between the price from the contract for grid losses and the price from the balancing market, according to which the valuation of estimated non-invoiced grid losses was made (negative impact of PLN 491 million). In addition, OPEX was PLN 105 m higher y/y (reasons for the cost increase are the same as for the incremental figure).

5.2. Generation Business Line

5.2.1. Business and operating activities

Table 14: Gross electricity production

Gross electricity production (GWh)	Q2 2022	Q2 2023	Change	Change (%)	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Power plants - coal-fired	691	324	(367)	-53%	1 443	762	(680)	-47%
CHP plants - coal-fired	4	-	(4)	-100%	9	-	(9)	-100%
CHP plants - biomass-fired	21	21	1	3%	34	46	12	37%
Power plants – hydro	198	242	44	22%	493	585	93	19%
Pumped storage plant	24	30	6	26%	47	56	9	20%
Power plants – wind	107	87	(20)	-19%	296	261	(36)	-12%
Power plants – photovoltaics	3	26	23	> 100%	4	29	25	> 100%
Total production of electricity	1,048	731	(317)	-30%	2,326	1,740	(586)	-25%
<i>including from RES</i>	329	377	48	15%	827	921	95	11%

The generating assets of the Energa Group produced 1.7 TWh of electricity in H1 2023 compared to 2.3 TWh in H1 2022, which translates into a drop of 25% y/y. The downward trend mainly covered the Ostrołęka power plant and hydro power plants. Conversely, hydropower plants and PV installations increased their output. In H1 2023, 44% of the Group's gross electricity production originated from coal, 37% from hydro, 15% from wind, 3% from biomass and 2% from PV generation.

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

A similar production trend to that in effect for the half-year was observed for Q2 2023.

Table 15: Gross heat production

Gross heat production in TJ	Q2 2022	Q2 2023	Change	Change (%)	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Energa Kogeneracja Sp. z o.o.	457	288	(169)	-37%	1,176	1,098	(77)	-7%

Energa Elektrownie Ostrołęka S.A.	214	206	(8)	-4%	657	620	(37)	-6%
Energa Ciepło Kaliskie Sp. z o.o.	38	63	25	65%	168	187	19	11%
Total gross heat production	710	557	(153)	-22%	2,001	1,906	(95)	-5%

In 2023, the Group produced 1,906 TJ of heat, 5% down on the same period of the previous year, which was due to a range of factors, including air temperatures determining the demand for heat from the Group's local customers in Ostrołęka, Elbląg and Kalisz.

In Q2 2023, the rate of heat production decrease y/y was higher than for the full half-year, at 22%. The factors affecting production were the same.

Table 16: Volume and cost of consumption of key fuels*

Consumption of fuels*	Q2 2022	Q2 2023	Change	Change (%)	H1 2022	H1 2023	Change	Change (%)
Hard coal								
Quantity (thous. tons)	309	153	(156)	-51%	674	373	(301)	-45%
Cost (PLN m)	111	196	84	76%	243	455	212	87%
Biomass								
Quantity (thous. tons)	20	22	2	12%	33	44	11	34%
Cost (PLN m)	22	23	1	4%	33	55	21	64%
Total fuel consumption (PLN m)	134	219	85	64%	276	509	233	84%

* including cost of transport

In H1 2023, the Group's producers consumed 301 thousand tons less of hard coal and 11 thousand tons more of biomass compared to the same period in 2022. The lower consumption of coal was an effect of decreased electricity production, mainly by the Ostrołęka power plant, whereas higher consumption of biomass was driven by the raw material's availability for the co-generation unit in Elbląg, and by the availability of the unit itself. At the same time, higher unit costs of coal and biomass purchase were recorded.

5.2.2. Financial results

Figure 17: Results of the Generation Business Line of the Energa Group (PLN m)

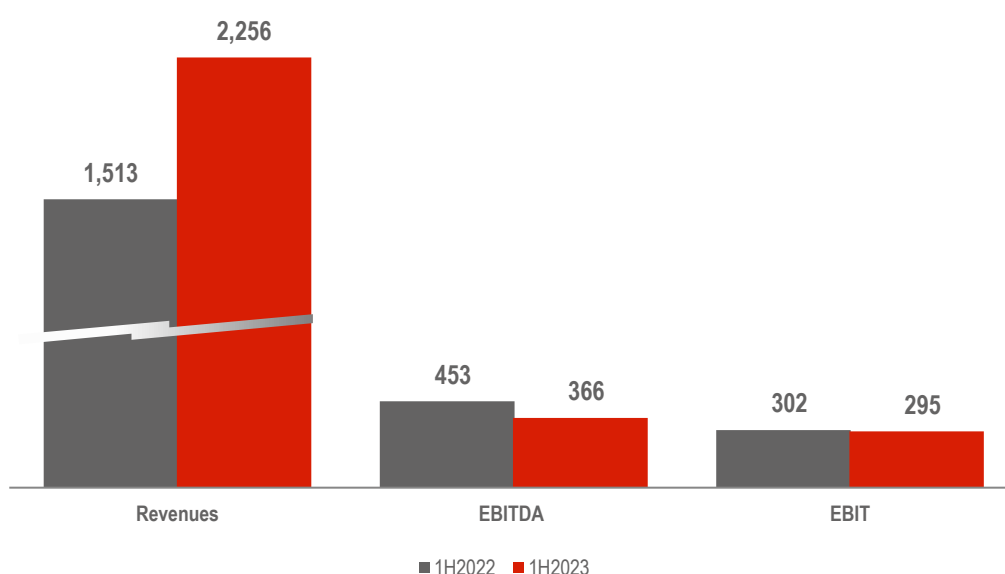


Table 17: Results of the Generation Business Line of the Energa Group

PLN m	Q2 2022	Q2 2023	Change	Change (%)
Revenues	713	877	164	23%
EBITDA	147	65	(82)	-56%
amortization and depreciation	41	36	(5)	-12%
impairment losses on non-financial non-current assets	79	-	(79)	-100%
EBIT	27	29	2	7%
Net result	56	10	(46)	-82%
CAPEX	30	29	(1)	-3%

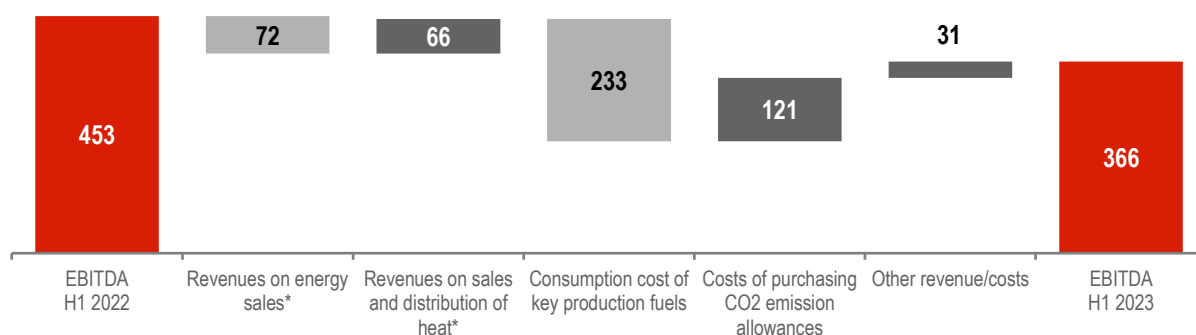
PLN m	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	1,513	2,256	743	49%
EBITDA	453	366	(87)	-19%
amortization and depreciation	78	72	(6)	-8%
impairment losses on non-financial non-current assets	73	(1)	(74)	< -100%
EBIT	302	295	(7)	-2%
Net result	254	221	(33)	-13%
CAPEX	50	195	145	> 100%

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

Table 18: EBITDA for Generation Business Line broken down to Generation Segments

PLN m	Q2 2022	Q2 2023	Change	Change (%)	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Water	83	68	(15)	-18%	197	154	(43)	-22%
Wind	37	24	(13)	-35%	128	99	(29)	-22%
Ostrołęka power plant	45	(39)	(83)	< -100%	181	118	(63)	-35%
Other and adjustments	(18)	12	30	> -100%	(53)	(5)	48	-91%
Generation total	147	65	(82)	-56%	453	366	(87)	-19%

Figure 18: EBITDA bridge of the Generation Business Line (PLN m) – EBITDA bridge of the Generation Business Line (PLN m)



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

The EBITDA of the Generation Business Line in H1 2023 was PLN 366 m, (PLN 87 million less yoy) accounting for 14% of the total Group EBITDA (22% in H1 2022). The Line's EBITDA in H1 2023 was driven by a range of factors, mainly revenue from the sale of electricity, heat sale and distribution, the cost of consumption of key fuels for production and the purchasing cost of emission allowances.

Lower electricity sale revenue (which included the write-down for Price Difference Payment Fund provision at PLN 749 m) was primarily driven by lower production volume from the Ostrołęka power plant and wind sources. The impact was partially offset by the effective mechanism for the settlement of production drop by the Ostrołęka plant with the Transmission Grid Operator, as well as by the settlement of the 2022 sale for that asset.

Higher heat sale and distribution revenue resulted, among others, from higher selling prices of heat.

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

Regardless of higher market prices of CO2 emission allowances in the current reporting period, the purchasing cost of emission allowances was lower y/y, an effect of lower production by conventional sources (notably the Ostrołęka power plant).

System services revenue is one of the revenue sources for the Generation Business Line. In that category, the Line records for example the Capacity Market settlement mechanism, introduced from the beginning of 2021. Total revenues from system services in H1 2023 amounted to PLN 95 m (of which PLN 85 m were revenues from the Capacity Market) vs. PLN 106 m in the same period of the previous year (of which PLN 91 m were revenues from the Capacity Market).

The Line's capital expenditures in H1 2023 were higher by PLN 145 million y/y, mainly due to the Group's development of new photovoltaic sources (notably PV Wielbark).

The Line's lower Q2 EBITDA y/y (by PLN 82 million y/y) was mainly due to lower revenues from electricity sales, whose main driver was lower energy production volume. The result was negatively impacted also by the higher consumption cost of key fuels for production, caused primarily by the higher unit purchasing cost of coal. The above two factors were partially offset by the lower purchasing cost of emission allowances (primarily the effect of lower production).

Table 19: Results of the Hydro Power Division

PLN m	Q2 2022	Q2 2023	Change	Change (%)	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	119	367	247	> 100%	269	868	599	> 100%
EBITDA	83	68	(15)	-18%	197	154	(43)	-22%
EBIT	74	60	(14)	-19%	179	136	(43)	-24%
CAPEX	2	1	(1)	-57%	4	2	(2)	-47%

Table 20: Results of the Wind Power Division

PLN m	Q2 2022	Q2 2023	Change	Change (%)	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	82	59	(23)	-28%	163	193	30	18%
EBITDA	37	24	(13)	-35%	128	99	(29)	-22%
EBIT	20	7	(13)	-64%	96	66	(29)	-31%
CAPEX	1	2	1	> 100%	1	6	4	> 100%

Table 21: Results of the Ostrołęka Power Plant Division

PLN m	Q2 2022	Q2 2023	Change	Change (%)	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	490	368	(122)	-25%	999	1,011	12	1%
EBITDA	45	(39)	(83)	< -100%	181	118	(63)	-35%
EBIT	44	(39)	(83)	< -100%	186	117	(69)	-37%
CAPEX	1	4	4	> 100%	3	5	1	42%

Table 22: Results of the Other Generation Division and adjustments

PLN m	Q2 2022	Q2 2023	Change	Change (%)	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	22	84	62	> 100%	82	184	102	> 100%
EBITDA	(18)	12	30	> -100%	(53)	(5)	48	-90%
EBIT	(112)	2	114	> 100%	(159)	(25)	134	-84%
CAPEX	26	21	(4)	-16%	41	182	141	> 100%

5.3. Sales Business Line

5.3.1. Business and operating activities

Table 23: Sales of electricity by the Sales Business Line

Sales of electricity by the Sales Business Line in GWh	Q2 2022	Q2 2023	Change	Change (%)	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Retail sales of electricity	4,236	3,999	(237)	-6%	8,953	8,582	(371)	-4%

Sales of electricity in the wholesale market, including:	960	837	(123)	-13%	2,007	1,494	(514)	-26%
<i>Sales of energy to the balancing market</i>	165	227	63	38%	564	707	142	25%
<i>Other wholesale</i>	796	610	(186)	-23%	1,443	787	(656)	-45%
Total sales of electricity	5,196	4,836	(360)	-7%	10,960	10,076	(884)	-8%

In H1 2023, the total volume of electricity sold by the Sales Business Line dropped by 8%, i.e. by 884 GWh, compared to H1 2022. This is the effect of lower sales in the wholesale and retail market.

Retail electricity sales decreased in H1 2023 by 4% (i.e. 371 GWh) y/y, resulting from business customer contracting, but also macroeconomic effect, such as the economic slowdown and high energy prices, promoting energy savings.

At the end of H1 2023, the number of end-use electricity customers (Points of Consumption) of the Sales Business Line amounted to 3.3 million, an increase by approximately 61,000 customers y/y. The G tariff group (households) is mainly responsible for the increase in the customer base.

Electricity sales in the wholesale market decreased in H1 2023 by 514 GWh (26%) compared to H1 2022. The reason for the drop was lower sales of excess electricity linked to the energy portfolio balancing.

In Q2 2023, the trend was the same as in the entire H1 2023, i.e. energy sales volumes were 7% lower (by 360 GWh) y/y. The volume of sales in the retail market was 6% lower than in Q2 of the previous year, while the volume of energy sales in the wholesale market dropped by 13% y/y.

5.3.2. Financial results

Figure 19: Results of the Sales Business Line of the Energa Group (PLN m)

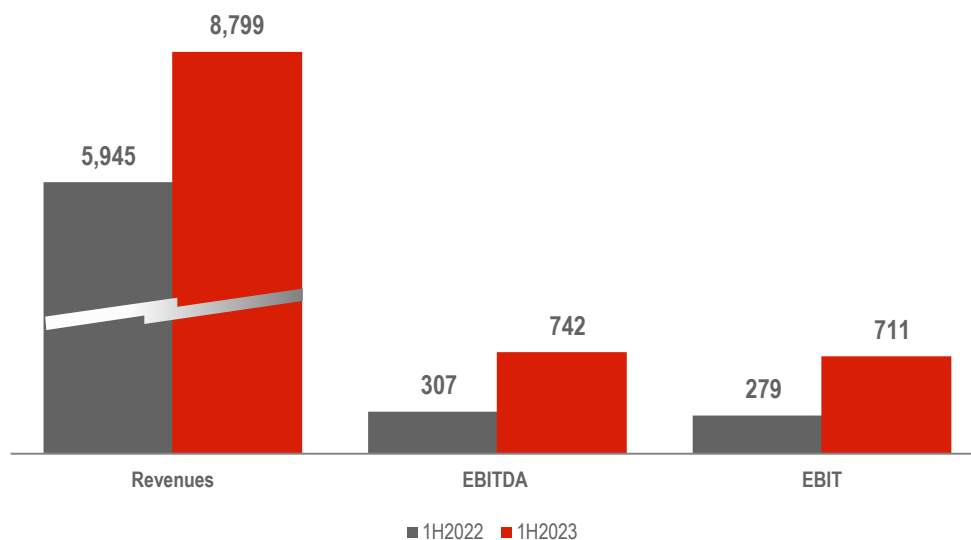


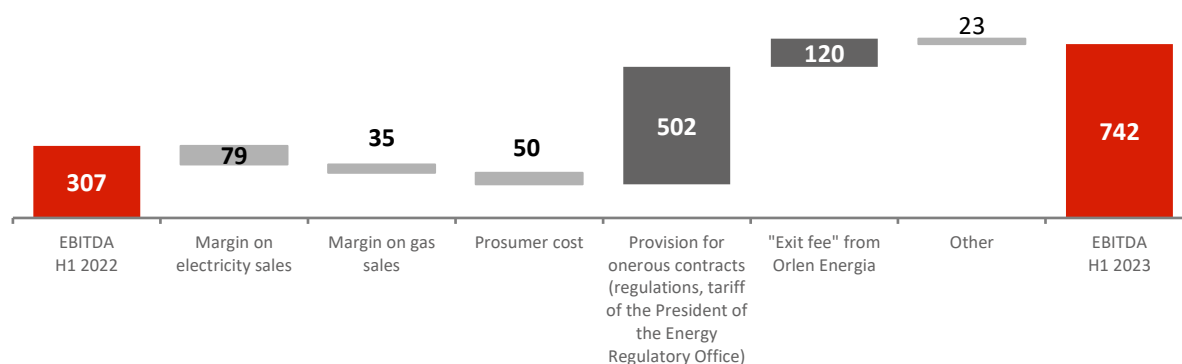
Table 24: Results of the Sales Business Line of the Energa Group

PLN m	Q2 2022	Q2 2023	Change	Change (%)
Revenues	2,867	3,894	1,027	36%
EBITDA	248	297	49	20%
amortization and depreciation	14	16	2	14%
impairment losses on non-financial non-current assets	-	-	-	0%
EBIT	234	281	47	20%
Net result	188	212	24	13%

CAPEX	12	42	30	> 100%
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PLN m	H1 2022	H1 2023	Change 2023/2022	Change 2023/2022 (%)
Revenues	5,945	8,799	2,854	48%
EBITDA	307	742	435	> 100%
amortization and depreciation	28	31	3	11%
impairment losses on non-financial non-current assets	-	-	-	0%
EBIT	279	711	432	> 100%
Net result	222	555	333	> 100%
CAPEX	21	57	36	> 100%

Figure 20: EBITDA bridge of the Sales Business Line (PLN m)



In H1 2023, EBITDA of the Sales Business Line totaled PLN 742 m, up by PLN 435 m on the figure for the corresponding period of 2022 (EBITDA of PLN 307 m). The Business Line's EBITDA in H1 2023 represented 28% of the Group's EBITDA, while in H1 2022, the share was 15%.

Revenues of the Sales Business Line in H1 2023 amounted to PLN 8,799 million, up by PLN 2,855 million (48%) in comparison to H1 2022. The increased revenues were attributable mainly to higher selling prices of electricity and gas, reflecting their dynamic growth in the market.

The higher EBITDA of the Sales Business Line y/y was significantly affected (PLN +502 m) by a specific accounting event, i.e. partial reversal of the provision for onerous contracts, created in December 2022 as a result of the Energy Regulatory Office President's decision approving the electricity tariff for group G customers for 2023, and introduction of Acts regulating energy prices for certain end customers in 2023. At the time of its creation, the provision reduced the 2022 financial result of the Line, and as the provision is being gradually reversed in the current year, it translates positively into financial performance in the current year.

There was also a one-off event in the reporting period, namely the exit fee (PLN +120 m) for the transfer of processes and functions of wholesale electricity trading from Energa Obrót to ORLEN Energia. The event was one of the stages in the process of consolidation and integration of wholesale trading in electricity and related products in the ORLEN Group.

The electricity sale margin was lower y/y (by PLN 79 m) as a result of a drop in the average unit margin and 4% lower sales to end customers. Lower unit margins result from the lack of option to fully transfer the increase in the purchasing prices of electricity to end-users, notably due to the tariff of the President of the Energy Regulatory Office for households, and regulations on the selling prices of electricity in 2023 (business customers).

The margin on gas sales also adversely affected EBITDA y/y: it was PLN 35 m lower in H1 2023 than in the corresponding period of the previous year. Similarly to electricity, that is the effect of no option to transfer the entire growth in purchasing price of that fuel to end-users.

Another factor negatively affecting EBITDA was the prosumer cost, that is the cost of the distribution service paid by the Obligated Seller (Energia Obrót) on the energy consumed by the prosumer, which increased by PLN 50 m y/y in H1 2023. That results from a larger customer base over the entire H1 2023, and more careful consumption of produced and stored energy

In Q2 2023, EBITDA of the Sales Business Line amounted to PLN 297 million and was PLN 49 million higher compared to the same period of 2022. The reasons for the y/y change in EBITDA in quarterly terms are similar to those presented above for the half-year, i.e. the most significant impact on the higher result came from the partial reversal of the provision for onerous contracts (PLN +173 m), and the exit fee from ORLEN Energia (PLN +120 million). What adversely affected the figure was the margin on electricity sales (PLN -154 m), the gas sales margin (PLN -56 m) and the prosumer cost (PLN -32 m).



Łapino hydro plant

Risk management

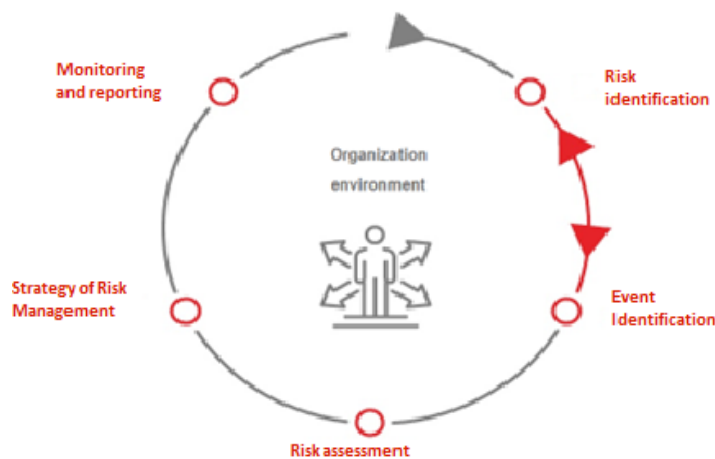
6. RISK MANAGEMENT

6.1. Integrated Risk Management System of the Energa Group

The Integrated Risk Management System (hereinafter: IRMS) has been in place at the Energa Group since 2011 and is supervised centrally by Energa.

The IRMS has been implemented on the basis of a risk management process which is harmonised across the whole Group. It is based on international standards (ISO 31000, COSO, FERMA) and spans all organisational levels and business lines. The risk management process consists of various interrelated stages that form a continuous process. It starts at the level of organisational units and moves on to top executives and from the level of Group companies to Energa as the Parent Company.

Figure 21: The Energa Group risk management process



The key document underlying the risk management process is the Risk Management Policy in the Energa Group, which defines, among other things, the uniform approach, risk management rules as well as roles and responsibilities in the process:



Management Board: oversees and defines directions of risk management, receives the findings of risk reporting and specifically determines the appetite for risk and the risk management strategy.



Risk Unit: coordinates the risk management process, conducts risk reviews, pursues cyclical monitoring of key risks, reports findings, analyses and supports estimation of materiality of risk within the organisation.



Risk Owner: manages risk, is in charge of ongoing and periodic risk analysis, develops and implements the risk management strategy, monitors and maintains risks within the defined boundaries.



Employees: report risks and incidents.



Audit Committee: monitors the effectiveness of the risk management system.



Internal Audit Unit: performs an independent and objective assessment of the elements of the risk management system and incorporates the findings of risk reporting as part of performance of its tasks.

As part of the Integrated Risk Management System, the Energa Group conducts the following activities:



risks review – involving the identification and assessment of risk and defining a comprehensive risk management strategy, carried out on a semi-annual basis.



cyclical monitoring of key risks – involving the verification of risk relevance and impacts as well as the implementation status of action plans affecting the evaluation of key risks in the Energa Group, carried out in line with a predefined schedule.



ongoing risk management – involving analysis of events, identification and assessment of risks and definition of the risk management strategy in the context of events inside and outside of the Energa Group.

Based on the semi-annual risk reviews, information on the risk exposure of the Energa Group is prepared. Relying on that information, the Management Board of Energa makes decisions relating to the level of risk appetite and approves the risk management strategy, obligating the Risk Owners to implement action plans.

As part of the development of the IRMS in the Energa Group, training was provided in H1 2023 to familiarise the employees with the topic of risk management. Actions were also taken to implement a risk measurement system at the level of Energa SA - in the next period, these actions will be continued in Energa Group companies.

6.2. Description of major factors and risks

Key risks are presented below that were identified at the Energa Group level, broken down by into 4 Risk Model areas, together with a description of key risk control measures.

Strategic area

Strategic risks have a direct impact on the achievement of strategic objectives. Their materialization will affect the growth of the Energa Group companies and building of competitive advantage in the energy market.

Table 1: Key strategic risks identified at the level of Energa and Group companies

Risk	Description of the risk and its potential effects	Key controls
Risks associated with the implementation of the Multi-Year Strategic Investment Plan and the Strategic Development Plan of the Energa Group	Key risks in that area relate to disruptions and material deviations from the pre-defined goals set, among others, for the generation area, i.e., construction of new renewable capacities, optimized use of Energa Elektrownie Ostrołęka SA after 2025, reduction of CO ₂ emission levels, investment in gas assets, for the distribution area, i.e. development of the distribution grid, connection of new users to the grid, adjustment to renewable capacity growth, maintenance of quality of electricity supply, and for the sales area, i.e. improved performance in the core retail business, expansion of customer base and development of offered services and products. Materialization of risks may lead to a deterioration of the Group's competitive position, failure to achieve the assumed EBITDA growth or a decrease in operating costs. This risk may also result in regulatory fines, contractual penalties, environmental fines, increased variable costs, asset impairment or ineffectiveness of capital expenditures.	<ul style="list-style-type: none"> • Implementation of investment projects identified in the Multi-Annual Plan of Strategic Investments of the Energa Group for 2021-2030 - in line with the investment plans' criteria • Ongoing supervision of the implementation of the investment plan • Monitoring of the Group's objectives and capital expenditures defined in the Strategic Development Plan of the Energa Group by 2030. • Contracts with contractors, suppliers, securing schedule changes and budget revisions
Planning and resource allocation risks	Risks associated with the challenges of effective income and cost planning, pricing policies and increased planning for the long-term balancing cost of Local Market sources.	<ul style="list-style-type: none"> • Energa SA's order concerning the implementation for use by the Company of a schedule of collecting information from the

The key risk factor is constituted by legislative changes relating to the operation of energy undertakings which affect their pricing policies and, together with price changes of raw materials for the production of electricity and heat, affecting the volatility and relevance of planning processes. Materialization of the risk may lead to a failure to achieve the Group's strategic and financial plans and difficulties in or termination of advanced projects, loss of market share or the need to buy more energy.

Group companies for the purposes of preparation of consolidated financial statements, consolidated economic and financial plans and operational and financial management information

- Principles of calculation of electricity and gas prices and margin management
- Quoting process manual and methodology for margin calculation from contracts with electricity producers
- Rolling projections for revenue and business expenses in a year
- Plan monitoring

Climate-related risks

The risk is associated with the impact of climate change on the productivity of the Energa Group's generating units and operation of the distribution grid as well as adjustment of the business operations of the Energa Group Companies to the requirements of climate risk management. Materialization of the risk may primarily the failure to meet EU taxonomy targets, which will cause the image and competitive position of the Group companies to deteriorate. As a consequence of this risk, the ESG rating may be downgraded by the rating agency, which may render it difficult to obtain investment project funding or result in less favorable financing terms (increased financing margins and cost of insurance).

- Appointment of a member of ENERGA S.A. Management Board responsible for the management of climate affairs
- Functioning of an integrated environmental and energy management system conforming to the EMAS Regulation and ISO 14001 and 50001 standards
- Consistent reduction of raw material, water and energy consumption to enhance value chain resilience to depleting natural resources
- Monitoring of climate actions, e.g. by collecting comprehensive and detailed data on climate change risks and opportunities across the Energa Group business lines and ongoing supervision of energy, water and non-renewable materials consumption, increased share of renewable energy sources and distribution grid development
- Inclusion of TCFD guidelines in the operation of the Energa Group

Environmental risks

The risk is associated with the adverse environmental impact of the Energa Group companies, including their contribution to climate change. Materialization of the risk may involve loss of the ISO 14001 and ISO 50001 certificates by individual companies, striking off individual companies or the Group from the EMAS register, losing the image of a "green energy group" and increased cost of purchase of green energy.

- The Energa Group Environmental and Energy Policy
- Functioning of an integrated environmental and energy management system conforming to the EMAS Regulation and ISO 14001 and 50001 standards
- External audit of the environmental and energy management system

Information security risks

The risk is generated by efforts aimed at ensuring the security of information and legally protected data, such as company secrecy, protection against competitive activity and requirements arising from legal provisions on the protection of classified information. Risks associated with the loss of confidentiality, integrity and availability in the context of information processing methods (including in ICT systems). Materialization of the risks may involve a disruption or interruption of business continuity of the companies, as well as criminal, administrative or official duty-related liability. The risk may result in reputational damage due to data loss.

- Energa Group Information Security and Cybersecurity Management Policy
 - ICT Security Policy
 - Energa SA Information Protection Policy
 - Energa SA Information Security Policy
 - Security Centre operated within the ORLEN Group
-

Legal and regulatory area

Risks of the legal and regulatory area impact the level of compliance with the laws, requirements of the energy market regulator and internal corporate governance regulations. Their materialization will impact the image and reputation of the Energa Group.

Table 2: Key legal and regulatory risks identified at the level of Energa and the Group companies

Risk	Description of the risk and its potential effects	Key controls
Legal risk	The risk is associated with ensuring that legal services for court and administrative proceedings carried out by or against the Group companies are of good quality. The risk is also associated with potential landowner claims for damages. Materialization of the risk may give rise to an obligation to pay damages and sanctions, or to grant customer discounts arising from the provisions of law. The risk may also result in additional legal and attorneys' costs, criminal and/or administrative sanctions, inability to carry out investments in linear assets as stipulated in the Development Plan of Energa Operator SA, and/or energy in the case of an order to remove HV and MV grid equipment.	<ul style="list-style-type: none"> • Cooperation with law firms and verification of the quality of legal assistance services • IT systems to monitor and report material issues • Internal policies concerning the coordination of legal assistance within the Energa Group and the legal status of energy real property • The Energa Group Compliance Management System • Consulting contracts for compliance • Agreements with obligatory effect or material law agreements establishing utility easements and land easements
Personal data protection risk	The risk is associated with ensuring the privacy and security of information of data subjects. Materialization of the risk may hinder the company's operating activities and result in sanctions, including financial and administrative sanctions, inspections carried out by supervisory bodies, costs of proceedings and damages.	<ul style="list-style-type: none"> • Enforcement of internal personal data protection regulations, such as handling data breaches, obtaining data processing consents, discharge of disclosure obligations, exercise of data subjects' rights or management of personal data protection risks • Regular training and awareness activities on basic employee obligations • Recommendations of the Personal Data Protection Forum
Risk of fraud	The risk concerns situations and actions related to fraud, including potential conflicts of interest, corruption or misappropriation on the part of the employees/associates of the Energa Group companies. The risk involves the potential threat of fraud and corrupt practices in operating processes, as well as fraud in the implementation of EU-funded projects. Materialization of the risk may lead to financial losses, loss of property, and may trigger proceedings conducted by law enforcement authorities against employees or bodies of the Group companies. The risk may have an adverse effect on the Energa Group's image and reputation, result in debarment from applying for public funds (EU or domestic), and undermine employees' trust in supervisors, colleagues and the organization as a whole.	<ul style="list-style-type: none"> • Fraud and Conflict of Interest Policy • Internal regulations on fraud, creation and settlement of contracts for EU-funded projects and the procurement process • Training for employees (including, without limitation, on anti-corruption) • A dedicated channel for the reporting of symptoms and violations • The organization's three lines of defense (internal control system, risk management system, internal audit) • Security units at key subsidiaries • Obligatory anti-corruption and conflict of interest clauses in agreements with business partners • Cooperation with the Legal Office with respect to compliance in the area of fraud and reporting suspected crimes.
Regulatory risk	The risk concerns legislative changes affecting the functioning of the respective Energa Group Business Lines. Materialization of the risk may lead to modifications of investment plans, not meeting revenue targets, increased operating expenses, imposition of additional obligations, incurring sales losses, or sanctions if legislation is not properly implemented. The risk additionally offers an opportunity to adopt new legal solutions which could facilitate raising additional funds or provide a support system for the Group's assets.	<ul style="list-style-type: none"> • Monitoring of legal changes • Involvement in the legislative process, including monitoring and consulting of law-making initiatives • Cooperation within the ORLEN Group in the area of formulation of positions • Participation of the Group's representatives in the activities of trade associations
Contracting risk	The risks is associated with the conclusion by the Company of agreements on adverse terms, non-performance	<ul style="list-style-type: none"> • Internal contracting and procurement procedures

or defective performance of agreements and the potential resulting claims/complaints or sanctions. Materialization of the risk may result in financial losses, court proceedings or the inability to cover the costs of contract performance by revenue from that contract.

- Central Register of Contracts and Mandates
- Register and evaluation of qualified subcontractors
- Monitoring of service and delivery progress
- Defining the principles of responsibility of Consortium Partners

Operations area

Risks from the operational area are associated with the ongoing activities undertaken by the companies to carry out strategic actions – their materialization will affect the achievement of operational objectives of the Energa Group companies.

Table 3: Key operational risks identified at the level of Energa and Group companies

Risk	Description of the risk and its potential effects	Key controls
Project / investment risks	Risks associated with investment projects carried out within the Energa Group aimed at increasing the Energa Group's generation, distribution and sales potential, consisting in failure to meet the planned delivery dates, time schedules, budgets or scopes. Materialization of the risk may lead to non-achievement of the expected return on investment, the requirement to incur additional expenses or write off project costs, repay financial support received, loss of potential revenue, escalation of claims pursued in court, sanctions or reputational damage.	<ul style="list-style-type: none"> • Execution of investments as projects or through dedicated SPVs • Ongoing monitoring and control of investments at the operating and strategic levels (Committees and Top Executives) • A series of workshops on major CAPEX deviations • Concluded contracts and agreements • Monitoring of the market environment of projects
Risks to the core business of individual Energa Group companies	Risks associated with core business activities, such as asset failure and production or distribution continuity risk, IT system disruption and stagnation risk, supply chain disruption risk and coal and biomass shortage risk. Materialization of the risks may lead to additional costs of restoring the equipment to its original condition or restarting it, and loss of revenue due to equipment unavailability, as well as penalties imposed if the required stock levels are not maintained. A failure to adjust strategic IT systems will give rise to a risk of penalties and disruptions of core processes, such as invoicing, as well as information security threats.	<ul style="list-style-type: none"> • Regular inspections according to manuals and existing technical know-how • Overhaul and investment plans • Assets insurance • Provisions of contracts with generation equipment suppliers concerning response to warranty defects • Certificates of staff member competence • Supplier diversification • Monitoring of the fuel market and fuel production and consumption plans • Long-term agreements for raw material purchases and transport • Coordination of IT Projects Portfolio • Securing of IT resources
Risks to security of persons and property	Risks associated with unauthorized access to facilities, including power equipment. The risk additionally involves the safety and security of employees and third parties present on the premises of the Group's companies, as well as incidents related to terrorism and sabotage. Potential consequences of the risk may involve a threat to security of grid operation, disruption of ongoing operational processes, loss/destruction of property or interruption of business continuity.	<ul style="list-style-type: none"> • Ensuring the security of persons and company property through a dedicated Group company • Security plans, including critical infrastructure security plans • Internal safety and security policies • Business Continuity Plans of the Group Companies • Property, third party liability and loss of revenue insurance • Physical and technical security systems for the Group's facilities • Security incident monitoring within the Group • Checks on physical and technical security status
Business continuity risk	The risk is associated with the loss of key process continuity at the Group companies or occurrence of unexpected disruptions in these processes. The risk includes equipment	<ul style="list-style-type: none"> • Business Continuity Strategy • Emergency Procedures

availability, functionality and efficiency, as well as the impact of weather and water conditions, and fortuitous events. Materialization of the risk may put human life and property in danger and lead to production disruptions, unavailability of critical process resources (sites, systems, employees) or failures or other process-related equipment. The risks may also result in contractual penalties, and in an extreme scenario – loss of license.

- Critical Infrastructure Security Plan
- Rules of conduct in case of emergency
- Backup sites
- Regular testing within the business continuity management system
- Insurance
- Provisions of agreements with contractors concerning failure response
- Preventative measures, such as regular infrastructure inspections, execution of scheduled repairs and investments

Social relations and trade unions risk	<p>The risk covers dialogue with social partners, in particular trade unions, relating to the process of maintaining employer-employee relations, as well as the process of communicating with employees. Materialization of the risk may lead to claims, impediments to business, costs associated with possible downtimes (strikes, protests) or employee attrition, as well as reputational effects.</p>	<ul style="list-style-type: none"> • Engaging in social dialogue • Respecting collective bargaining agreements and collective agreements • Communicating with trade union organizations and informing employees of any planned changes • Engaging in negotiations
Customer billing risk	<p>The risk is associated with disruption of the invoicing process due to unavailability of billing systems, ongoing migrations, incorrect records of metering data, which may lead, among other things, to lower customer satisfaction (increased number of complaints, abandonment of the Group's products and services), deterioration of the Group's image, disruption of cash flows, distortion of financial and statistical data, additional costs of rectifying errors/irregularities, or proceedings before the Energy Regulatory Office and the Office for Competition and Consumer Protection.</p>	<ul style="list-style-type: none"> • Monitoring of the level of metering data provided / invoices issued • Service agreement with billing system providers enabling quick removal of critical faults • Internal manuals concerning, <i>inter alia</i>, corrections, interest, double invoicing control mechanism, sales, prosumer billing or month-end close process • System control mechanisms

Finance area

Finance risks are associated with the financial aspects of operations of the Energa Group companies, in particular those involving the acquisition of financial capital from a variety of sources, its use to cover the costs of operating and investing activities, public charges and disclosure of financial and management information to a broad range of stakeholders – materialization of these risks will affect the level of ensuring business continuity and development initiatives at the Energa Group.

Table 4: Key financial risks identified at the level of Energa and Group companies

Risk	Description of the risk and its potential effects	Key controls
Liquidity risk	<p>The risk is associated with the ability to meet payment obligations in the short and long term, including the ability to pay uncertain tax obligations. Materialization of the risk may hinder the achievement of strategic objectives and corporate development, undermine creditworthiness, increase the cost of debt servicing and lead to a loss of reputation.</p>	<ul style="list-style-type: none"> • Financial policy, including the market risk management policy • Financial projections • Long-term financial model • A diverse financing formula of the Energa Group • Cash pooling • Cash flow projections • Analysis of deviations • Activities of dedicated teams • Cooperation with an external advisor • Monitoring of ongoing changes in tax law and its application
Foreign exchange risk	<p>The risk involves changes of foreign exchange rates in relation to the Polish zloty because of foreign currency debt or surplus foreign currencies and investment projects</p>	<ul style="list-style-type: none"> • Setting, monitoring and reporting of foreign exchange risk exposure limits • Foreign exchange risk hedging

	implemented or purchase contracts settled in a foreign currency. Absence of foreign exchange risk hedging could result in an inflated cost of cash management, increase in capital expenditure, as well as fluctuations of financial performance from period to period.	<ul style="list-style-type: none"> • Hedge accounting • Using the 'natural hedge' mechanism
Market risks	<p>Risks involved in electricity trading, e.g. in the context of unexpected price volatility, liquidity in the futures and SPOT markets. The risks also include securing CO2 emission allowances and fuel price fluctuations as well as volatility of customer demand for electricity or gas in relation to the contracted volume, and dynamic prosumer growth and losses caused by erosion of distribution charges. Materialization of these risks may give rise to problems in achieving strategic objectives, an unexpected change in risk exposure, financial losses due to conclusion of transactions on unfavorable terms, loss of margin mass, loss of competitive position, higher selling costs, reduced flexibility of operations in specific markets or sanctions imposed by regulators.</p>	<ul style="list-style-type: none"> • Risk management in core selling activities • Processes and internal regulations connected with the areas of contracting, trading and purchasing • Monitoring of trading in electricity, property rights, guarantees of origin, CO2 emission allowances • Use of advisory and legal services • Involvement in the process of consulting draft legislative acts • Implementation of projects by individual companies aimed at cost-effectiveness optimization • Production cost control
Pricing policy risk	<p>The risk associated with incorrect calculation of selling prices (including the risk of incorrect algorithms and source data), preparation of offering for customers for future years based on cost data resulting from current market prices and current legal status, which are not or cannot be fully secured and approval of tariff rates by the President of URE at levels not guaranteeing profitable sales. Materialization of the risk may contribute to loss of market share (margin, volume, revenue) and lead to financial losses, e.g. due to market price volatility or regulatory changes, as well as costs associated with potential expansion of IT systems.</p>	<ul style="list-style-type: none"> • Ongoing market investigation for developments in the market, legal and regulatory environment • Ongoing examination of the planned financial result and other selected ratios, and ongoing analysis of the impact of the adopted price calculation principles on that result/ratios • Ongoing examination of offering mechanisms (including the Coupled Model) and proper functioning of commercial IT systems and databases • Internal regulations on the rules of calculation of electricity prices and margin management, securing minimum margin levels • Quoting process monitoring system
Credit risk arising from settlements with customers and business partners	<p>Risks arising from financing of company activities from debt or equity, including retained earnings. The risk involves discontinuous and incorrect settlements with customers as well as business partners failing to meet their contractual obligations (non-payments, late payments). Materialization of the risk may lead, among others, to an increase in disputed and overdue receivables, cash flow disruptions, additional costs of debt collection activities and partial loss of revenue.</p>	<ul style="list-style-type: none"> • Increased cash flow monitoring frequency • Setting up debt recovery schedules / pathways • Cooperation with law firms • Evaluation of reliability of business customers and business partners in the wholesale market • Debt recovery freezes in IT systems • Obtaining security from debtors negatively rated business partners, debtor monitoring • Reports on the assessment of situation of major debtors with respect to repayments and preventing further accumulation of debt.
Insurance risk	<p>The risk associated with the failure to adjust the object and scope of insurance to the specific nature of operations of the Group's respective Business Lines or exhaustion of the sum insured in a policy and failure to obtain an acceptable supplementary offer. Climate changes and increasingly frequent mass failure events have a significant impact on risk. The materialization of the risk may force the company to remedy the damage on its own and deplete the funds available for asset replacement.</p>	<ul style="list-style-type: none"> • Carrying out activities resulting from the Energa Group Policy on Insurance, including, without limitation: implementation of harmonized insurance schemes and insurance procurement procedures in accordance with the principles of the Policy, cooperation with insurance brokers and supervision over their activities by insurance coordinators appointed by the

companies or other persons authorized by the Company's Management Board

- Use of insurance broker services, a broker policy
-

Implementing the provisions of the Energa Group's financial policy, group companies enter into various kinds of financial agreements that generate financial and market risks. The most important ones include interest rate risk, foreign exchange risk, credit risk as well as liquidity risk. The above risk categories determine the financial performance of individual companies, as well as the Energa Group as a whole.

Interest rate risk

The Energa Group finances its operating or investing activity with debt liabilities bearing interest at a floating or fixed interest rate. Interest rates are also involved when surplus cash is invested in floating or fixed interest rate assets.

The floating interest rate risk resulting from existing debt liabilities applies to WIBOR-based rates only. With respect to liabilities denominated in euro, the Energa Group has a financial liability arising from issues of fixed-coupon eurobonds, as well as issues of hybrid eurobonds, also based on a fixed coupon.

According to the interest rate risk policy, the risk of interest rates fluctuation is mitigated by maintaining a portion of debt with a fixed interest rate. In line with these assumptions, IRS floating interest rate hedging transactions are executed.

In connection with implementation of hedge accounting, the Energa Group also identifies interest rate risk related to the concluded CCIRS and IRS hedging transactions, which however has no effect on the Group's financial result. Moreover, the level of interest rates has a direct effect on the WACC quoted by the President of the URE to calculate the return on RAB, which is included in the Energa Operator tariffs. Low interest rates result in a lower return on RAB and an increase in actuarial provisions.

Foreign exchange risk

In the financial area, the foreign exchange risk is associated mainly with incurring and servicing Energa Group's debt liabilities in foreign currencies under the EMTN eurobond programme, as well as issue of hybrid bonds. Additionally, some Energa Group companies have a foreign currency surplus resulting from their operating activity or investing activity. The Energa Group monitors the foreign exchange risk and manages it mainly through CCIRS hedge transactions and hedge accounting.

Credit risk

Credit risk is associated with the counterparty's potential permanent or temporary insolvency with regard to financial assets such as cash and cash equivalents and available-for-sale financial assets. The risk arises due to the contractual counterparty's inability to make the payment and the maximum exposure to this risk equals the carrying amount of the instruments acquired.

Within the scope covered by the analysis, in order to minimise the credit risk, ratings of financial institutions cooperating with the Energa Group are regularly monitored.

Liquidity risk

Liquidity risk involves the likelihood of becoming unable to pay current liabilities on time or losing the potential benefits of over-liquidity.

The Energa Group companies monitor the liquidity risk using a regular liquidity planning tool. The tool takes into account the payment due/maturity dates for investment liabilities and financial assets and liabilities and projected cash flows from operating activity. The Group aims to maintain a balance between continuity and flexibility of financing by using many different sources of financing, such as working capital and investment loans, hybrid bonds and eurobonds. Since the Group's debt operations are centralised within Energa, this company monitors the fulfilment of covenants on an ongoing basis and their long-term projections, enabling the determination of the Energa Group's creditworthiness to incur more debts.



Pumped-storage power plant Żydowo

Shares and shareholding structure

7. SHARES AND SHAREHOLDING STRUCTURE

7.1. Energa's shareholding structure

Energa SA shares have been listed on the Warsaw Stock Exchange ("WSE") since 2013. As at 30 June 2023 and as at the preparation date of this Report, ORLEN S.A. is the strategic shareholder, holding 90.92% of the Company's shares, which translates to 93.28% of votes at the General Meeting.

Table 25: Company's shares by series and type as at 30 June 2023 and as at the preparation date of this Report

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

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

Table 26: Shareholding structure of Energa as at 30 June 2023 and as at the preparation date of this Report

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

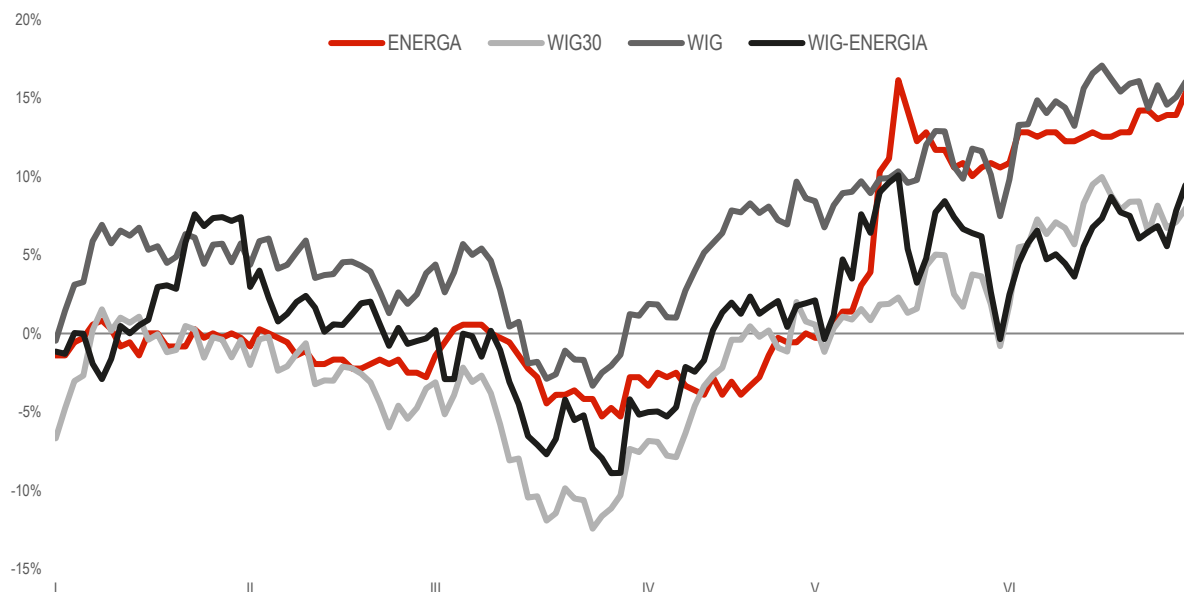
7.2. The Company's stock prices on the Warsaw Stock Exchange

Table 27: Data on Energa's stock as at 30 June 2023

Data	Value
Issue price	PLN 17.00
Number of shares	414,067,114
Stock price at the end of the period	PLN 8.40
Capitalization at the end of the period	PLN 3.48 bn
6M 2023 minimum	PLN 6.80
6M 2023 maximum	PLN 8.40
Average trading value in 6M 2023	PLN 0.15 m
Average trading volume in 6M 2023	18.8 ths
Average number of transactions in 6M 2023	60.15 ths

Source: Proprietary material based on data from www.infostrefa.com

Figure 22: Changes in Energa SA stock prices in comparison with changes in WIG, WIG30 and WIG-ENERGIA indices



Source: Proprietary material based on data from www.infostrefa.com

Energa's stock price at the close of the stock exchange session held on 30 June 2023 amounted to PLN 8.40, which means that it was higher by 19.32% in comparison with the exchange rate applicable on the last business day of the year 2022 (i.e. on 30 December 2022). During the discussed period, WIG increased by 17.1% and WIG-Energia by 10.4%. Following a decrease in the number of free-floating Energa shares below 10% (after announcement of results of the delisting tender offer by PKN ORLEN) WSE deleted Energa shares from all of its stock market indices effective after the 3 December 2020 session.

7.3. Ratings

In H1 2023, the ratings assigned remained unchanged.

7.4. Changes to shares held by executive and supervisory personnel

As at 30 June 2023 and as at the date of this Report, no member of Energa SA's Supervisory Board and no member of Energa SA's Management Board held any Company shares, Company share options or any shares in the Company's related parties.



Włocławek Hydroelectric Power Station

Other information about the Group

8. OTHER INFORMATION ABOUT THE GROUP

8.1. Information on material contracts, agreements and transactions

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

All transactions within the Energa Group are entered into based on arm's-length prices of the goods, products or services delivered, which result from the cost of production. For details, please see Note 19 to the Consolidated financial statements for 6 months ended 30 June 2023.

Agreements for loans and borrowings

Details of agreements for loans and borrowings was included in Note 17 to the Consolidated financial statements for 6 months ended 30 June 2023.

Lending agreements with multilateral financial institutions

Loans to finance the investment programme at Energa Operator for the years 2009-2012

In 2009-2010, Energa and its subsidiary Energa Operator SA signed the following lending agreements in connection with the development and upgrading of its distribution grid in 2009-2012:

- with the European Investment Bank ("EIB") for a PLN 1,050 m facility,
- with the European Bank for Reconstruction and Development ("EBRD") for a PLN 1,076 m facility,
- with the Nordic Investment Bank ("NIB") for a PLN 200 m facility.

The financing was fully utilised by the Company, and the following balances remain outstanding:

- to EIB – PLN 162.9 m with a final maturity date on 15 December 2025,
- to EBRD – PLN 138.9 m with a final maturity date on 18 December 2024,

Loans to finance the investment programme at Energa Operator for the years 2012-2015

In 2013, Energa together and Energa Operator SA entered into the following lending agreements to finance the investment programme of Energa Operator SA in 2012-2015, in connection with the development and upgrading of the distribution grid:

- an agreement with EBRD for a PLN 800 m facility – as at 30 June 2023 PLN 142.8 m were utilised (of which PLN 56.7 m by Energa and PLN 86.2 m by Energa Operator). The facility's final maturity date is 18 December 2024,
- an agreement with EIB for a PLN 1,000 m facility – as at 30 June 2023, PLN 537.5 m were utilised (of which PLN 400.0 m by Energa and PLN 137.5 m by Energa Operator). The final maturity date of the drawn facility is 15 September 2031.

Nordic Investment Bank

On 23 October 2014, Energa signed a bank credit facility agreement with the Nordic Investment Bank for a PLN 67.5 m facility to finance a wind farm construction project in Myślino. As at 30 June 2023, PLN 20.4 m were utilised under the facility. The facility's final maturity date is 15 September 2026.

Revolving ESG-linked credit facility

On 17 September 2019, Energa signed a revolving ESG-linked credit facility agreement totalling PLN 2,000 m. The agreement was made with a consortium of banks, namely: Santander Bank Polska S.A. with its registered office in Warsaw, Bank Gospodarstwa Krajowego with its registered office in Warsaw, Powszechna Kasa Oszczędności Bank Polski SA with its registered office in Warsaw, Caixabank SA (Spółka Akcyjna) Oddział w Polsce with its registered office in Warsaw and MUFG Bank (Europe) N.V. with its registered office in Amsterdam.

The funding under the facility may be spent, among other things, on growth of RES capacity and further modernisation of power lines, and may also be partially allocated towards repayment of related prior indebtedness. The facility is granted on the condition that the provided funds are not spent on coal-based power generation. The facility is granted for a term of 5 years from the date of signing of the agreement which may be extended by one-year periods twice. The credit facility's interest was set on the arm's length principle based on the WIBOR rate plus margin. The company undertook to secure an

Environmental, Social, Governance (ESG) rating, the level of which may impact the margin. The credit facility is unsecured. As at 30 June 2023 the credit was not utilised.

BGK renewable loan

On 3 July 2020 Energa and Bank Gospodarstwa Krajowego concluded a revolving facility agreement worth PLN 500 million for financing of corporate objectives of Energa, including financing of day-to-day operations and the investment programme and refinancing of financial debt. Since 18 August 2022 the available financing limit was reduced to PLN 250 million. The credit facility's interest was set on the arm's length principle based on the WIBOR rate plus margin. As at 30 June 2023, the loan was utilised in the amount of PLN 250 million. The facility's final maturity date was 18 August 2023 and it was repaid in full on that day.

SMBC renewable loan

On 28 July 2020 Energa and SMBC Bank EU concluded a revolving facility agreement worth EUR 120 million in the ESG-linked loan formula, based on the assessment of the borrower's involvement in the area of sustainable development and responsible business, intended for the financing of the Company's corporate goals, including financing of day-to-day operations, financing of the CapEx programme, and refinancing of financial debt, excluding capital expenditure on coal-fired energy. The facility's final maturity date is 28 July 2025. The credit facility's interest was set on the arm's length principle based on the EURIBOR rate plus margin. The company undertook to secure an Environmental, Social, Governance (ESG) rating, the level of which may impact the margin. As at 30 June 2023, the loan was not utilised.

Loans to finance the investment programme at Energa Operator for the years 2021-2023

On 16 December 2021, Energa and its subsidiary Energa Operator SA signed a long-term investment loan agreement with the European Investment Bank up to the amount representing the PLN equivalent of EUR 150 million. The Facility proceeds will be used to fund the Energa Operator's investment programme in 2021-2023, including projects such as connections of new consumers, distribution network upgrades, construction and upgrades of distribution assets to connect new renewable energy sources, smart grid components etc. As at 30 June 2023, the loan was utilised in amount of PLN 644,2 million.

Credit facility for the financing of CCGT Ostrołęka Sp. z o.o.'s investment program

On 29 June 2023, CCGT Ostrołęka Sp. z o.o. as the Borrower entered into a credit facility agreement for the financing of the CCGT plant, 745 MWe in output in Ostrołęka, and for operating activities of the Borrower ("Agreement"). The agreement was made with a consortium of the following Polish and foreign financial institutions: Bank Gospodarstwa Krajowego, Alior Bank SA, Bank Polska Kasa Opieki SA (as the Credit Agent and Security Agent), KfW IPEX-Bank GmbH and Erste Group Bank AG.

The Agreement is for the provision to the Borrower of funds in the total amount of PLN 2,640 m, of which PLN 2,450 million is an investment loan and the rest is two revolving facilities for the Borrower's operating activities and for the financing of VAT during the development of the power plant (jointly the "Credit Facility"). The Credit Facility's final repayment date is 15 December 2036. The interest rate of the Credit Facility was set at arm's length on the basis of WIBOR plus margin. The Credit Facility is secured e.g. by mortgage on the Borrower's real properties. As at 30 June 2023 the facility was not utilised.

Loans granted by Energa Finance AB (publ)

In H1 2023, two loans originally totalling EUR 499 m, granted to the Company by subsidiary Energa Finance AB (publ) in March 2013 and maturing on 28 February 2024 were continued. As at 30 June 2023, EUR 110 million was drawn down under these loans.

The loan granted to Energa in June 2017 by Energa Finance AB (publ) at EUR 200 million maturing on 28 February 2027 was also continued.

Loan from ORLEN I

On 31 May 2021, Energa concluded with PKN ORLEN a revolving loan agreement for the amount of PLN 1,000 m to finance Energa SA's general corporate objectives. The loan is scheduled to be fully repaid on 30 May 2024. The interest rate on the loan was set at arm's length based on WIBOR plus a margin. As at 30 June 2023, the loan was used in the amount of PLN 1,000 million.

Loan from ORLEN II

On 9 December 2022, Energa concluded with PKN ORLEN a revolving loan agreement for the amount of PLN 1,000 m to finance Energa SA's general corporate objectives. The loan is scheduled to be fully repaid on 29 September 2023. The interest rate on the loan was set at arm's length based on WIBOR plus a margin. As at 30 June 2023, the loan was used in the amount of PLN 750 million.

Loans granted

On 31 December 2019, Energa entered into a long-term lending agreement with Energa Operator in the amount of PLN 4,900 m, intended for the refinancing of Energa Operator debt towards Energa on account of long-term bonds up to PLN 1,566 m and financing of the borrower's investment programme pursued in 2020-2023, up to the amount of PLN 3,334 m. As at 30 June 2023 PLN 2,496.4 m of the loan was utilised.

On 8 June 2021 Energa and its subsidiary Energa Wytwarzanie concluded a long-term loan agreement in amount of PLN 579.2 m, intended for the refinancing of Energa Wytwarzanie's debt towards Energa under long-term bonds. As at 30 June 2023, the loan was utilised in amount of PLN 458.3 m.

On 28 June 2023, Energa and ORLEN concluded with CCGT Ostrołęka Sp. z o. o. a loan agreement with a financing limit of up to PLN 1,300 million for additional financial support for the construction of a 745 MWe net gas-steam power plant project in Ostrołęka and the operating activities of this company. The final repayment date of the loan is 2 January 2037. As at 30 June 2023, the loan was not used.

Furthermore, the Energa Group serviced its internal bond issue programmes during the reporting period. The following table presents the par values of bonds taken up by Energa and not redeemed, broken down by individual Energa Group issuer companies, as at 30 June 2023.

Table 28: Par value of bonds taken up by Energa and not redeemed, by issuer, as at 30 June 2023

No.	Company name	Par value of the bonds taken up (PLN '000)
1.	Energa Operator	1,066,000
TOTAL		1,066,000

Insurance contracts

The Group has a common insurance policy in place, which provides for insurance coverage for the companies against risks involved in their business and assets, conforming to the highest market standards, at a fairly calculated market premium. The adopted sums insured are set at an adequate level for the diagnosed own risks and external factors and correspond to the profile of energy sector companies in Poland.

A joint Insurance Programme in Energa Group is carried out in cooperation with a brokerage company. In accordance with the conditions of the Programme, all companies have a coinciding insurance period in key risks, and in most cases contracts are made for three years. The Programme accepts standardised coverage for insured risks, with individual extension clauses taking into account specific needs of the companies.

Insurance contracts are made with leading insurers operating in Poland. Currently, the Energa Group's main insurance partner is Towarzystwo Ubezpieczeń Wzajemnych Polski Zakład Ubezpieczeń Wzajemnych.

Guarantees and sureties granted

Table 29: Information on Energa's guarantee and surety business as at 30 June 2023

No.	Date guarantee or surety granted	End date of guarantee or surety	Entity for which guarantee or surety was granted	Entity in favour of which guarantee or surety was granted	Form of surety or guarantee granted	Amount of guarantee or surety (PLN million)	Amount of liability as at 30 June 2023 covered by surety or guarantee (PLN million)
1.	2012-11-15	2033-12-31	Energa Finance AB	bondholders	surety agreement*	5,526.9	1,293.9

2.	2018-10-31	2026-01-01	ENSPIRION Sp. z o.o.	Polskie Sieci Elektroenergetyczne SA	surety agreement	10.1	1.5
3.	2019-11-15	2027-01-01	ENSPIRION Sp. z o.o.	Polskie Sieci Elektroenergetyczne SA	surety agreement	10.7	10.7
4.	2020-12-03	2028-01-01	ENSPIRION Sp. z o.o.	Polskie Sieci Elektroenergetyczne SA	surety agreement	17.2	17.2
5.	2020-12-29	2024-12-31	ENSPIRION Sp. z o.o.	Cognor SA	surety agreement	4.0	4.0
6.			Other Energa Group companies		surety** - guarantee agreement	57.1	16.8
TOTAL						5,662.0	1,344.1

*The Euro Medium Term Note (EMTN) programme for up to EUR 1,000,000,000 was established on 15 November 2012. As part of the EMTN Programme, Energa Finance AB (publ), a Swedish law subsidiary of Energa SA, can issue Eurobonds with maturities of one to ten years. Under a surety agreement of 15 November 2012, as amended on 16 February 2017, Energa undertook to unconditionally and irrevocably guarantee the Eurobond liabilities of Energa Finance AB (publ) up to EUR 1,250,000,000 until 31 December 2033 inclusive. On 19 March 2013, Energa Finance AB (publ) issued the first series of Eurobonds totalling EUR 500,000,000 which were redeemed on 19 March 2020; on 7 March 2017, it issued the second series of Eurobonds totalling EUR 300,000,000 and maturing on 7 March 2027.

** Civil-law sureties granted by Energa for liabilities of the Energa Group companies arising from bank guarantees granted by Bank PKO BP SA under guarantee facilities dedicated to Energa Group companies. The facility is available until 19 September 2022. The expiry dates of guarantees provided under the facility can fall beyond the end date of the facility itself. The repayment of liabilities is secured by a civil-law surety.

The remaining guarantees granted at the request of the Group companies included guarantees granted to Energa Obrót by ORLEN in the amount of PLN 54.5 million.

Assessment of the management of financial resources and the prospects of investment projects

During the first half of 2023, the Energa Group had sufficient financial resources to timely cover all current and planned expenses in connection with its operating and investing activities. The cash held by the Group as well as the available credit facilities allow the Group to pursue a flexible liquidity management policy.

The execution of investment projects was based on the use of own funds combined with debt financing. The structuring of the projects implemented by the Energa Group assumes that its financial security will be maintained, which is reflected in the use of long-term debt financing sources, pursuing a dividend policy aligned with the strategy, maintaining financial covenants as agreed with debt capital providers, and maintaining the investment-grade rating. The two latter represent restrictions that determine the investment capabilities of the Energa Group, which are defined in the long-term perspective. Such a conservative approach allows to carry out the investing policy in a way that minimises any risk of violation of financial covenants or rating downgrades, while optimising the financial structure of the Group in consideration of the current and projected financial market trends.

The Company monitored its liquidity risk using a regular liquidity planning tool, taking into account the due/maturity dates of investment liabilities, financial assets and financial liabilities, as well as the projected cash flows from operating activities, in order to maintain a balance between continuity and flexibility of financing by using many different sources of financing.

In H1 2023, the Energa Group continued the optimisation of liquidity management using zero-balancing cash pooling, which took over the functions associated with short-term bond issuances, and additionally maximised the Group's ability to use its surplus cash to finance the current activities of its individual companies.

8.2. Proceedings pending before courts, arbitration or public administration bodies

As at 30 June 2023, the Energa Group was a party to 17,901 court proceedings. The Group was a plaintiff in 15,687 cases where the aggregate amount in dispute was approx. PLN 452 m. The Group was a defendant in 1,260 cases where the aggregate amount in dispute was approx. PLN 725 m. Information on the total litigation value does not include proceedings where the claim is non-pecuniary.

As at 30 June 2023, the total amount of claims involving the location of power installations on third-party properties without a legal title, awarded by final judgments, was approx. PLN 44.7 m in 1,656 cases. 818 court cases with amounts in dispute totalling PLN 82.9 m were pending.

Based on the available data pertaining to the value of pending proceedings, the Company assumes that the actual amount to be paid after the above-mentioned disputes are resolved may reach PLN 70.0 m, which is subject to change if new court cases involving power installations located on third-party properties without a necessary legal title are brought against Energa Operator SA.

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

As at 30 June 2023, the aggregate value of the cases in which court and enforcement-based collection is conducted for and on behalf of Energa Obrót in order for the company to recover the amounts due from its customers and bankruptcy cases amounts to approx. PLN 244.5 m, of which:

Type of receivables	Balance at the end of H1 2023 (PLN m)
court and enforcement-based	139.5
bankruptcies	83.8
non-billed - WIENA	3.7
non-billed - SAP	16.7
non-billed – bankruptcies	0.99
TOTAL	244.5

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

Table 30: Proceedings pending before courts, arbitration or public administration bodies

Parties	Object of dispute and details of the case
Energa Operator SA (plaintiff); Arcus SA (defendant)	Claim for payment of contractual penalties under the a contract for the delivery and start-up of metering infrastructure during Stage I <i>Regional Court in Gdańsk</i> <i>Litigated value: approx. PLN 23.1 million</i> Evidence proceedings before the Court of the first instance are pending. The defendant contests the litigation claim. The likely resolution of the case, due to its complex facts and multitude of legal aspects cannot be anticipated. As at the date of updating this case, an opinion in the field of geodesy was prepared, the parties submitted extensive positions on the opinion. The court has not yet recognized these positions.
Energa Operator SA (defendant) Arcus SA (plaintiff);	Claim for declaration of annulment of the contract of delivery and commissioning of the metering infrastructure at Stage II <i>Litigated value: approx. PLN 78 million</i> Counterclaim for payment of contractual penalties for a delay in performance of the contract of delivery and commissioning of the metering infrastructure <i>Litigated value: approx. PLN 157 million</i> <i>Regional Court in Gdańsk</i> Energa Operator SA does not admit any part of the claim. Evidence proceedings before the Court of the first instance are pending. As at the date of update of this case is that opinions were delivered to the parties and submitted their positions on this opinion. The court has not yet recognized these positions.
Energa Operator SA (defendant)	Claim for payment of compensation for unlawful acts/unfair competition practices

Arcus SA (plaintiff);	<p><i>Regional Court in Gdańsk</i></p> <p><i>Litigated value: approx. PLN 174 million</i></p> <p>Energa Operator SA disputes legitimacy of that statement of claim and in response to the statement of claim dated 30 April 2018 applied for the claim to be dismissed. Pursuant to Article 177 § 1 Clause 1 of the Code of Civil Procedure, the court suspended the related proceedings. Energa Operator SA appealed against this decision in a complaint, which was dismissed. The proceedings have been stayed.</p>
Energa Operator SA (defendant) Arcus SA (plaintiff);	<p>Claim for payment for additional works under the contract of delivery and commissioning of the metering infrastructure</p> <p><i>Regional Court in Gdańsk</i></p> <p><i>Litigated value: approx. PLN 4.7 million</i></p> <p>Energa Operator SA disputes legitimacy of that statement of claim and has moved for it to be dismissed. The court did not grant the motion to dismiss the lawsuit. The proceedings have been stayed.</p>
Energa Operator SA (party); PRESIDENT OF THE ENERGY REGULATORY OFFICE (authority)	<p>Fine imposed by the authority</p> <p><i>Regional Court in Warsaw</i></p> <p><i>Litigated value: PLN 11 million</i></p> <p>The Company received the decision of 21 December 2016 in which the President of the URE imposed a fine of PLN 11 m on Energa Operator SA for misleading the President of the URE. On 24 May 2019, the Regional Court in Warsaw issued a judgment reducing the fine to PLN 5.5 million. The URE President has filed a cassation appeal and the Company requested its dismissal.</p>
Energa Operator SA (party); PRESIDENT OF THE ENERGY REGULATORY OFFICE (authority)	<p>Fine imposed by the authority</p> <p><i>Regional Court in Warsaw</i></p> <p><i>Litigated value: approx. PLN 13.2 million</i></p> <p>Energa Operator SA received the decision of 6 November 2017 imposing fines totalling PLN 13.6 million for breaching the Traffic and Distribution Grid Operation Manual through: (1) communication with trading companies using other codes than provided for in the Traffic and Distribution Grid Operation Manual; (2) failure to meet the deadlines to provide measurement data to trading companies; (3) failure to meet the deadlines to examine complaints from trading companies; (4) failure to meet the deadlines to verify supplier switching reports; (5) failure to meet the deadlines for the final settlement of electricity sales agreements; and (6) failure to restart power supplies to one of the customers. With its judgment of 8 December 2020 the Regional Court in Warsaw dismissed the appeal. The company filed an appeal which was dismissed by the Court of Appeal in Warsaw by a judgment of 7 September 2021. The company lodged a cassation appeal against that judgment.</p>
Energa Kogeneracja Sp. z o.o. (plaintiff), Mostostal Warszawa SA (defendant)	<p>Claim for payment on account of a contract price reduction</p> <p><i>Regional Court in Gdańsk, file No. IX GC 494/17</i></p> <p>Litigated value (after expansion of the claim): approx. PLN 114.4 million, with approx. PLN 7.8 million under the counterclaim</p> <p>Energa Kogeneracja Sp. z o.o. moved to the court to award the amount of approx. PLN 114.4 million from Mostostal Warsaw S.A., which includes: approx. PLN 22.6 million in contractual penalties, approx. PLN 90.3 million in reduced remuneration and approx. PLN 1.5 million in capitalised interest. In its statement of defence of 15 December 2017, Mostostal Warszawa SA moved to the Court to dismiss the claims in their entirety and filed a counterclaim to award the amount of approx. PLN 7.8 million from Energa Kogeneracja Sp. z o.o. consisting of: approx. PLN 7.4 million in repayment of bank guarantee unduly withdrawn and approx. PLN 0.4 million in capitalised interest. There was only one hearing in the case regarding opposition by Mostostal Warszawa S.A. against third-party respondent entering the case, namely the Minister of Energy (whose tasks, after reorganisation, were taken over by the Minister of Climate). Objection by Mostostal Warszawa S.A. to third-party respondent entering the case was dismissed, so the third-party respondent is still present in the case. The Court admitted evidence from the opinion of a scientific and research institute for the purpose of securing evidence. So far, the opinion has not been drawn up because none of the institutes which the court asked about the possibility of drawing up an opinion has confirmed such a possibility (both in Poland and abroad).</p> <p>Currently, the parties are waiting for a response from institutes in Stockholm, Hamburg and Vienna. In a letter dated 9 December 2022, Energa Kogeneracja Sp. z o.o. named the Military University of Technology as the entity to provide opinion on the case. The court sent an inquiry to the Military</p>

University of Technology about the possibility of carrying out the opinion. So far, there is no information about the response to this query by the Military University of Technology.

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

Claim for payment of remuneration

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

Litigated value: approx. PLN 26.3 million

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

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

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

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

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

The claim is financial and non-pecuniary.

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

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

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

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

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

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

shareholders of the Company
(plaintiffs)

Energa SA (defendant)

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

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

The claim is financial and non-pecuniary.

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

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

According to the Court's order, it was an in-camera session. The hearing was postponed until 1 July 2022. On 1 July 2022, another hearing was held, in which the Court decided, among others, not to examine the motion for admission of an expert's opinion as evidence. The court decided to postpone the examination of the case to a date set under the applicable regulations. On 6 July 2022, the Company's attorneys received the Plaintiffs' motion for evidence.

On 7 September 2022, the Company's attorneys received a decision closing the hearing, which obligated the Company to take a final position on the case within 21 days. On 28 September 2022, the final position on the case was submitted on behalf of the Company. On 4 October 2022, the final position of the Plaintiffs on the case was delivered to the address of the Company's attorneys.

In a judgment of 30 November 2022, the District Court in Gdańsk dismissed the claim for annulment of the Resolution and repealed the Resolution and ordered the defendant to pay court costs to the plaintiffs. On 13 December 2022, the Company's attorneys applied for the preparation and delivery of justification for the entire judgment issued on 30 November 2022. On 31 January 2023, the justification for the judgment was prepared. The court also ordered the extension of the deadline for lodging an appeal in this case to three weeks from the date of delivery of a copy of the judgment with the justification to the defendant. On 9 March 2023, the Company's attorneys sent an appeal against the Court's judgment of 30 November 2022. The case files were transferred to the Court of Appeal in Gdańsk, the case is pending under reference number I AGa 52/23. The Company's attorneys received a copy of the response to the appeal on 23 June 2023. On 28 June 2023, an application was sent to the Court on behalf of the Company for consent to submit a preparatory letter (reply to the response to the appeal).

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

Lawsuit to repeal Resolution No. 5 of the Ordinary General Meeting of the Company of 20 May 2022

Regional Court in Gdańsk; file No. IX GC 578/22

The nature of the claim is financial and pecuniary, but any potential adverse outcome of the dispute will not result in the Company having to pay any money, other than costs of litigation.

On 20 May 2022, the Ordinary General Meeting of Energa SA passed a resolution on the distribution of net profit for fiscal year 2021 and on the allocation of all net profit earned for fiscal year 2021 to reserve capital (the "Resolution"). The Company's shareholders complained against the Resolution, filing a statement of claim to repeal it. The application, dated 20 June 2022, was served on Energa SA on 5 August 2022. The statement of defence was filed on behalf of the Company on 5 September 2022.

In response to the court's order, in a letter dated 7 October 2022, the Plaintiffs filed a reply to the statement of defence. By way of an order of 24 October 2022, the Court ordered the Company's attorney to submit a pleading addressing the motions and claims in the Plaintiffs' reply. On 6 December 2022, a pleading was submitted on behalf of the Company (a reply to the reply to the statement of defence – a rejoinder), which addressed the motions and claims in the Plaintiffs' reply. By way of an order of 11 January 2023, the Court announced its decision to set the date for the hearing on 3 April 2023. The Court additionally ordered the Plaintiffs' attorney to file a statement of security account to confirm the Plaintiffs' transactions involving Company shares. The Court additionally ordered the Plaintiffs' attorney to submit minutes of the Company's General Meeting of 20 May 2022, together with the attendance list and a video and audio recording of the GM proceedings. On 7 February 2023, the Court order was fulfilled on behalf of the Company. On 22 February 2023, a letter from the Plaintiffs was delivered to the address of the Company's attorneys – fulfilment of Court order. On 3 April 2023, the first hearing in the case was held, during which two witnesses were questioned. At the hearing, a decision was also issued to hear the case behind closed doors. The hearing was adjourned until 27 July 2023. One witness was summoned for the date. The next hearing was scheduled for 16 November 2023.

At this stage, it is difficult to tell how the case will develop. In the statement of claim, the plaintiffs specified PLN 210 m as the value of the claim (the Company's net profit earned in 2021). The value of the claim is not taken into consideration, as despite the claim being financial and pecuniary, within the meaning of the Code of Civil Procedure, any potential adverse outcome of the dispute will not result in the Company having to pay any money, other than costs of litigation (court fees and attorney's fees). Any potential adverse consequences for the Company could only result from further (litigation and corporate) action taken by shareholders that would not be directly related to the subject matter of the proceedings, the risk (and financial consequences) of which are difficult to predict at this time.

Energa SA (applicant)

Komisja Nadzoru Finansowego (Polish Financial Supervision Authority)
On 30 October 2020 the Company applied to the Polish Financial Supervision Authority for

	<p>withdrawal of Company's shares from trading on the regulated market operated by Gielda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange).</p> <p>On 19 January 2021 the Company learned that on 15 January 2021 the Polish Financial Supervision Authority decided to stay the procedure. The proceedings before the Polish Financial Supervision Authority were stayed due to proceedings pending before the Regional Court in Gdańsk concerning a demand to repeal Resolution No. 3 of the Extraordinary General Meeting of the Company of 29 October 2020, case numbers: IX GC 1158/20 ((the proceedings are currently pending before the Court of Appeals in Gdańsk, 5th Civil Division, file No.: V AGa 136/22) and IX GC 1164/20. In the explanatory memorandum to its decision dated 19 January 2021, the PFSA cited art. 97 § 1 (4) CAP as the legal basis for the stay of the proceedings, and indicated that review of the case and issue of the decision depends on the prior resolution of the preliminary issue by the court.</p>
<p>Eco dla Firm (plaintiff) Energa Obrót SA (defendant)</p>	<p>Action for payment of remuneration in connection with Agency Agreement No. 1/2012, concerning the sale of electricity and gas products to Energa Obrót SA.</p> <p><i>Regional Court in Gdańsk, 9th Commercial Division; file reference number IX GC 319/21</i></p> <p><i>The value of the claim is approx: PLN 5.4 million</i></p> <p>On 30 June 2021 Energa Obrót SA was served with a suit for the payment of PLN 5,440,904.06 with interest on account of remuneration in connection with the concluded Agency Agreement No. 1/2012 for the sale of energy and gas products to Energa Obrót SA. Energa Obrót SA prepared responses to the claim within the required deadline. Subsequently, pleadings were exchanged. In August 2021, the claimant received a letter requesting the suspension of the proceedings. The case has been suspended until the case brought by Energa Obrót SA against Eco dla Firm has been examined (case file IX GC 10/21).</p>
<p>Eco dla Firm (plaintiff) Energa Obrót SA (defendant)</p>	<p>Compensation claims related to termination without notice of Agency Agreement No. 1/2012</p> <p><i>Regional Court in Gdańsk, 9th Commercial Division; file reference number IX GC 1066/21</i></p> <p><i>The value of the claim is approx: PLN 117.3 million</i></p> <p>In the lawsuit of 4 December 2022, Eco dla Firm sp. z o.o. demands that Energa Obrót SA pays the amount of approx. PLN 117.3, together with statutory interest for the delay, as compensation for individual losses that were allegedly caused by Energa Obrót SA terminating the Agency Agreement without observing the notice period.</p> <p>On 14 June 2023, Energa Obrót SA filed a response to the lawsuit.</p>
<p>Energa Obrót SA (plaintiff) Eco dla Firm (defendant)</p>	<p>Claim for payment under the agency agreement for the sale of electricity</p> <p><i>Regional Court in Gdańsk, 9th Commercial Division; file reference number IX GC 10/21</i></p> <p><i>Claim value: approx. PLN 17.4 million</i></p> <p>A claim for payment was filed concerning an adjustment of the commission under the agency agreement for the sale of electricity. Eco dla firm filed a statement of defence, wherein it requested dismissal of the claim and award of the costs of the proceedings. It invoked time-barring of some of the claims (2015, 2016, 2017) and set off, and argued that the claim was not proven in principle and in terms of its value. Hearings were held on 19 and 23 May 2022. All witnesses reported for the case testified at the hearing. The court was postponed to a date set under the applicable regulations. The court is to decide, in an in-camera session, whether to admit the expert's opinion as evidence. There was an exchange of pleadings of the parties regarding the indication of the DSO to the list of customers.</p>
<p>Jeżyczki Wind Invest ("JWI"), Wind Invest ("WI"), Stary Jarosław Wind Invest ("SJWI"), Krupy Wind Invest ("Krupy Wind Invest"), Boryszewo Wind Invest ("BWI") (plaintiffs), Energa Obrót SA (defendant)</p>	<p>Claim for payment of damages on account of Energa Obrót SA failure to perform the contracts for the sale of property rights derived from certificates of origin ("CPA")</p> <p><i>Regional Court in Gdańsk, 9th Commercial Department</i></p> <p><i>Case reference no. IX GC 1263/20</i></p> <p><i>Value of the object of litigation: approx. PLN 56.6 million</i></p> <p>Statement of claim was filed on 30 December 2020.</p> <p>Statement of defence was issued in time, i.e. on 13 April 2021.</p> <p>On 16 June 2021, Plaintiffs filed a reply to the statement of defence. On 31 May 2021 and then again on 25 June 2021 Energa Obrót SA filed a motion regarding an obligation to submit a preparatory writ. On 6 August 2021 a decision on referring the case for mediation was received, along with a court writ stating that the decision regarding the motion by Energa Obrót SA to grant a consent to submit a preparatory writ would be taken after the mediation proceedings end. On 12 August 2021 a pleading from plaintiffs was received refusing the consent to mediation. A hearing was held on 7 February 2022, and the next one is scheduled for 6 June 2022. On 30 November 2021, a decision was received via an information portal which permitted Energa Obrót SA (after it</p>

had submitted a relevant request) to file a preparatory document in which Energa Obrót SA would address the reply to the statement of defence. On 1 December 2021, a letter from the Plaintiffs was delivered in which they objected against Energa Obrót SA's request for a permission to file a preparatory document. On 30 December 2021, Energa Obrót SA filed a preparatory document constituting a reply to the response to the statement of defence. On 7 February 2022 and 6 June 2022 hearings were held in this case and the next hearing date was set on 6 June 2022. The witness' testimony was taken as evidence. The judgment will be delivered in an in-camera session. On 27 June 2022, Energa Obrót SA filed its final position, and the Plaintiffs' final position was served on 30 June 2022. On 28 September 2022, a judgment of the court of first instance dated 21 September 2022 and issued in closed session was delivered, awarding from Energa Obrót SA a total of PLN 56,619,947.09 with statutory late interest on each individual amount, as well as a total of PLN 1,175,051 in reimbursement. On 29 September 2022, Energa Obrót SA applied for a written reasoning of the judgment of 21 September 2022 and for the delivery of a copy of the judgment with reasoning. On 12 January 2023, the law firm was served with a copy of the judgment of 21 September 2022, together with the justification. On 1 February 2023, Energa Obrót SA filed an appeal. On 3 April 2023, the response to the appeal was delivered.

Elektrownia Wiatrowa Zonda sp. z o.o. (plaintiff), Energa Obrót SA (defendant).

Claim for payment of damages on account of Energa Obrót SA failure to perform the contract for the sale of property rights derived from certificates of origin ("CPA")

Regional Court in Gdańsk, 9th Commercial Division

File number IX GC 1057/21.

Litigated value: PLN 1,5 million

The case is now pending in the first instance. On 17 December 2021, Zonda filed a statement of claim, which was delivered to Energa Obrót SA on 26 January 2022. On 25 February 2022 Energa Obrót SA filed the reply to the statement of claim. On 15 March 2022, Zonda filed a writ containing the motion to obligate the other party to submit a procedural writ and motions to examine evidence. The case was referred to mediation in April 2022. On 13 April 2022, Energa Obrót SA filed a pleading with a statement of no consent to mediation, and on 14 April 2022 the attorney for Zonda notified the mediator by e-mail of consent to mediation. On 10 May 2022, Zonda filed a reply to the statement of defence. On 30 May 2022, Energa Obrót SA filed a preparatory writ. On 20 June 2022, the court set 23 November 2022 as the hearing date. On the same day, the following were delivered: (i) an obligation to file a preparatory document addressing the reply to the statement of defence and a notice recognising the submission from Energa Obrót S.A. dated 30 May 2022 as filed, (ii) a decision denying Energa Obrót S.A.'s motion to request Energa S.A. to send a document – issued as a result of Energa Obrót S.A.'s withdrawal of the motion. On 23 November 2022, a hearing was held, during which evidence from the testimonies of witnesses was taken. The date of the next hearing was set for 13 January 2023, at which the Court took further evidence from the witness's testimony and issued decisions on formal issues. After the parties presented their final positions and submitted annexes to the minutes, the court closed the hearing and postponed the announcement of the judgment until 23 January 2023.

On 23 January 2023, the Court issued a judgment granting the claim, ordering Energa Obrót:

1) a total of PLN 1,468,944.58 with statutory interest for delay on individual partial amounts; 2) PLN 284,265 as reimbursement of legal costs.

On 27 January 2023, Energa Obrót filed a request for a written justification of the judgment and delivery of the judgment with justification. On 2 June 2023, Energa Obrót filed an appeal against the abovementioned judgment.

AKKA Aneta Kwaśniewska (plaintiff)

Energa Obrót SA

P. Dorawa, A. Czarnecki, E.

Bugaj, M. Piątek

(defendants)

The claim for compensation for lost profit as a result of termination of franchises by Energa Obrót SA.

Regional Court in Gdańsk, 9th Commercial Division

File number IX GNc 747/21

Litigated value: PLN 8,5 million

The case is now pending in the first instance.

On 30 November 2021, Energa Obrót SA filed a statement of defence on behalf of Energa Obrót SA and the other defendants. On 16 December 2021, the plaintiff was obligated to file a reply to the statement of defence. On 24 January 2022 the plaintiff's reply to the statement of defence was received. On 21 February 2022 (in response to the Court's commitment of 1 February 2022), a pleading was submitted on behalf of Energa Obrót and Members of the Management Board with a response to the Plaintiff's reply to the statement of claim.

	<p>Hearings were held in the case, and pleadings were exchanged. The next hearing date was set for 6 December 2022, at which the Defendants' attorney submitted a pleading containing a response to the Plaintiff's pleadings of 18 August 2022 and 23 November 2022. On the above mentioned hearing and at the hearings on 28 February 2023 and 22 June 2023, witnesses were questioned. The next hearing date was set for 9 November 2023.</p>
<p>Wind Invest Group companies: Boryszewo Wind Invest, Dobiesław Wind Invest, Gorzyca Wind Invest, Krupy Wind Invest, Nowy Jarosław Wind Invest, Pękanino Wind Invest (plaintiffs) Energa Obrót SA (defendant)</p>	<p>Actions for payment of damages for the loss incurred by the companies due to Energa Obrót SA's failure to conclude contracts for the sale of electricity generated by plaintiff companies and consequently sale of energy to other companies at prices lower than the prices which Energa Obrót SA was obliged to pay.</p> <p><i>Regional Court in Gdańsk, 9th Civil Law Department</i> <i>Case reference no. IX GC 1/21</i> <i>Value of the object of litigation: approx. PLN 6.9 million in total</i></p> <p>On 13 April 2021, a statement of defence to the action of 30 December 2020 (delivered to the Company on 11 February 2021) was filed together with a request for a stay of proceedings. On 24 May 2021, the Plaintiffs filed a preparatory writ upholding their position. On 11 March 2022 the hearing was held. The parties took a stand – the plaintiff maintains the claim. The company maintained the caveat, in particular pointing on allowing the cassation appeal (the plaintiff appealed for dismissal of this motion). The parties also took a stand on an expert who is to calculate the damage. The hearing was held on 11 March 2022, and on 6 April 2022 attorneys for the plaintiff filed a procedural writ, being a motion for admission of documentary evidence. By a decision of 1 August 2022, the Regional Court admitted evidence in the form of an opinion of the Institute of Economic Analysis and Opinion. A response to the expert's opinion was submitted. On 21 March 2023, a response to the claimant's opinion was received.</p>
<p>Elektrownia Wiatrowa Zonda sp. z o.o (plaintiff), Energa Obrót SA (defendant)</p>	<p>Action for payment of compensation due to Energa Obrót SA's failure to perform the contract for the sale of property rights resulting from the certificates of origin (CPA)</p> <p><i>Regional Court in Gdańsk, file No. IX GC 735/19, file No. in the second instance: I AGa 202/20</i> <i>Litigated value: approx. PLN 2.1 million</i></p> <p>On 19 August 2019, Elektrownia Wiatrowa Zonda Sp. z o.o. filed a statement of claim. Energa Obrót SA filed a statement of defence. On 17 August 2020, the court delivered a judgment granting the claim of Elektrownia Wiatrowa Zonda Sp. z o.o. Energa Obrót SA appealed against this judgment. On 17 May 2021, the court of second instance issued a judgment dismissing Energa Obrót SA's appeal. Energa Obrót SA filed a cassation appeal on 30 August 2021. On 11 October 2021, Elektrownia Wiatrowa Zonda Sp. z o.o. filed a response to the cassation appeal. On 12 July 2022, a decision was received allowing the cassation appeal of Energa Obrót to proceed.</p>
<p>Elektrownia Wiatrowa EOL sp. z o.o. (plaintiff), Energa Obrót SA (defendant)</p>	<p>Action for payment of contractual penalties for Energa Obrót SA's failure to perform the framework agreement for the sale of property rights under the certificates of origin (CPA)</p> <p><i>Regional Court in Gdańsk, file No. IX GC 740/19</i> <i>Litigated value: approx. PLN 14 million</i></p> <p>On 20 August 2019, Elektrownia Wiatrowa EOL filed a statement of claim for payment by Energa Obrót SA of contractual penalties on account of Energa Obrót SA's failure to perform the Agreement for the Sale of Property Rights under Certificates of Origin (CPA). The case is now pending in the first instance. Energa Obrót SA filed a statement of defence. The proceedings were stayed. Subsequently, on 20 September 2021, a court decision was received via an information portal which:</p> <ol style="list-style-type: none"> 1) resumed the stayed proceedings, 2) granted EW EOL the permission to file a preparatory document 3) obligated Energa Obrót SA to file a preparatory document 4) obligated EW EOL and Energa Obrót SA to file preparatory documents presenting their position concerning the appropriateness of referring the parties to mediation and nominating the mediator. <p>On 27 September 2021, Energa Obrót SA filed a letter stating that the referral to mediation was not appropriate. A hearing date was set for 27 January 2022. On 15 December 2021, EW EOL extended its claims to new contractual penalties totalling PLN 7,211,809.42, including statutory late payment interest accrued from 15 December 2021 to payment date, due to Energa Obrót SA's failure to acquire rights in property in later periods. On 12 January 2022, Energa Obrót SA filed a response to the extended lawsuit. On 17 March the hearing was held, during which the parties filed a number of formal motions, and the evidence from witnesses testimony was taken. The hearing set for 29 June 2022 was cancelled. The next hearing was held on 30 March 2023. The court took evidence from EW's cross-examination. The parties presented their final positions and submitted attachments</p>

to the minutes of the hearing. The court closed the hearing and announced the verdict on 24 April 2023. On 24 April 2023, the judgment was announced, in which the court:

1) awarded Energa Obrót PLN 6,798,863.69 with statutory interest for delay on the amounts:

- PLN 4,126,785.44 from September 14, 2019 to the date of payment,

- PLN 2,672,078.25 from January 6, 2022 to the date of payment;

2) dismissed the claim in the remaining scope;

3) awarded Energa Obrót PLN 108,045 as reimbursement of legal costs.

On 25 April 2023, Energa Obrót filed an application for delivery of the judgment with justification. On 28 April 2023, the law firm received an application from EW EOL for service of the judgment with justification. On 21 June 2023, Energa Obrót appealed against the verdict.

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

**Energa Obrót SA (plaintiff)
WIND INVEST sp. z o.o.
(defendant 1),
mBank SA (defendant 2)**

Regional Court in Warsaw, file No. XVI GC 798/17

Second instance file No. VII AGa 1004/19

Litigated value: approx. PLN 15.2 million

On 11 September 2017, Energa Obrót SA filed a statement of claim. On 19 September 2019 the court dismissed the statement of claim filed by Energa Obrót SA. On 27 November 2019 Energa Obrót SA submitted an appeal, which was subsequently dismissed with judgment of the court of the second instance. On 22 March 2021, Energa Obrót SA filed a cassation appeal. The Defendants filed a response to the cassation appeal. On 25 August 2021 the cassation appeal brought by Energa Obrót SA was accepted for review. On 27 December 2021, a copy of a letter from Wind Invest was delivered, which contained information on the decision of the Supreme Court of 17 November 2021 that had refused to allow Energa Obrót SA's cassation appeal to proceed in the case against Jeżyczki Wind Invest and mBank. On 22 March 2022, Energa Obrót SA filed a procedural writ with its position on the letter by Wind Invest. The court issued a decision allowing the Parties to file procedural writs. On 22 August 2022, a motion from Wind Invest and mBank dated 16 August 2022 to schedule a hearing was delivered. On 9 June 2023, Energa Obrót submitted a letter concerning a request to the CJEU for a preliminary ruling. On 12 June 2023, the Law Firm received a letter from Wind Invest and mBank regarding the preliminary questions.

According to the telephone information obtained from the Supreme Court, on 28 June 2023, the proceedings were suspended until the CJEU resolved the questions for a preliminary ruling regarding cases II CSKP 496/22 and II CSKP 501/22.

**Energa Obrót SA (plaintiff)
STARY JAROSŁAW WIND
INVEST sp. z o.o. (defendant
1),
mBank SA (defendant 2)**

Regional Court in Warsaw, file No. XVI GC 802/17

Second instance file No. VII AGa 61/20

Litigated value: approx. PLN 13.8 million

On 11 September 2017, Energa Obrót SA filed a statement of claim. On 17 November 2017, the defendants filed statements of defence. With its judgment of 24 September 2019, the Court dismissed the action for declaration. On 17 December 2019, Energa Obrót SA filed an appeal against the judgment. On 15 April 2021, the Court of second instance issued a verdict dismissing the appeal filed by Energa Obrót SA. Energa Obrót SA filed an application for the delivery of the verdict together with the statement of grounds. The verdict with justification was delivered on 12 October 2021. On 13 December 2021, Energa Obrót SA filed a cassation appeal. On 8 February 2022, mBank filed its response to the cassation appeal and Stary Jaroslaw Wind Invest filed its response to the cassation appeal on 22 February 2022. On 26 May 2022, Energa Obrót SA learned about acceptance for examination of its cassation appeal. On 5 July 2022, a decision was received allowing the cassation appeal of Energa Obrót SA to proceed. On 22 August 2022, a motion from Stary Jaroslaw Wind Invest and mBank dated 16 August 2022 to schedule a hearing was delivered.

**Energa Obrót SA (plaintiff)
KRUPY WIND INVEST sp. z
o.o. (defendant 1), mBank SA
(defendant 2)**

Regional Court in Warsaw, file No. XVI GC 803/17

Second instance file No. VII AGa 572/19

Litigated value: approx. PLN 5.6 million

On 11 September 2017, Energa Obrót SA filed a statement of claim. The case was concluded by the court of first instance with a judgment dismissing the Company's action. Energa Obrót SA appealed on 2 July 2019. On 15 September 2020, the Court dismissed the appeal of Energa Obrót SA. On 30 December 2020, Energa Obrót SA filed a cassation appeal. The Defendants filed a response to the cassation appeal. On 27 December 2021, a copy of a letter from Krupy Wind Invest

was delivered to Energa Obrót SA, which contained information on the decision of the Supreme Court of 17 November 2021 that had refused to allow Energa Obrót SA's cassation appeal to proceed in the case against Jeżyczki Wind Invest and mBank. Krupy Wind Invest presented that decision along with its letter. On 14 January 2022, Energa Obrót SA filed a pleading in response to the letter from Krupy Wind Invest which contained information on the decision of the Supreme Court of 17 November 2021 that had refused to allow Energa Obrót SA's cassation appeal to proceed in the case against Jeżyczki Wind Invest and mBank. On 28 February 2022 the order of the Supreme Court of 28 January 2022 on the consent to the permission to file above mentioned pleadings by Krupy Wind Invest and Energa Obrót SA was delivered. On 16 May 2022, a decision of the Supreme Court allowing the cassation appeal of Energa Obrót SA to proceed was delivered. On 9 June 2023, the Law Firm was served with a letter informing about the consent to Energa Obrót submitting a letter of 23 May 2023 regarding the request to the CJEU for a preliminary question.

On 19 June 2023, the Law Firm received a letter informing about the permission of Krupa Wind Invest and mBank to submit a letter of 5 June 2023 regarding questions for a preliminary ruling.

On 20 June 2023, despite the appointment of a hearing for that day, no ruling was issued. The next meeting date has not yet been set.

Energa Obrót SA
(plaintiff/counter-defendant)
EW CZYŻEWO sp. z o.o.
(defendant 1/counter-plaintiff),
BANK BGŻ BNP PARIBAS SA
(defendant 2)

Regional Court in Gdańsk, file No. IX GC 736/17

Second instance file No. I AGa 56/19

Litigated value: approx. PLN 3.9 million

On 11 September 2017, Energa Obrót SA filed a statement of claim. On 22 December 2018 statements of defence were submitted. EW CZYŻEWO sp. z o.o. also submitted a counterclaim for payment of contractual penalties. The Court dismissed the action for declaration with its judgment and awarded contractual penalties. Energa Obrót SA filed an appeal. The court of second instance dismissed the appeal with respect to the declaration of invalidity of CPA and granting the appeal with respect to the request to reduce the contractual penalties. Energa Obrót SA filed a cassation appeal. On 16 September 2021 information was received from the customer service centre of the Supreme Court that the cassation appeal of Energa Obrót S.A. was accepted for review. On 8 November 2021, a decision of the Supreme Court allowing the cassation appeal of Energa Obrót SA to proceed was delivered.

On 21 April 2023, a secret session of the Supreme Court was held. The Supreme Court issued a decision on the suspension of the proceedings until the Court of Justice of the European Union resolves the questions for a preliminary ruling submitted, inter alia, by in the case against Wielkopolskie Elektrownie Wiatrowe and BNP Paribas Bank Polska.

Energa Obrót SA (plaintiff),
ELEKTROWNIA WIATROWA
EOL sp. z o.o. (defendant 1),
BANK ZACHODNI WBK SA
(defendant 2)

Regional Court in Warsaw, file No. XXVI GC 712/17

Second instance file No. VII AGa 704/20

Litigated value: approx. PLN 3 million

On 11 September 2017, Energa Obrót SA filed a statement of claim. The case was concluded in the first instance by dismissal of the action. On 7 July 2020 Energa Obrót SA submitted an appeal, which on 25 June 2021 was dismissed with judgment of the Appeal Court of the second instance. On 6 July 2021 Energa Obrót SA submitted a pleading in response to a motion from defendants received on 1 July 2021 regarding a decision to be issued by the court clerk stating procedural costs in accordance with judgment of the Court of the first instance and adjudicating the triple rate of the costs of court representation. On 30 September 2021 Energa Obrót SA received the judgment with the reasons for judgment. On 30 November 2021, Energa Obrót SA filed a cassation appeal. On 9 February 2022, Elektrownia Wiatrowa EOL and Santander Bank Polska filed a response to the cassation appeal. On 29 September 2022, a notice was published on the Supreme Court's website stating that Energa Obrót SA's cassation appeal had been allowed to proceed (a decision in this regard has not been received yet).

Energa Obrót SA (plaintiff),
WIELKOPOLSKIE
ELEKTROWNIE WIATROWE
sp. z o.o. (defendant 1),
BANK BGŻ BNP PARIBAS SA
(defendant 2)

Regional Court in Gdańsk, file No. IX GC 735/17

Second instance file No. I AGa 74/19

Litigated value: approx. PLN 3 million

On 11 September 2017, Energa Obrót SA filed a statement of claim. On 15 and 19 December 2017 statements of defence were filed. On 6 December 2018 judgment dismissing the action was submitted. On 12 February 2019, Energa Obrót SA filed an appeal. On 13 August 2019 judgment dismissing the appeal was issued. Energa Obrót SA filed a cassation appeal on 5 August 2020. In September 2020, Wielkopolskie Elektrownie Wiatrowe and BNP Paribas filed a response to the cassation appeal. According to the information received by Energa Obrót SA, on 27 May 2022, the

Energa Obrót SA (plaintiff) EW KOŹMIN sp. z o.o. (defendant 1), BANK BGŻ BNP PARIBAS SA (defendant 2)	<p>Supreme Court accepted the cassation appeal for examination. Service of that decision is currently pending. On 5 July 2022, a decision was received allowing the cassation appeal of Energa Obrót SA to proceed. On 13 March 2023, a notification about the composition of the Supreme Court examining the case was delivered. On the website of the Supreme Court, there was information that a closed-door hearing was scheduled for 21 April 2023. On 21 April 2023, a closed-door hearing of the Supreme Court was held. The Supreme Court issued a decision to refer questions to the Court of Justice of the European Union for a preliminary ruling and a decision to suspend the proceedings until the end of the proceedings before the CJEU.</p> <p>On 10 May 2023, Energa Obrót submitted a letter containing a request to correct the provision referred to above and describing a possible way of a broader correction of the questions referred for a preliminary ruling. On 6 June 2023, (i) the decision of 26 May 2023 regarding the correction of typographical errors in the decision of 21 April 2023 regarding the referral to the CJEU with questions for a preliminary ruling was served; (ii) the decision of 21 April 2023 regarding the request to the CJEU for a preliminary ruling, together with the justification.</p> <p><i>Regional Court in Gdańsk, file No. IX GC 738/17</i></p> <p><i>Second instance file No. I AGa 21/19</i></p> <p><i>Litigated value: approx. PLN 2.8 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. On 22 December 2018 statements of defence were submitted. EW KOŹMIN sp. z o.o. also submitted a counterclaim for payment of contractual penalties. On 30 August 2018, the Court dismissed the action for declaration with its judgment and awarded contractual penalties. Energa Obrót SA filed an appeal. On 24 June 2020, the court of second instance delivered a judgment dismissing the appeal with respect to the declaration of invalidity of CPA and granting the appeal with respect to the request to reduce the contractual penalties. The judgment with reasoning was served on 10 August 2020. On 12 October 2020, Energa Obrót SA filed a cassation appeal. . On 22 September 2021 information was received from the customer service centre of the Supreme Court that the cassation appeal of Energa Obrót SA was accepted for review. On 8 October 2021, a decision allowing the cassation appeal to proceed was delivered. On 10 March 2023, a notification about the composition of the Supreme Court examining the case was delivered.</p> <p>On the website of the Supreme Court, there was information about the appointment of a closed session for 28 April 2023. On 26 April 2023 Energa Obrót applied for a stay of proceedings.</p> <p>On 28 April 2023, a closed session of the Supreme Court was held. On 8 May 2023, the Law Firm was served with the decision of the Supreme Court of 28 April 2023 on the suspension of the proceedings pending resolution of the preliminary ruling questions submitted, among others, by in the case against Wielkopolskie Elekrownie Wiatrowe and BNP Paribas Bank Polska.</p>
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8.3. HR and payroll situation

Employment

As at 30 June 2023 the Energa Group total employment under employment contracts was maintained exactly at the same level as at the end of 2022 and amounted to 8,781 employees.

Collective disputes and dismissals

Collective dismissals

In H1 2023, Group companies did not carry out any collective dismissals as defined in the Act of 13 March 2003 on special rules for termination of employment contracts for reasons not attributable to employees.

Collective disputes

As at 30 June 2023, there were 34 trade union organizations in the Energa Group companies. 63.7% of the workforce belonged to trade unions as at 30 June, i.e. approx. 5.5 thousand employees were members of trade unions.

As at 30 June 2023, there were 5 labor disputes ongoing at the Energa Group, whose current stage is as follows:

1. two labor disputes at Energa Operator SA Oddział w Płocku Sp. z o.o., initiated by manifests filed by trade union organizations on 30 September 2020 and 9 November 2020, concerning amendments to the Company Collective Bargaining Agreement and employee benefits. Both were conditionally ended by mutual consent on 29 June 2023.

The effect terminating the disputes will occur on the date of registration of the Polish Labor Inspectorate (PIP) of a new collective bargaining agreement for EOP O/Płock; the registration procedure is in progress;

The dispute at Energa Operator SA Oddział w Płocku Sp. z o.o. of 23 July 2021 concerning the guaranteed fixed staffing level by employment with a surplus, and increase in basic pay by PLN 400 gross, was resolved. The parties to the disputes reached an agreement as a result of mediation, signing the document terminating the labor dispute on 3 February 2023

2. two labor disputes are ongoing at Energa Logistyka Sp. z o.o. initiated by manifests filed by trade union organizations on 24 and 30 September 2020, concerning amendments to the collective bargaining agreement, negotiations on changes to the bargaining agreement, and agreement on a new collective bargaining agreement.
3. one collective dispute at Energa Kogeneracja Sp. z o.o. initiated by manifests of trade union organizations of 1 June 2023 concerning the implementation of Article 47 of the collective bargaining agreement, is at the negotiation stage.

MANAGEMENT BOARD REPRESENTATION AND INFORMATION

Gdańsk, 23 August 2023

The Management Board of Energa SA hereby informs and represents that:

- (1) according to the best knowledge, the Condensed interim consolidated and standalone financial statements and the comparative data were prepared in line with the accounting principles, and reflect, truly, reliably and clearly, the asset and financial position of the Energa Group and its financial result. Management Board Report on performance of the Energa Capital Group gives a true view of the Group's development, achievements and condition, and includes a description of the key risks and threats;
- (2) Deloitte Audyt spółka Sp. z o.o. Sp.k., an entity authorized to audit financial statements, which reviewed the Condensed interim consolidated financial statements of the Energa Group and the Condensed standalone interim financial statements of Energa SA for the first half of 2023 was selected in accordance with the applicable regulations. The said entity and the statutory auditors who reviewed the said statements met the conditions for expressing an unbiased and independent opinion on the reviewed interim condensed consolidated financial statement and reviewed interim condensed standalone financial statement, in accordance with the governing law and professional standards.

Signatures of Energa SA Management Board Members

Zofia Paryła
President of the Management Board of Energa SA

Adrianna Sikorska
Vice-President of the Energa SA Management Board
for Communications

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

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

Łukasz Minuth
Acting Director of the Finance Department

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Glossary of terms and abbreviations

Biomass	Solid or liquid, biodegradable substances of plant or animal origin, originating from products, waste and residues from agriculture, forestry and related industries, as well as the biodegradable fraction of other waste, in particular agricultural raw materials
CAPEX	Capital expenditures
Certificate of origin from co-generation	A document issued by the President of the URE pursuant to Article 9l of the Energy Law confirming that electricity has been generated in high-efficiency co-generation in: (i) a gas-fired co-generation unit or a co-generation unit with a total installed electrical capacity at source under 1 MW (known as the yellow certificate), (ii) a co-generation unit fired by methane released and captured during deep mining operations in coal mines (open, in liquidation or closed), or gas obtained by processing biomass, (known as a purple certificate), or (iii) another co-generation unit (known as a red certificate)
Certificate of origin from renewable energy sources, green certificate	A document issued by the President of the URE pursuant to Article 9e of the Energy Law confirming that electricity has been generated from a renewable energy source (known as a green certificate)
CIRS, CCIRS (Currency Interest Rate Swap, Cross-Currency Interest Rate Swap)	Currency Interest Rate Swap and Cross-Currency Interest Rate Swap transactions in which payments are made over a specified period with a prescribed frequency, based on variable interest rates, in two different currencies (CIRS) or in more currencies (CCIRS)
Co-firing	Electricity or heat generation based on a joint, simultaneous process of biomass or biogas combustion with other fuels in one device; part of the energy generated in the above manner may be considered as energy produced from a renewable energy source
Co-generation, CHP	An engineering process of simultaneous production of heat and electrical or mechanical energy in the course of the same engineering process
CO ₂	Carbon dioxide
DSO, Distribution System Operator	A utility company distributing gaseous fuels or electricity, responsible for grid operation in a gas or electricity distribution system, current and long-term operational safety of the system, operation, maintenance, repairs and the necessary expansion of the distribution network, including connections to other gas or electricity systems
EIB	European Investment Bank
EBITDA (Earnings before interest, taxes, depreciation and amortization)	Energa SA defines EBITDA as operating profit/loss plus depreciation/amortisation and impairment of non-financial non-current assets.
EBIT (earnings before interest and taxes)	Operating profit
EBOR	European Bank for Reconstruction and Development
Energa SA, Energa	Parent company in the Energa Group of Companies
Energa Operator, EOP	Energa Operator SA – a subsidiary of Energa SA and the Leading Entity of the Distribution Business Line in the Energa Group.
Energa Obrót, EOB	Energa Obrót SA – a subsidiary of Energa SA and the Leading Entity of the Sales Business Line in the Energa Group
EMTN	The Euro Medium Term Notes programme
EUR	Euro, currency used in European Union's eurozone countries
Energa Group of Companies, Energa Group	A Group of Companies engaged in distribution, trade and generation of electricity and heat. It also conducts activity related to street lighting, design, procurement of materials, grid-related services, specialized transport, hotel and IT services
GDP	Gross Domestic Product
GUS	Central Statistical Office
GW	Gigawatt, unit of power in the International System of Units, 1 GW = 10 ⁹ W
GWe	Gigawatt of electrical power

GWh	Gigawatt hour
IRS (Interest Rate Swap)	An interest rate swap agreement between two parties, under which the parties pay interest to each other on a contractual nominal amount calculated according to a different interest rate
KRS	National Court Register (Krajowy Rejestr Sądowy)
kWh	Kilowatt hour, unit of electricity generated or used by a 1 kW device in an hour; 1 kWh = 3,600,000 J = 3.6 MJ
MW	Unit of power in the International System of Units, 1 MW = 10 ⁶ W
MWe	Megawatt of electrical power
MWh	Megawatt hour
NIB	Nordic Investment Bank
OR	Operating reserve
OZEX_A	Volume-weighted average price for all transactions pertaining to the PMOZE_A contract on an exchange session
PLN	Polish zloty; national currency
PMI	Industrial economic activity index calculated by Markit in cooperation with HSBC
Polish Power Exchange, TGE	Towarowa Gielda Energii SA, a commodity exchange where admitted commodities are traded, i.e. electricity, liquid and gaseous fuels, mine gas, pollution emission allowances and property rights arising from certificates of origin, whose price depends directly or indirectly on the price of electricity, liquid or gaseous fuels and the volume of pollution emissions.
Property rights	Transferable rights constituting a commodity arising from certificates of origin for renewable energy and energy from co-generation
PSE	Polskie Sieci Elektroenergetyczne Spółka Akcyjna with its registered office in Warsaw, entered in the Register of Entrepreneurs of the National Court Register under KRS No. 0000197596; a company designated by the President of the URE's decision No. DPE-47-58(5)/4988/2007/BT of 24 December 2007 to operate as the Electricity Transmission System Operator in the Republic of Poland in the period from 1 January 2008 to 1 July 2014
QoQ	quarter on quarter
RAB	Regulatory Asset Base
Renewable energy sources, RES	Sources converting the energy of wind, solar radiation, geothermal energy, waves, currents and marine tides, run of rivers and energy obtained from biomass, landfill biogas as well as biogas from sewage discharge or treatment processes or the decomposition of plant and animal remains to generate electricity
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SPOT	Day-Ahead Market (DAM): an energy market operating in the "day ahead" time interval (DA) supplying energy on day D
Tariff group	Group of customers off-taking electricity or heat or using electricity or heat supply services with respect to which a single set of prices or fee rates along with their terms and conditions are applicable
Tariff G	A tariff group for individual customers – households
TPA (Third Party Access)	The rule which means the ability to use the power grid of a power company without an obligation to buy electricity from that company
TWh	Terawatt hour, a multiple of the SI unit of electricity. 1 TWh equals 10 ⁹ kWh.
URE	Energy Regulatory Office
WACC	Weighted average cost of capital
WIBOR	Warsaw Interbank Offered Rate
WSE	Warsaw Stock Exchange
YoY	year on year