



Information to the condensed consolidated report of the Energa Group for Q3 2023

Gdańsk, 30 October 2023

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1. SUMMARY

ENERGA GROUP IN 9M 2023



One of the leading energy groups and a reliable supplier of electricity and services for ¼ of Poland, with a 47% share of RES in own production.





Financial data		
Revenues	EBITDA	EBITDA margin
PLN 19,489 m	PLN 3,358 m	17.2%

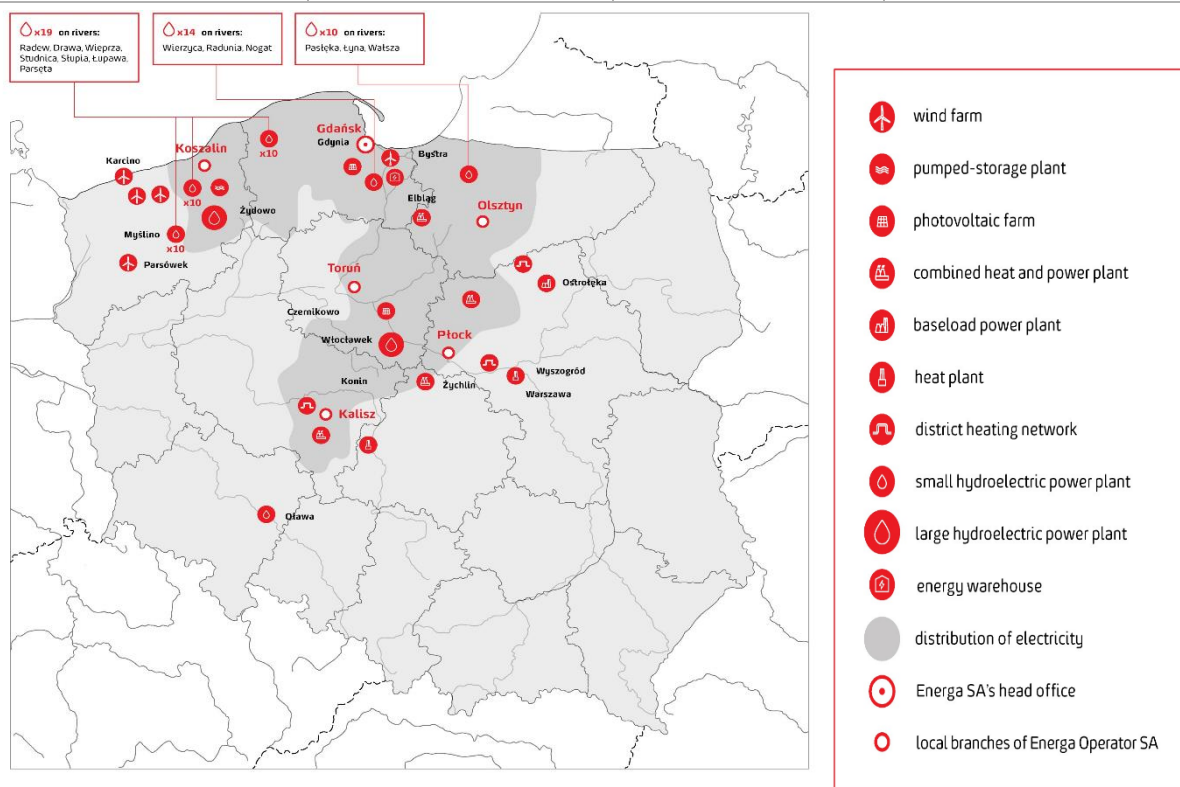
Renewable energy sources		
RES production	Installed capacity	
1,173 GWh	622 MWe	

Operating data		
Volume of electricity supplied	Gross electricity production	Retail sales of electricity
16.6 TWh	2.5 TWh	12.5 TWh

Investor's guide			
Capitalization*	Share price*	Fitch rating	Moody's rating
PLN 3.27 billion	PLN 7.90	BBB+	Baa2

* As at 30 September 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 	8.7 k 



Key Business Lines		
Distribution	Generation	Sales
Energa Operator	Energa Wytwarzanie	Energa Obrót
EBITDA: PLN 1,950 m	EBITDA: PLN 413 m	EBITDA: PLN 1,094 m

Investments			
PLN 2,888 m	New customer connections	Modernization of HV, MV and LV lines	New RES*
Of which Distribution: PLN 1,408 m	55 k	2,118 km	1,110 MW

*connected to the distribution grid



Hydro plant in Straszyn

Key information about the Energa Group

2. KEY INFORMATION ABOUT THE ENERGA GROUP

2.1. Activities and structure of the Group

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

Distribution Business Line. This is the Business Line of key importance to the Group's profitability, involved in the distribution of electricity (which is a regulated activity in Poland) conducted on the basis of tariffs approved by the President of the Energy Regulatory Office ("ERO"). Energa Operator SA („Energa Operator”, „EOP”) acts as the leading entity in this Line. 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 September 2023, the total length of the power lines operated by the Group was over 196 thousand km and covered almost 75 thousand sq. km, i.e. approximately 24% of the area of country.

Generation Business Line operates on the basis of four Generation Areas: the Ostrołęka Power Plant, Hydro, Wind and Other (including cogeneration – CHP). At the end of September 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 9M 2023 the Group generated approx. 2.5 TWh of gross electricity, of which 49% originated from coal, 32% from hydro, 14% from wind, 3% from biomass and 3% 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 (i.a. in Energa Kogeneracja entity) and photovoltaic installations owned by the Group.

Sales Business Line, which the leading entity is Energa Obrót SA (“Energa Obrót”, “EOB”) as sells electricity, gas and additional services offered to all customer segments. As at the end Q3 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.

Changes in the Group's structure and organization

As at 30 September 2023, the Energa Group consisted of 26 companies, including its parent company, Energa SA (“Energa”, “Company”, “Issuer”).

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.

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

2.2.1. Material events in the reporting period

The key events in the first half of 2023 have been presented in the Management Board Report on performance of the Energa Capital Group in the first half of 2023. The material events in Q3 2023 and after the balance sheet date have been presented below.

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 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 Ordinary General Meeting

On the 21 August 2023 The Management Board of Energa SA informs that the Company 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 submitted a statement of defence.

Mutual consent to terminate the agreement with auditor

Energa and Deloitte Audyt sp. z o.o. sp.k. headquartered in Warsaw ("Auditor") on 28 September 2023 signed a mutual consent to terminate the agreement for auditing and reviewing financial statements ("Agreement") concluded on 12 July 2022. The Agreement was entered into for the duration of the Auditor's performance of work covered by the subject matter of the Agreement for years 2022 and 2023.

On the base of the Agreement, the Auditor, among others, audited and reviewed the following financial statements prepared in accordance with the International Financial Reporting Standards approved by the European Union and other applicable laws:

- the annual separate financial statements of the Company and the annual consolidated financial statements of the Energa Capital Group for the years 2022 and 2023,
- interim separate financial statements of the Company and interim consolidated financial statements of the Group for the first half of 2022 and 2023.

The decision to terminate the Agreement was made by both parties of the Agreement. The Agreement has been terminated due to the Auditor's inability to perform the Agreement for reasons attributable to the Auditor, which resulted from the decision of the Polish Agency for Audit Oversight, imposing on the Auditor a temporary prohibition of the provision of services covered by national professional standards.

At the same time the Company informed that there were no instances of expressing in the reports on the audit of financial statements or consolidated financial statements, either opinions with disclaimer, nor negative opinions, nor refusal to express opinions. There were also no cases of expressing in the reports on the review of condensed financial statements or condensed consolidated financial statements, either conclusions with disclaimer, nor subject to negative conclusions, nor refusal to express conclusions. During the term of the Agreement, there were no discrepancies regarding the interpretation and

application of the law or the provisions of the Company's Articles of Association regarding the subject matter and scope of the audit, review or other services between the Company's Management Board and the Auditor who performed the audit, review or other services regarding the Company's financial statements or the Group's consolidated financial statements.

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

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

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

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

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

- The risk of the Polish currency's weakening against major currencies, including specifically against euro.
The Group hedges currency risk to liabilities held in foreign currencies and takes measures aimed at hedging currency risk with respect to planned investment projects.
- The risk of an increase in prices of energy inputs (coal and gas) as a result of their limited availability due to the embargo imposed on Russia. It needs to be stressed that the Group no longer purchases fuels from operators based in Russia, Belarus or Ukraine.
The Group understands that the current situation may significantly affect the hard coal availability and prices, and therefore the Group identifies as risk the adverse impact of that factor on its operations and financial performance. The Group monitors the availability and level of prices of that fuel on an ongoing basis for the respective periods and takes actions to secure the supply and prices that allow uninterrupted and profitable operations of the Generation Business Line.
The existing production sources of the Group hardly rely on gaseous fuel in their operations (currently, only peak load and reserve boilers in Elbląg shall be exposed to this risk).
- The risk of the Group's operations being adversely affected by the Polish government's intervention on the domestic electricity market (as a response to the increase in electricity prices in the aftermath of the war in Ukraine) – including the statutory cap on electricity prices for selected groups of customers; compensation for energy trading companies in an amount that will not cover the full range of costs; the need for energy producers to return part of their revenues that exceed the statutory level, and the tariff policy of the President of the Energy Regulatory Office.
- The risk of 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 Q3 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

Changes regarding the implementation of construction project of CCGT power plant in Ostrołęka

On 3 October 2023 CCGT Ostrołęka Sp. z o. o., on the one side, and GE Power Sp. z o. o. with its registered office in Warsaw and General Electric Global Services GmbH, based in Baden, Switzerland (collectively the "General Contractor") on the other side signed the annex ("Annex") to the agreement of 25 June 2021 regarding the project of the construction of a 745 MWe net gas-fired combined cycle gas turbine (CCGT) power plant in Ostrołęka.

In accordance with the provisions of the Annex, the estimated remuneration of the General Contractor for the implementation of the above mentioned project will increase from approximately PLN 2.5 billion net to approximately PLN 2.85 billion net. The deadline for signing of the Conditional Acceptance Certificate for the CCGT power plant in Ostrołęka was set for 31 December 2025.

The conclusion of the Annex results from the need to adapt the contract with the General Contractor to the conditions that have arisen since the conclusion of this contract, in particular the outbreak of the war in Ukraine and its impact on the raw materials, energy and construction markets.

Information on the estimated impact of regulation of the Minister for Climate and Environment of 9 September 2023 on the Energa Group's financial results

On 5 October 2023 the Management Board of Energa received the information from the subsidiary Energa Obrót about the estimated impact of the regulation of the Minister for Climate and Environment amending the regulation on shaping and calculation of tariffs and methods of settlement in electricity supply ("Regulation") on EOB's financial results.

The Regulation introduces the mechanism enabling reduction of households' payments to electricity supply companies for the year 2023. EOB estimated the potential impact of introducing of this mechanism at PLN 320 million, what requires the Company to create a provision in the second half of 2023. This provision will translate directly into a decrease in the consolidated EBITDA of the Energa Group by the above-mentioned amount.

The indicated estimates are subject to risk. The final impact of the Regulation on the results of the Energa Group will depend on the final number of customers covered by the mechanism of reducing household payments towards EOB pursuant to the provisions of the Regulation. The final amount of the created provision will be presented in the consolidated financial statements of the Group for 2023.

Signing of a preliminary agreement for the acquisition of a special purpose vehicle implementing a project for the construction of hybrid renewable energy sources with a total capacity of up to ca. 334 MW

On 13 October 2023 Energa Wytwarzanie and Lewandpol Holding sp. z o.o. signed the preliminary agreement for the purchase of 100% of shares in E&G sp. z o.o. ("Transaction"), which implements Kleczew Solar & Wind project for the construction of photovoltaic installations and wind farm with a total capacity of from ca. 244.5 MW to ca. 334 MW in the Wielkopolska province ("Project"). If the Transaction is concluded, the total installed capacity of the Energa Group's renewable energy sources ("RES") may increase to 950 MW, or by ca. 54% as compared to the end of June 2023.

The Project is divided into three stages, the first of which includes the construction of a photovoltaic installation with a capacity of 193,1 MW and a wind farm with a capacity of up to 19.2 MW. In the next two stages, the installed capacity of the photovoltaic farm is expected to increase by maximum ca. 122 MW. According to the Project's current schedule, construction of the aforementioned RES is expected to be completed in 2025.

The Transaction is subject to the fulfillment of a number of conditions precedent (including obtaining unconditional approval from the President of the Office of Competition and Consumer Protection and a license to generate electricity), and is expected to close no later than in the first quarter of 2025.

The Project was not included in Long-Term Strategic Investments Plan of the Energa Group for 2021-2030, which the Issuer announced in current report No. 31/2021 dated 31 August 2021. As envisaged, if the Transaction goes through, ORLEN S.A. ("ORLEN") will provide financial support to the Energa Group to finance the investment.

2.3. Capital expenditures and execution of key projects

During the first 9 months of 2023, capital expenditures at the Energa Group totalled PLN 2,888 m and were significantly higher than in the same period last year, mainly due to the expenditure on the project to build a gas power plant in Ostrołęka (CCGT Ostrołęka) and higher investments in the Distribution Business Line. Investments made in the Distribution Business Line accounted for 49% of the total expenditures made by the Group and amounted to PLN 1,408 m.

The investments of the Distribution Business Line included connecting consumers and energy sources and the related construction of new grids, as well as modernization and replacement of existing assets related to the improvement of service quality and/or an increase in power demand.

In the Generation Business Line, capital expenditures totalled PLN 213 m, a significant portion of which were outlays for tasks related to the construction of new PV (mainly PV Wielbark).

The Sales Business Line, in turn, allocated PLN 80 m to investments, most of which was spent on work related to lighting assets.

Status of the investment program in 9M 2023

Project description	Capital expenditure in 9M 2023 (PLN m)
Distribution Business Line	1,408
Connecting electricity customers and sources and the associated construction of new grids	837
Upgrading and reconstruction of the existing assets, associated with improvement in service quality and increased power demand	405
Other capital expenditures, collisions and corrections	166
Generation Business Line	213
Energa Wytwarzanie New production capacities (PV Wielbark)	149
Other investments	64
Sales Business Line	80
Capital expenditures for lighting assets	40
Purchase of an electric vehicle charging stations	21
Other capital expenditures	19
Other companies, projects and corrections	1,187
CCGT Ostrołęka	811
CCGT Grudziądz	398
Other investments and adjustments & exclusions	-22
Total	2,888

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 a tender for the general contractor of the investment was launched and initial offers were received on 23 August 2023. On 30 August 2023 the City Hall in Elbląg issued a decision on a building permit.

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 and placed into the boiler house building. The installation of equipment and installations within the boilers is being finalized. Work on the water treatment plant is in the final stage. Work is also underway on the construction of a cogeneration system based on 2xSG10 gas engines. Work on the foundations for the engines and the building is in progress.

At the Ostrołęka site, design work was carried out on a gas pipeline to supply a new heat source - the Decision on Environmental Conditions have been obtained. 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 Q3 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. On 3 October 2023 an annex was signed to the agreement of 25 June 2021 with the general contractor of the investment, under which, among others, the remuneration of the general contractor was increased (detailed information in this regard is presented in point 2.2.2 of this document).

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 9M 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 Q3 2023 implementation works of the central SCADA system were carried out.

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 Q3 2023 an agreement was signed with the general contractor of this investment, the NTP was issued and the construction site was handed over.

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 9M 2023 the final acceptance of PV Przykona, PV Czernikowo+, PV Samolubie and PV Samolubie 2 was carried out. 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.



Hydro plant in Straszyn

Financial and assets situation

3. FINANCIAL AND ASSETS SITUATION

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

The Condensed Interim Consolidated Financial Statements of the Energa Group for the 9 month period ended 30 September 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 9 month period ended 30 September 2023.

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

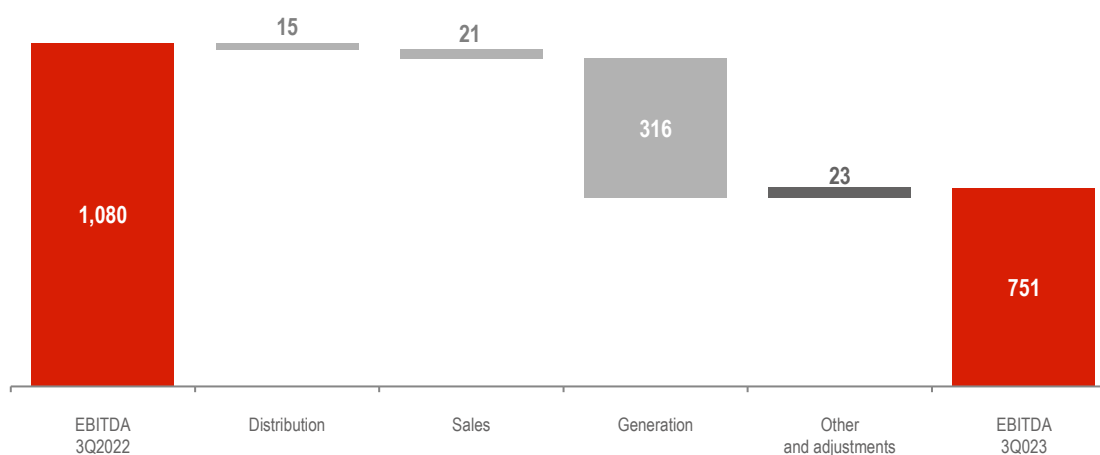
Table 1: Consolidated statement of profit or loss (PLN m)

PLN m	Q3 2022	Q3 2023	Change	Change (%)
Sales revenues	5,507	5,066	(441)	-8%
Revenue from the Price Difference Payment Fund	-	989	989	-
Cost of sales	(4,460)	(5,123)	(663)	15%
Gross profit on sales	1,047	932	(115)	-11%
Other operating income	390	55	(335)	-86%
Selling and distribution expenses	(237)	(347)	(110)	46%
General and administrative expenses	(124)	(123)	1	-1%
Other operating expenses	(275)	(55)	220	-80%
Operating profit	801	462	(338)	-42%
Result on financial activity	(116)	(168)	(52)	45%
Share in profit/(loss) of the entities measured using the equity method	14	1	(13)	-93%
Profit or loss before tax	699	295	(404)	-58%
Income tax	(163)	(100)	63	-39%
Net profit or loss for the period	536	195	(341)	-64%
EBITDA	1,080	751	(329)	-30%

PLN m	9 months of 2022	9 months os 2023	Change 2023/2022	Change 2023/2022 (%)
Sales revenues	15,024	16,260	1,236	8%
Revenue from the Price Difference Payment Fund	-	3,229	3,229	-
Cost of sales	(11,832)	(15,281)	(3,449)	29%
Gross profit on sales	3,192	4,208	1,016	32%

Other operating income	653	371	(282)	-43%
Selling and distribution expenses	(724)	(1,444)	(720)	99%
General and administrative expenses	(276)	(434)	(158)	57%
Other operating expenses	(661)	(217)	444	-67%
Operating profit	2,184	2,484	300	14%
Result on financial activity	(264)	(439)	(175)	66%
Share in profit/(loss) of the entities measured using the equity method	62	6	(56)	-90%
Profit or loss before tax	1,982	2,051	69	3%
Income tax	(389)	(432)	(43)	11%
Net profit or loss for the period	1,593	1,619	26	2%
EBITDA	3,098	3,358	260	8%

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



The Group's EBITDA in Q3 2023 stood at PLN 751 m compared to PLN 1,080 m in Q3 2022. The highest decrease was noted by the Generation Business Line and was mainly due to lower energy production by the Ostrołęka power plant, payments to the Price Difference Payment Fund and taking into account the impact of the valuation of open positions on electricity entered into by the Ostrołęka power plant. In the Sales Business Line, the decrease in EBITDA was significantly influenced primarily by taking into account the Regulation of the Minister of Climate and Environment amending the Regulation setting out the rules of structuring and calculating tariffs and billings in electricity trading. EBITDA of the Distribution Business Line was lower y/y, mainly as a result of higher operating costs.

In Q3 2023, the Distribution Business Line and the Sales Business Line had the greatest share in the Group's EBITDA (48% and 47%, respectively). The Sales Business Line had a share of 6%. The operating profit ("EBIT") in Q3 2023 was PLN 462 m compared to PLN 801 m in the corresponding period of 2022. The above-described operating factors influencing EBITDA contributed the most to the decrease of EBIT y/y.

The Group's net profit in Q3 2023 decreased by PLN 341 m (64%) to PLN 195 m compared to Q3 2022. The year-on-year decrease in net income was mainly driven by the above-described operating factors influencing EBITDA. Other contributors to the net result were the result on financial operations (PLN -52 m, mainly due to an increase in the debt balance) and income tax (PLN +63 m).

In Q3 2023, the Group's sales revenues were PLN 6,055 m, up by 10% (PLN 548 m) compared to Q3 2022. The Distribution Business Line was primarily responsible for the increase in revenue, which came mainly on the back of higher revenue from the delivery of the distribution service, which was related to a higher average selling price for the distribution service y/y.

Energa Group's revenue from the Capacity Market in Q3 2023 totalled PLN 67 m (PLN 191 m in the first 9 months of 2023) versus PLN 67 m in Q3 2022 (PLN 194 m in the first 9 months of 2022).

In the first 9 months of 2023, the Group generated PLN 3,358 m in EBITDA, up 260 m (8%) on the corresponding period of 2022. A higher EBITDA on a cumulative year-on-year basis was generated by the Distribution and Sales Business Lines. The highest increase was noted by the Sales Business Line (EBITDA higher by PLN 414 m), which is related to the recognition of accounting events, i.e. partial reversal of the provision for onerous contracts as well as receipt of the “exit fee” for the transfer of processes and functions in wholesale electricity trading from Energa Obrót to ORLEN Energia, and also the recognition of the financial effects of the above-mentioned Regulation of the Minister of Climate and Environment. The Distribution Business Line generated EBITDA higher by PLN 299 m on a cumulative basis, which primarily resulted from a higher distribution margin (including grid losses) in relation to a higher average selling price of the distribution service y/y with a lower sales volume and an unfavourable purchase price of electricity to cover grid losses. On the other hand, a lower EBITDA was noted by the Generation Business Line, which mainly resulted from a lower revenue (similarly to a quarter-on-quarter basis) from electricity sales (taking into account the impact of the payment to the Price Difference Payment Fund and the impact of the valuation of open positions on electricity entered into by the Ostrołęka power plant).

The impact of material unusual events affecting EBITDA is presented below (the materiality threshold for reporting an event was set at PLN 25 m).

Table 2: EBITDA including material one-off events (PLN m)

EBITDA (PLN m)	
Q3 2023	
EBITDA	751
Adjusted EBITDA	1,001
<i>including</i>	
<i>Impact of the Regulation on reducing electricity prices for households</i>	<i>237</i>
Q3 2022	
EBITDA	1,080
Adjusted EBITDA	1,099
EBITDA (PLN m)	
9 months of 2023	
EBITDA	3,358
Adjusted EBITDA	3,508
<i>including:</i>	
<i>Revenue from “exit fee”</i>	<i>(120)</i>
<i>Impact of the Regulation on reducing electricity prices for households</i>	<i>237</i>
9 months of 2022	
EBITDA	3,098
Adjusted EBITDA	3,076
<i>including:</i>	
<i>Actuarial reserves</i>	<i>(22)</i>

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

PLN m	As at 31 December 2022	As at 30 September 2023	Change 2023/2022	Change 2023/2022 (%)
ASSETS				
Non-current assets				
Property, plant and equipment	17,386	19,399	2,013	12%
Intangible assets	1,487	912	(575)	-39%
Right-of-use assets	1,050	1,075	25	2%
Investments in equity-accounted associates and joint ventures	153	160	7	5%
Deferred tax assets	418	241	(177)	-42%
Other non-current financial assets	190	108	(82)	-43%
Other non-current assets	702	574	(128)	-18%
	21,386	22,469	1,083	5%
Current assets				
Inventories	346	394	48	14%
Income tax receivable	399	369	(30)	-8%
Trade receivable	3,271	4,916	1,645	50%
Other current financial assets	210	1 330	1,120	> 100%
Cash and cash equivalents	1,100	251	(849)	-77%
Other current assets	478	481	3	1%
	5,804	7,741	1,937	33%
Assets classified as held for sale	58	-	(58)	-100%
TOTAL ASSETS	27,248	30,210	2,962	11%
EQUITY AND LIABILITIES				
Equity				
Share capital	4,522	4,522	-	-
Foreign exchange differences from translation of foreign entities	6	4	(2)	-33%
Other reserves	1,031	1,031	-	-
Supplementary capital	1,661	1,711	50	3%
Cash flow hedge reserve	55	(22)	(77)	< -100%
Retained earnings	3,706	5,290	1,584	43%
Equity attributable to owners of the parent	10,981	12,536	1,555	14%
Non-controlling interest	559	929	370	66%
	11,540	13,465	1,925	17%
Non-current liabilities				
Loans and borrowings	1,531	1,201	(330)	-22%
Debenture loans	1,965	1,926	(39)	-2%
Non-current provisions	696	604	(92)	-13%
Deferred tax liability	931	1,024	93	10%

Deferred income and non-current grants	326	310	(16)	-5%
Lease liabilities	817	815	(2)	-0%
Other non-current financial liabilities	5	53	48	> 100%
Contract liabilities	9	8	(1)	-11%
	6,280	5,941	(339)	-5%
Current liabilities				
Trade payables	2,388	1,713	(675)	-28%
Contract liabilities	314	1,126	812	> 100%
Current portion of loans and borrowings	2,537	2,238	(299)	-12%
Debenture loans	609	34	(575)	-94%
Income tax payable	3	19	16	> 100%
Deferred income and non-current grants	202	184	(18)	-9%
Short-term provisions	2,496	1,572	(924)	-37%
Other financial liabilities	609	3,585	2,976	> 100%
Other current liabilities	245	333	88	36%
	9,403	10,804	1,401	15%
Liability directly associated with assets held for sale	25	-	(25)	-100%
Total liabilities	15,708	16,745	1,037	7%
TOTAL EQUITY AND LIABILITIES	27,248	30,210	2,962	11%

As at 30 September 2023, the balance sheet total of the Energa Group was PLN 30,210 m, up by PLN 2,962 m 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 from the Price Difference Payment Fund 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 process of the Energa Group companies to the cash pooling structure of the ORLEN Group was finalized in August 2023 to optimize cash management within the ORLEN Group.

The reasons for the change in cash are further described in the section on cash flows.

The Energa Group's equity as at 30 September 2023 was PLN 13,465 m and its share in the financing of the Group was 45%.

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.

In addition, as at 30 September 2023, compared to the end of 2022, liabilities from loans and borrowings and liabilities from the issue of debt securities decreased, which was a consequence of the redemption of a tranche of hybrid bonds in the amount

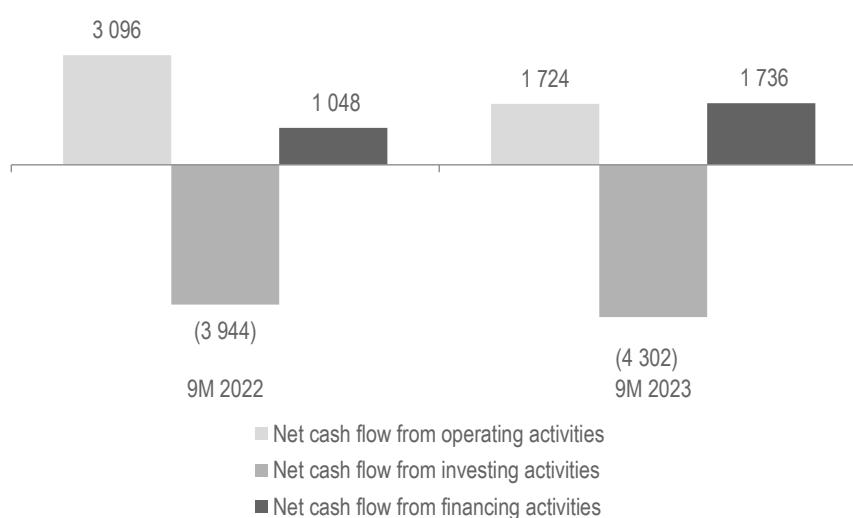
of EUR 125 m, the repayment of a working capital facility from Bank Gospodarstwa Krajowego, and a decrease in debt under the RCF syndicated loan.

In connection with the integration of project activities within the ORLEN Group, on 31 July 2023 Energa signed a contract with ORLEN Projekt on the acquisition of 100% of shares in Energa Invest Sp. z o.o.,

Table 4: Consolidated statement of cash flows (PLN m)

PLN m	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Net cash flow from operating activities	3,096	1,724	(1,372)	-44%
Net cash flows from investment activities	(3,944)	(4,302)	(358)	-9%
Net cash flows from financial activities	1,048	1,736	688	66%
Net increase / (decrease) in cash	200	(842)	(1,042)	< -100%

Figure 2: Consolidated cash flow statement (PLN m)



Total net cash flows from operating, investment and financing activities of the Group in the 9 month period of 2023 were negative at PLN (842) m, compared to positive flows of PLN 200 m in the same period of 2022.

Cash flows from operating activities amounted to PLN 1,724 m compared to PLN 3,096 m in the corresponding period of 2022. Negative cash flows from operating activities in the 9 month period of 2023 were mostly due to a negative change in working capital of PLN (2,367) m (which was also negative at PLN (466) 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 2,051 m, compared to PLN 1,982 m in the 9 month period of 2022.

Net cash flow from investing activities in the 9 month period of 2023 totaled PLN (4,302) m vs. PLN (3,944) m in the corresponding period of 2022. The main contributor was expenditure on property, plant and equipment and intangible assets, which totaled PLN (3,094) m in the 9 month period of 2023 vs. PLN (3,996) m in the corresponding period of 2022, and cash pooling outflows in the amount of PLN (1,174) m.

Cash flows from financing activities totaled PLN 1,736 m and were generated mainly by new financial liabilities of PLN 2,530 m, cash pooling inflows of PLN 3,072 m and ORLEN's capital contributions to CCGT Ostrołęka Sp. z o.o. in the amount of PLN 382 m. On the other hand, financing outflows in the 9 month period of 2023 resulted mainly from scheduled repayments of current loans and borrowings totaling PLN (3,147) m, repurchase of debt securities in the amount of PLN (578) m, PLN (68) m in lease repayments and PLN (436) m in current interest payments. Cash flow from financing activities in the corresponding period of 2022 was lower at PLN 1,048 m, which was mainly due to a lower balance of incurred / repaid financial liabilities compared to the 9 month period of 2023.

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

Figure 3: Structure of assets and liabilities

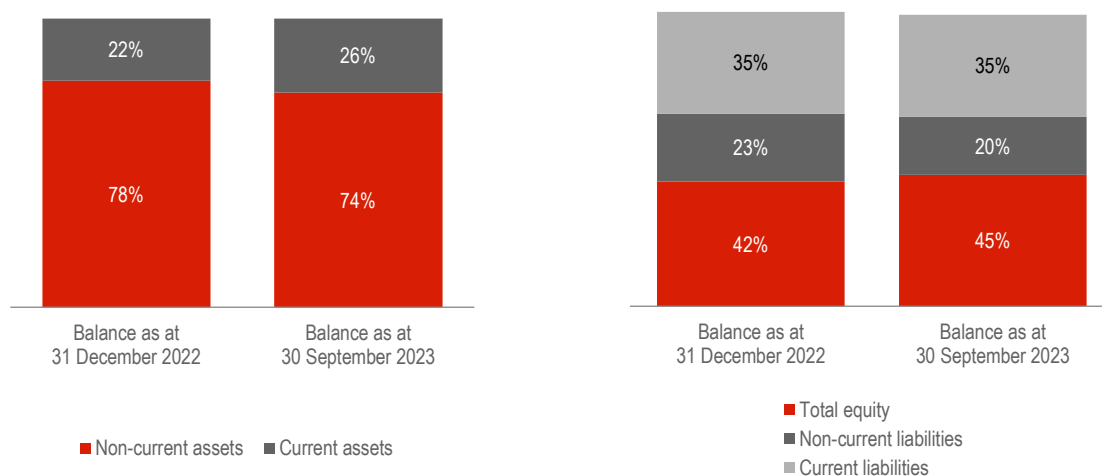


Table 5: Financial ratios of the Energa Group

Ratio	Definition	9 months of 2022	9 months of 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)	20.6%	17.2%
return on equity (ROE)	net profit for the period* / closing balance of equity	12.8%	7.7%
return on sales (ROS)	net profit for the period / sales revenues (including revenue from the Price Difference Payout Fund)	10.6%	8.3%
return on assets (ROA)	net profit for the period* / closing balance of total assets	6.1%	3.4%

Ratio	Definition	As at 31 December 2022	As at 30 September 2023
Liquidity			
current liquidity ratio	current assets / current liabilities	0.6	0.7
Debt			
financial liabilities (PLN m)*	total liabilities due to loans and borrowings, debt securities, as well as cash pooling and leases, both long- and short-term	7,504	9,354
net financial liabilities (PLN m)	financial liabilities – cash and cash equivalents	6,404	9,103
net debt** / EBITDA* ratio	net financial liabilities / EBITDA	1.8	2.4

* EBITDA for the last 12 months

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

Both revenue and EBITDA increased in the first 9 months of 2023 compared to the same period of the previous year (the drivers behind this are described in the section discussing financial figures). Due to the higher revenue growth rate, the EBITDA margin ratio decreased to 17.2% in the first 9 months of 2023. Operating factors contributing to the improvement in EBITDA

also improved the net income y/y, but the higher growth rate of sales revenues and carrying amounts (balance sheet total, equity) resulted in lower profitability ratios.

The current ratio at the end of September 2023 was 0.7%, slightly higher than at the end of 2022.

The increase in the net debt/EBITDA ratio was driven mainly by the higher balance of financial liabilities in connection with the inclusion of cash pooling liabilities from ORLEN SA. Annualised EBITDA at the end of September 2023 was higher than EBITDA for 2022.

3.4. Description of significant off-balance sheet items

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

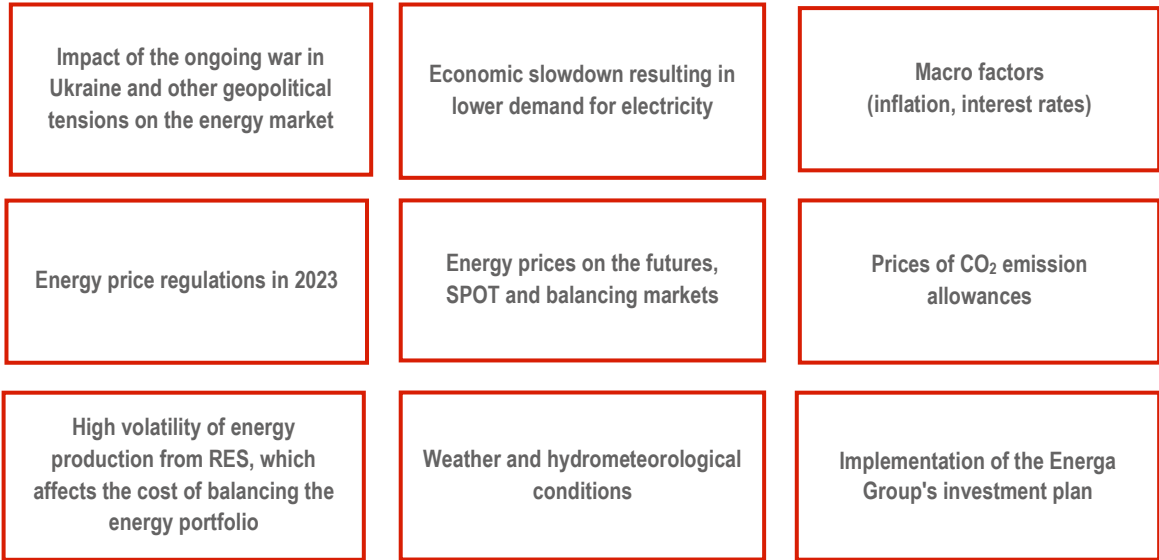
3.5. Projected financial results

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

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

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

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





Hydro plant in Lidzbark

Activities of the Energa Group's Business Lines

4. ACTIVITIES OF THE ENERGA GROUP'S BUSINESS LINES

The financial results of the Energa Group by Business Line were as follows:

Table 6: EBITDA of the Energa Group, by Business Line (PLN m)

EBITDA in PLN m	Q3 2022	Q3 2023	Change	Change (%)
DISTRIBUTION	374	359	(15)	-4%
GENERATION	363	47	(316)	-87%
SALES	373	352	(21)	-6%
OTHER and consolidation eliminations and adjustments	(30)	(7)	23	77%
Total EBITDA	1,080	751	(329)	-30%

EBITDA in PLN m	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
DISTRIBUTION	1,651	1,950	299	18%
GENERATION	816	413	(403)	-49%
SALES	680	1 094	414	61%
OTHER and consolidation eliminations and adjustments	(49)	(99)	(50)	-100%
Total EBITDA	3,098	3,358	260	8%

4.1. Distribution Business Line

4.1.1. Operating and business activities

Table 7: Electricity distribution by tariff group (GWh)

Electricity distribution by tariff group (invoiced sales) (GWh)	Q3 2022	Q3 2023	Change	Change (%)	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Tariff group A (HV)	941	831	(110)	-12%	2,794	2,571	(223)	-8%
Tariff group B (MV)	2,268	2,236	(32)	-1%	6,970	6,509	(461)	-7%
Tariff group C (LV)	1,042	962	(81)	-8%	3,201	2,939	(262)	-8%
Tariff group G (LV)	1,353	1,318	(35)	-3%	4,518	4,591	73	2%
Total distribution of electricity	5,604	5,346	(258)	-5%	17,483	16,610	(873)	-5%

During 9 months of 2023, the volume of electricity supplied was 16,610 GWh, down by 5% from the corresponding period of the previous year. On the other hand, in only Q3 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 A and C groups. The lower volume of the distribution service was related to the economic slowdown this year.

Table 8: SAIDI and SAIFI indicators

	SAIDI			SAIFI		
	Unplanned incl. catastrophic	Planned	Total	Unplanned incl. catastrophic	Planned	Total
	Minutes per customer in the period			Disruptions per customer in the period		
Q3 2022	45.9	7.2	53.1	0.6	0.0	0.6
Q3 2023	28.5	7.4	35.9	0.5	0.0	0.5
Change	(17.4)	0.2	(17.2)	(0.1)	(0.0)	(0.1)
Change (%)	-38%	3%	-32%	-14%	-15%	-14%
9 months of 2022	370,0	18.8	388,8	2.7	0.1	2.9
9 months of 2023	112,1	20.7	132,9	1.4	0.1	1.5
Change 2023/2022	(257,9)	1.9	(256,0)	(1.4)	(0.0)	(1.4)
Change 2023/2022 (%)	-70%	10%	-66%	-50%	-4%	-48%

The Energa Group achieved a low level of SAIDI (planned and unplanned incl. catastrophic) of 132.9 minutes per customer in the first 9 months of 2023, compared to 388.8 minutes per customer in the corresponding period of 2022. SAIFI improved as well. The combined values of SAIDI and SAIFI supply reliability for 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 on such a scale occurred this year.

In Q3 2023, SAIDI/SAIFI were also lower than in the corresponding period of the previous year.

4.1.2. Financial results

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

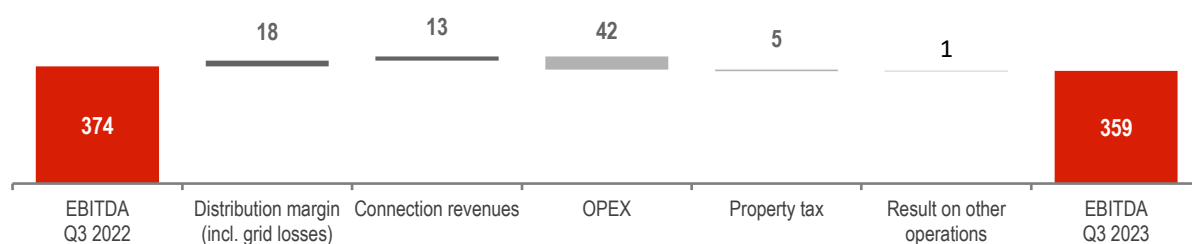


Table 9: Results of the Distribution Business Line (PLN m)

PLN m	Q3 2022	Q3 2023	Change	Change (%)
Revenue	1,078	1,600	522	48%
EBITDA	374	359	(15)	-4%
amortisation and depreciation	226	234	8	4%
impairment losses on non-current non-financial assets	-	-	-	0%
EBIT	148	125	(23)	-16%
Net result	46	28	(18)	-39%
CAPEX	446	473	27	6%

PLN m	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Revenue	3,423	5,011	1,588	46%
EBITDA	1,651	1,950	299	18%
amortisation and depreciation	676	708	32	5%
impairment losses on non-current non-financial assets	-	-	-	0%
EBIT	975	1,242	267	27%
Net result	623	791	168	27%
CAPEX	1,110	1,408	298	27%

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



In Q3 2023, the Distribution Business Line generated 48% of EBITDA for the Energa Group (vs. 35% in the comparable period of 2022).

The sales revenue in Q3 2023 was PLN 1,600 m, up 48% year on year. The increase in revenue comes mainly on the back of higher revenue from the delivery of the distribution service, which is related to a higher average selling price for the distribution service y/y.

The Line's EBITDA in Q3 2023 was PLN 359 m vs. PLN 374 m in the corresponding period of the previous year. Higher operating costs had a significant impact on EBITDA, which was partially the result of inflation and partially the 2022 base effect - in the first quarter of 2022, due to mass failures, work was carried out to remove them, which burdened other operating activities, not OPEX. This year, due to the lack of such significant failures covered by insurance, normal operational works are being carried out.

Other factors that contributed to the change in the operating EBITDA result include a higher distribution margin (with grid losses) – the higher average selling price of the distribution service y/y was largely offset by a higher purchase price of energy to cover grid losses. The revenue from grid connections was also higher y/y.

The Distribution Business Line's net profit in Q3 2023 was PLN 28 m vs. PLN 46 m in the corresponding period of 2021. This was mainly due to a change in EBIT.

The Line's capital expenditure in Q3 2023 was PLN 473 m, up PLN 27 m year on year.

In the first 9 months of 2023, the Distribution Business Line's EBITDA amounted to PLN 1,950 m, up PLN 299 m (or 18%) year on year. EBIT, on the other hand, came in at PLN 1,242 m, which again means an increase, by 27% year on year. Distribution margin went up by PLN 405 m (taking into consideration grid losses), which had a considerable impact on operating profit. That was primarily the effect of the higher average 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 higher revenue from grid connections also had a positive impact on the change in EBITDA. On the other hand, the negative factors were, for example, the 2022 base effect: the cost of 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 9 months of 2023 (the impact was favourable in the corresponding period of the previous year).

4.2. Generation Business Line

4.2.1. Operating and business activities

Table 10: Gross electricity production (GWh)

Gross electricity production (GWh)	Q3 2022	Q3 2023	Change	Change (%)	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Power plants – coal-fired	840	461	(378)	-45%	2,282	1,223	(1,059)	-46%
CHP plants – coal-fired	5	-	(5)	-100%	14	-	(14)	-100%
CHP plants – biomass-fired	18	16	(2)	-11%	52	62	10	20%
Power plants – hydro	102	127	25	25%	595	713	118	20%
Pumped storage power plant	21	26	5	24%	68	82	14	21%
Power plants – wind	78	75	(3)	-3%	374	336	(38)	-10%
Power plants – photovoltaics	19	33	14	76%	23	62	40	> 100%
Total production of electricity	1,082	739	(344)	-32%	3,408	2,479	(929)	-27%
<i>of which renewable</i>	<i>216</i>	<i>251</i>	<i>35</i>	<i>16%</i>	<i>1,043</i>	<i>1,173</i>	<i>130</i>	<i>12%</i>

In Q3 2023, the generating assets in the Energa Group produced approximately 0.7 TWh of electricity vs. 1.1 TWh in the same period last year (down by 32%). The downward trend mainly concerned the Ostrołęka power plant. During that period, 62% of the Group's gross electricity production originated from hard coal, 21% from hydro, 10% from wind, 2% from biomass and 5% from PV farms.

The production level at the Ostrołęka power plant was determined by must-run operation for the Transmission System Operator in Poland, the availability of the units and the existing market contracts. The generation of energy by run-of-river power plants is an effect of hydrological conditions, while the wind power production was determined by the prevailing weather conditions. The production of energy by the Group's CHP plants is determined by the production of heat, which depended mostly on the demand for heat from local customers of the Group, availability of the Group's cogeneration units and availability of production inputs (including biomass).

In the first 9 months of 2023, energy production decreased mainly from the Ostrołęka power plant and wind power plants. Production growth was noted mainly from hydropower plants and PV farms.

Table 11: Gross heat production (TJ)

Gross heat production in TJ	Q3 2022	Q3 2023	Change	Change (%)	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Energa Kogeneracja Sp. z o.o.	212	131	(80)	-38%	1 388	1 230	(158)	-11%
Energa Elektrownie Ostrołęka SA	147	125	(22)	-15%	804	745	(59)	-7%
Energa Ciepło Kaliskie Sp. z o.o.	15	59	43	> 100%	183	246	62	34%
Total gross heat production	374	315	(59)	-16%	2,375	2,221	(155)	-7%

In Q3 2023, the Group generated 16% (59 TJ) less heat year on year, which was attributable to a range of factors, including air temperatures determining the demand for heat from the Group's local customers in Ostrołęka, Elbląg and Kalisz.

Similarly, lower heat production was observed in the first 9 months of 2023 compared to the corresponding period of the previous year. The Group produced 155 TJ (7%) less heat year on year, which was due to weather conditions, just like in Q3 year on year.

Table 12: Volume and cost of key fuels*

Fuel consumption*	Q3 2022	Q3 2023	Change	Change (%)	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Coal								
Amount (thousand tonnes)	393	213	(180)	-46%	1,067	586	(481)	-45%
Cost (PLN m)	353	184	(170)	-48%	596	638	42	7%
Biomass								
Amount (thousand tonnes)	17	17	(0)	-0%	50	61	11	22%
Cost (PLN m)	27	18	(8)	-31%	60	73	13	22%
Total fuel consumption (PLN m)	380	202	(178)	-47%	656	711	55	8%

* including cost of transport

In Q3 2023, the Group's generators consumed 180 thousand tonnes less coal than in the corresponding period of the preceding year. The lower coal consumption is an effect of lower electricity production, mainly by the Ostrołęka power plant. At the same time, lower unit costs of coal and biomass purchase were recorded.

For 9 months of 2023 (similarly to Q3 y/y), coal consumption (depending on the production of the power plant in Ostrołęka) was lower and biomass consumption was higher (higher production of the biomass unit in Elbląg) compared to the same period of the previous year. Higher unit costs of coal purchase and slightly lower unit costs of biomass purchase y/y were also noted.

4.2.2. Financial results

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

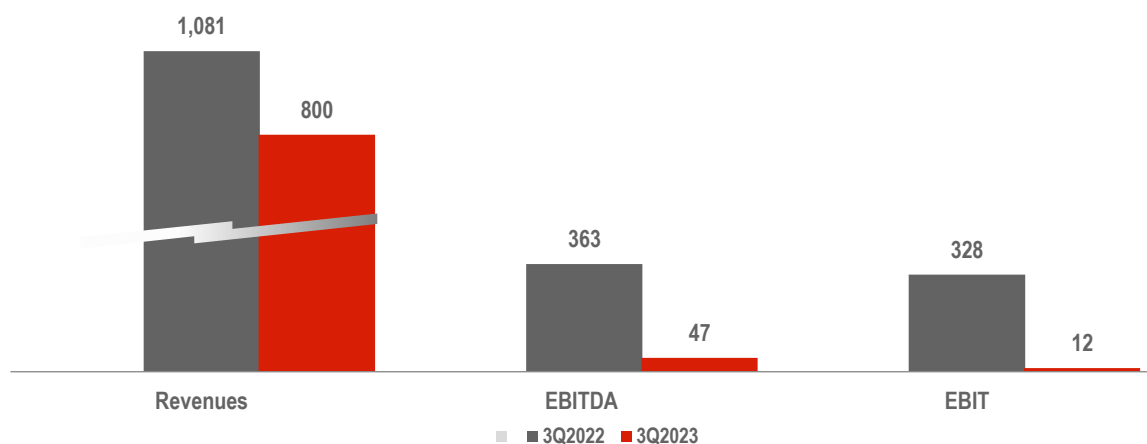


Table 13: Results of the Generation Business Line of the Energa Group (PLN m)

PLN m	Q3 2022	Q3 2023	Change	Change (%)
Revenue	1,081	800	(281)	-26%
EBITDA	363	47	(316)	-87%
amortisation and depreciation	35	35	-	0%
impairment losses on non-current non-financial assets	-	-	-	0%
EBIT	328	12	(316)	-96%
Net result	243	(29)	(272)	< -100%
CAPEX	225	18	(207)	-92%

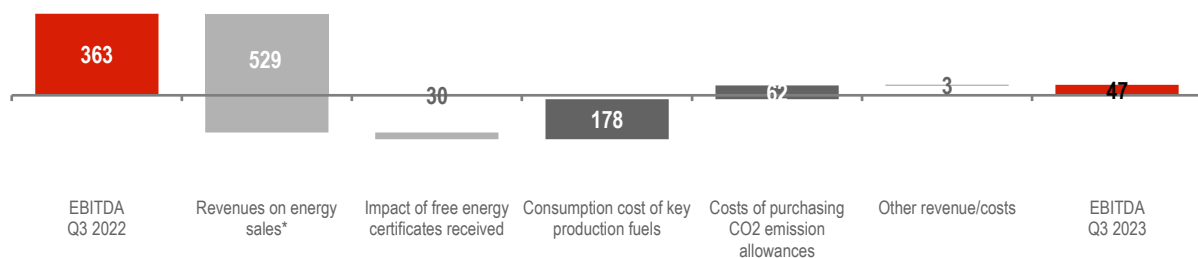
PLN m	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Revenue	2,594	3,056	462	18%
EBITDA	816	413	(403)	-49%
amortisation and depreciation	113	107	(6)	-5%
impairment losses on non-current non-financial assets	73	(1)	(74)	< -100%
EBIT	630	307	(323)	-51%
Net result	497	192	(305)	-61%
CAPEX	275	213	(62)	-23%

The following table presents a breakdown of EBITDA for the Generation Business Line by Division. The overview shows non-consolidated data, excluding inter-company transactions between business areas and consolidation adjustments.

Table 14: EBITDA of the Generation Business Line by Division (PLN m)

EBITDA in PLN m	Q3 2022	Q3 2023	Change	Change (%)	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Hydro	60	32	(28)	-47%	257	186	(71)	-28%
Wind	43	(3)	(45)	< -100%	171	97	(74)	-43%
Ostrołęka power plant	255	26	(229)	-90%	436	144	(291)	-67%
Other and adjustments	6	(8)	(14)	< -100%	(47)	(13)	34	72%
Generation total	363	47	(316)	-87%	816	413	(403)	-49%

Figure 8: 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 and the impact of valuation of open positions of the power plant in Ostrołęka

The EBITDA of the Generation Business Line in Q3 2023 was PLN 47 m (down PLN 316 m y/y), accounting for 6% of the total Group EBITDA (vs. 34% in Q3 2022). The Line's EBITDA in Q3 2023 was driven by a range of factors, mainly revenue from the sale of electricity, impact of energy origin certificates received free of charge, the cost of consumption of key fuels for production, and the cost of purchase of emission allowances.

Lower revenue from the sale of electricity resulted, for example, from lower electricity production by the Ostrołęka power plant, write-offs to the Price Difference Payment Fund (PLN 175 m in Q3 2023) and taking into account the impact of the valuation of open positions on electricity entered into by the Ostrołęka power plant (impact of valuation of open futures contracts in electricity trades entered into by the Ostrołęka power plant was caused by a change in the methodology of accounting for the valuation of those contracts, introduced in late 2021).

The impact of the energy origin certificates received free of charge was mainly dependent on the lower market prices of this product due to the presented draft regulation specifying the percentage obligation to redeem RES property rights by energy sellers in 2024.

The cost of key fuels for production was mainly determined by a lower volume of electricity production at the Ostrołęka power plant, lower unit cost of fuel and efficiency of generation facilities.

The lower purchasing cost of CO2 emission allowances was an effect of lower production by conventional sources (notably by the Ostrołęka power plant) with a relatively higher impact of market prices for emission allowances.

The capital expenditure of this Line in Q3 2023 decreased by PLN 207 m y/y and its level resulted mainly from the projects aimed to modernise CHP and RES sources.

The Line's EBITDA for 9 months of 2023, lower by PLN 403 m y/y, was mainly determined (similarly to a quarter-on-quarter basis) by a lower revenue from electricity sales (taking into account the impact of the payment to the Price Difference Payment Fund in the amount of PLN 924 m and the valuation of open positions on electricity entered into by the Ostrołęka power plant). In addition, the results were negatively affected by the impact of the energy origin certificates received free of charge and higher costs of consumption of key production fuels. The above results were partially offset by the lower purchasing cost of emission allowances.

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

PLN m	Q3 2022	Q3 2023	Change	Change (%)	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Revenue	107	197	91	85%	376	1,065	689	> 100%
EBITDA	60	32	(28)	-47%	257	186	(71)	-28%
EBIT	51	23	(28)	-55%	230	159	(70)	-31%
CAPEX	2	5	3	> 100%	6	7	1	24%

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

PLN m	Q3 2022	Q3 2023	Change	Change (%)	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Revenue	59	69	9	16%	222	262	40	18%
EBITDA	43	(3)	(45)	< -100%	171	97	(74)	-43%
EBIT	26	(19)	(45)	< -100%	122	47	(74)	-61%
CAPEX	1	1	0	37%	2	7	5	> 100%

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

PLN m	Q3 2022	Q3 2023	Change	Change (%)	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Revenue	850	486	(364)	-43%	1,849	1,497	(352)	-19%
EBITDA	255	26	(229)	-90%	436	144	(291)	-67%
EBIT	254	26	(229)	-90%	441	143	(298)	-68%
CAPEX	1	1	(0)	-10%	5	6	1	27%

Table 18: Results of the Other and adjustments Division (PLN m)

PLN m	Q3 2022	Q3 2023	Change	Change (%)	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Revenue	65	47	(18)	-27%	147	232	85	58%
EBITDA	6	(8)	(14)	< -100%	(47)	(13)	34	72%
EBIT	(3)	(17)	(14)	< -100%	(162)	(42)	120	74%
CAPEX	221	11	(210)	-95%	262	193	(69)	-26%

4.3. Sales Business Line

4.3.1. Operating and business activities

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

Sales of electricity by the Sales Business Line in GWh	Q3 2022	Q3 2023	Change	Change (%)	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Retail sales of electricity	4,360	3,964	(396)	-9%	13,313	12,546	(767)	-6%
Sales of electricity in the wholesale market, including:	728	742	14	2%	2,736	2,236	(500)	-18%
<i>Sales of energy to the balancing power market</i>	227	231	4	2%	791	937	146	18%
<i>Other wholesale</i>	501	511	10	2%	1,944	1,298	(646)	-33%
Total sales of electricity	5,088	4,706	(383)	-8%	16,049	14,782	(1,267)	-8%

In Q3 2023, the total volume of electricity sold by the Sales Business Line declined by 8% (or 383 GWh) vs. Q3 2022. This is the effect of lower sales of energy in the retail market.

The retail sales volume decreased in Q3 2023 by 9% (i.e. 396 GWh) y/y, which should be attributed to the level of contracting of business customers, increased self-consumption of energy by prosumers (the effect of an increase in the prosumer base, i.e. investment in own generation sources), as well as to macroeconomic effects such as the economic slowdown and high energy prices promoting energy savings.

At the end of Q3 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 51,000 customers y/y. The G tariff group (households) is mainly responsible for the increase in the customer base.

Electricity sales on the wholesale market in Q3 2023 were at a similar level as in the corresponding period of the previous year. The level of these sales is determined by the process of balancing the energy portfolio.

In 9 months of 2023, the trend was the same as in Q3 2023, i.e. the energy sales volume was 8% lower (by 1,267 GWh) y/y. The volume of sales in the retail market was 6% lower than in 9 months of 2022 for the reasons described above. On the other hand, a different trend occurred in the case of the volume of electricity sales on the wholesale market, which in turn decreased by 18% y/y, which was the result of a lower scale of the sale of surplus electricity related to the balancing of the energy portfolio.

4.3.2. Financial results

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

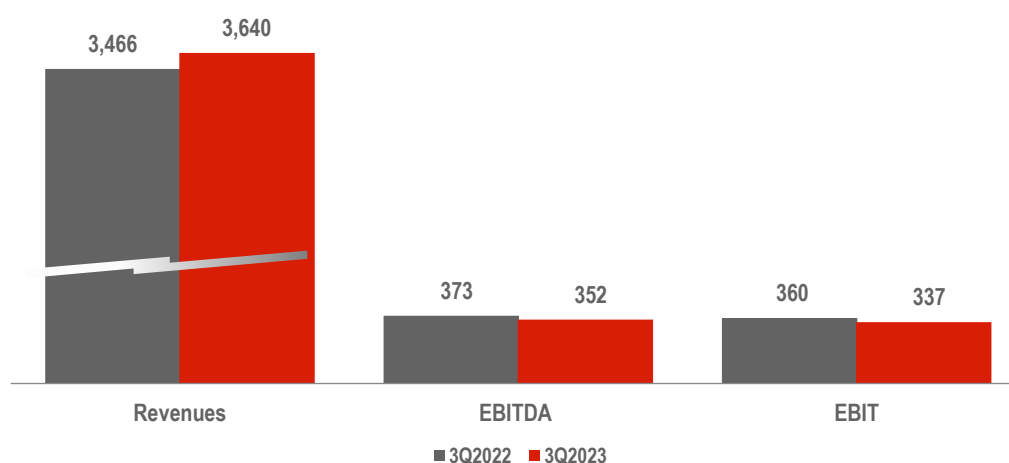
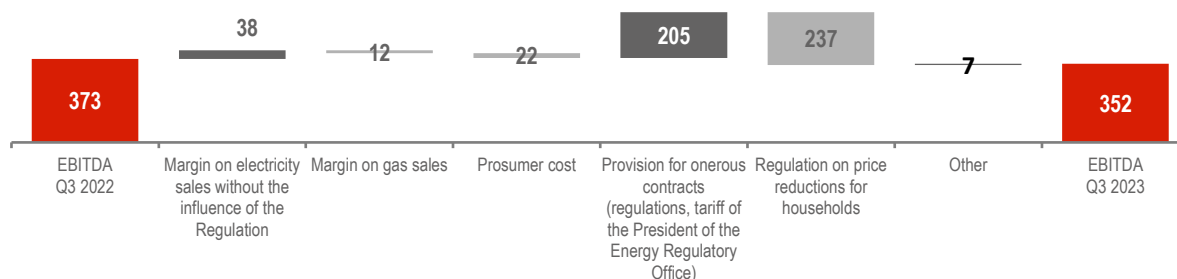


Table 20: Results of the Sales Business Line of the Energa Group (PLN m)

PLN m	Q3 2022	Q3 2023	Change	Change (%)
Revenue	3,466	3,640	174	5%
EBITDA	373	352	(21)	-6%
amortisation and depreciation	13	15	2	15%
impairment losses on non-current non-financial assets	-	-	-	0%
EBIT	360	337	(23)	-6%
Net result	292	271	(21)	-7%
CAPEX	22	23	1	5%

PLN m	9 months of 2022	9 months of 2023	Change 2023/2022	Change 2023/2022 (%)
Revenue	9,411	12,439	3,028	32%
EBITDA	680	1 094	414	61%
amortisation and depreciation	41	46	5	12%
impairment losses on non-current non-financial assets	-	-	-	0%
EBIT	639	1 048	409	64%
Net result	514	826	312	61%
CAPEX	43	80	37	86%

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



In Q3 2023, the EBITDA of the Sales Business Line totalled PLN 352 m, down by PLN 21 m compared to the result achieved in the corresponding period of 2022 (EBITDA of PLN 373 m). The Line's EBITDA in Q3 2023 accounted for 47% of EBITDA of the Energa Group, vs. 35% in Q3 2022.

Revenues of the Sales Business Line in Q3 2023 amounted to PLN 3,640 m, up by PLN 174 m (5%) compared to Q3 2022. The increase was driven by higher selling prices for electricity and gas.

Two accounting events resulting from the regulations on electricity sales prices to end-users in 2023 had a significant impact on the financial results of the Sales Business Line in Q3 2023. Their impact on the result was completely different. 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-users in 2023 contributed to the higher EBITDA y/y (PLN +205 m). 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. On the other hand, the second event had a negative impact on EBITDA. In the results for Q3 2023, the Group took into account the financial consequences of the Regulation of the Minister of Climate and Environment amending the Regulation setting out the rules of structuring and calculating tariffs and billings in electricity

trading. The Regulation introduces a mechanism to reduce the amounts payable by households (by ca. PLN 125 per customer) to electricity trading companies for 2023. The Sales Business Line estimated the negative impact of the introduction of this mechanism at PLN 320 m for the entire year, of which PLN 237 m was included in the results of the third quarter of this year (in proportion to the level of energy consumption during the year).

The electricity sale margin (calculated without taking into account the impact of the above-mentioned regulation) appeared to be higher y/y (by PLN 38 m) as a result of an increase in the unit margin.

The margin on gas sales adversely affected EBITDA y/y: in Q3 2023 it was lower by PLN 12 m than in the corresponding period of the previous year. That is the effect of no option to transfer the entire growth in purchasing price of that fuel to end-users, and also of the lower sales volume.

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 22 m y/y in Q3 2023. That results from a larger customer base in 2023, and more careful consumption of produced and stored energy.

In the first 9 months of 2023, EBITDA of the Sales Business Line totalled PLN 1,094 m, up PLN 414 m on the corresponding period of 2022. The accounting events, i.e. the release of part of the provision for onerous contracts (+PLN 708 m) and payment of the "exit fee" by ORLEN Energia (+PLN 120 m) for the transfer of processes and functions in wholesale electricity trading from Energia Obrót to ORLEN Energia, had the most significant impact on the increase in EBITDA on a cumulative basis. The change in the result (decrease by PLN 237 m) was adversely affected by the recognition of the financial effects of the regulation referred to above.



Hydro plant in Pieniężno

Regulatory and business environment

5. REGULATORY AND BUSINESS ENVIRONMENT

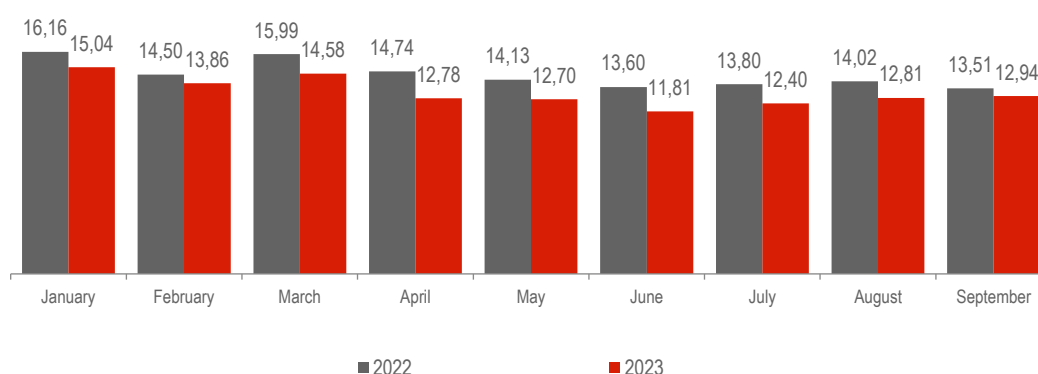
5.1. Electricity market in Poland

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

Domestic production and consumption of electricity

According to data published by Polskie Sieci Elektroenergetyczne (PSE), the production of electricity in Poland totalled 118.91 TWh after three quarters of 2023 and was 11.53 TWh or 8.8% lower vs. the corresponding period of the previous year (130.44 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).

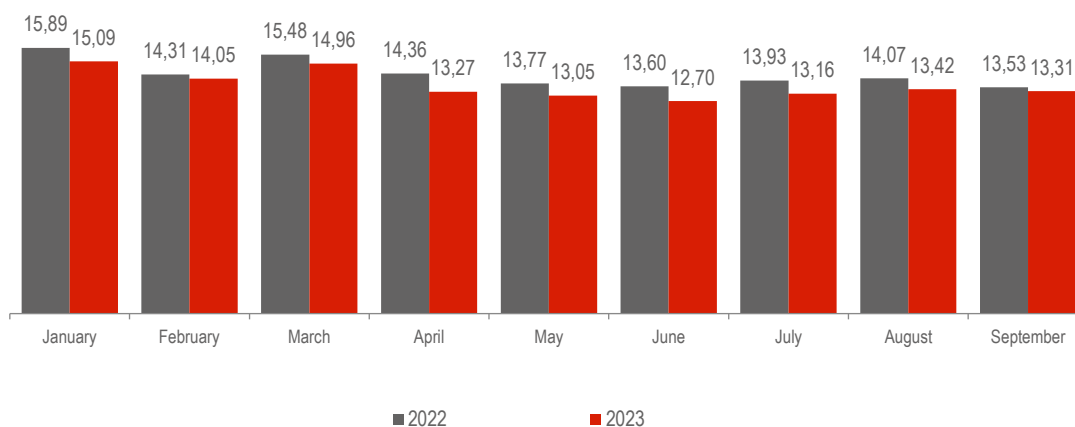
Figure 11: Production of electricity in Poland after three quarters of 2023 (TWh)



Source: PSE

After three quarters of 2023, domestic consumption of electricity in Poland totalled 123.00 TWh and was lower by 5.94 TWh or 4.6% lower relative to the corresponding period of the previous year (128.94 TWh). The decline in consumption was attributed to lower demand caused by economic slowdown.

Figure 12: Consumption of electricity in Poland after three quarters of 2023 (TWh)

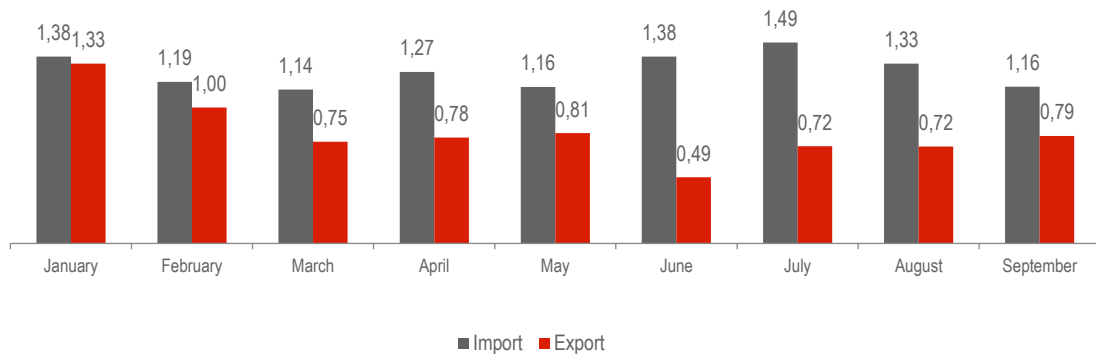


Source: PSE

Poland's cross-border power exchange

In the first 3 quarters of 2023, electricity imports amounted to 11.49 TWh, remaining flat versus the corresponding period of the previous year. When comparing the two corresponding periods, a slight decline in electricity exports, by 5.59 TWh, can be observed, accounting primarily for the 4.09 TWh surplus of net electricity imports in the period under review, as compared net exports of 1.50 TWh in the corresponding period of the previous year. This is mainly due to less electricity being exported in parallel exchange (Germany, Czech Republic, Slovakia).

Figure 13: Monthly volumes of cross-border power exchange in Poland after three quarters of 2023 (TWh)

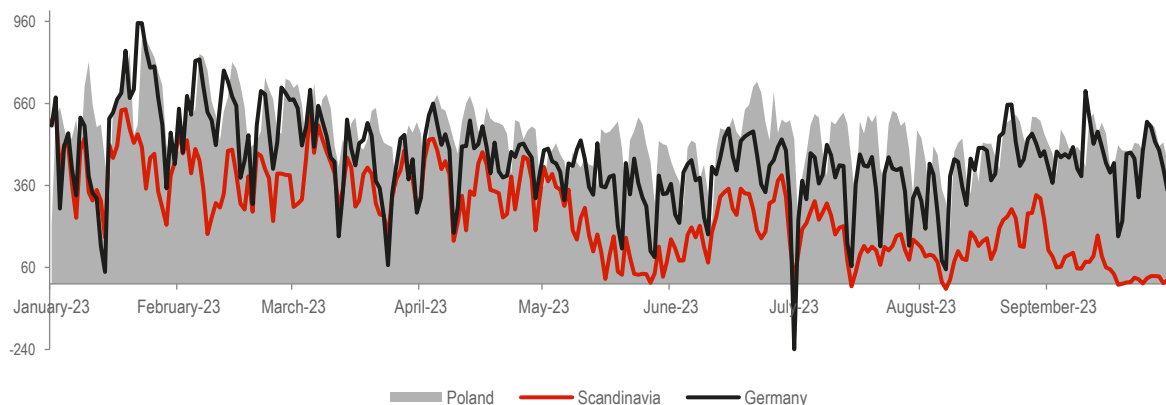


Source: PSE

Energy prices in selected countries neighbouring with Poland

The average prices on the SPOT market in Poland after three quarters of 2023 were higher than in the neighbouring countries, similarly to Q3 2023 alone. 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 and prices of emission allowances, translated into price drops in the Polish market and in the neighbouring countries. The highest price deviations were observed in relation to the Scandinavian market (+112.43%, or PLN +290.59/MWh), while lower deviations were observed in comparison with prices in the German market (+19.72%, or PLN 90.43/MWh).

Figure 14: Prices of energy in the SPOT market in Poland and in selected neighbouring countries after three quarters of 2023 (price (PLN/MWh))



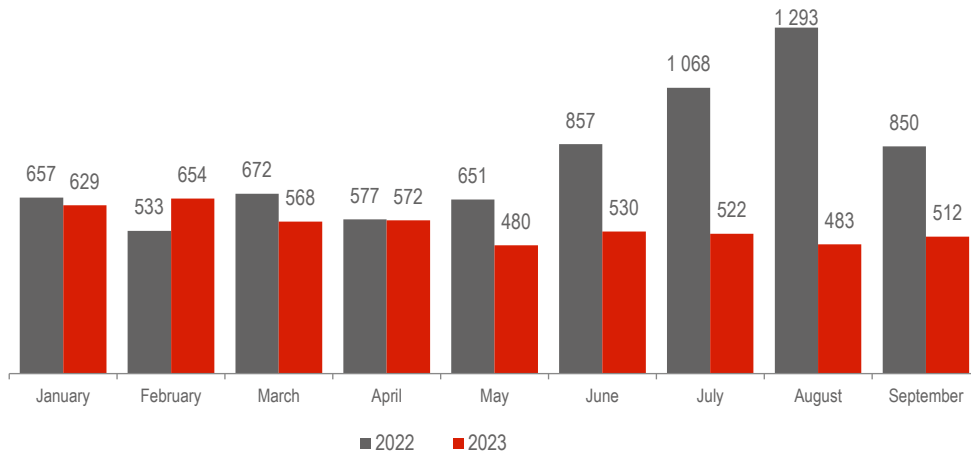
Source: Bloomberg, TGE

Day-Ahead Market of electricity in Poland

After the first three quarters of 2023, the TGeBase index averaged PLN 549.05/MWh, and was lower by PLN 249.60/MWh than in the corresponding period of the previous year (PLN 798.65/MWh). When comparing Q3 2023 to Q3 2022, a price drop by PLN 566.99/MWh can be observed. A low power demand 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 15: TGeBase index after three quarters of 2023 (PLN/MWh)



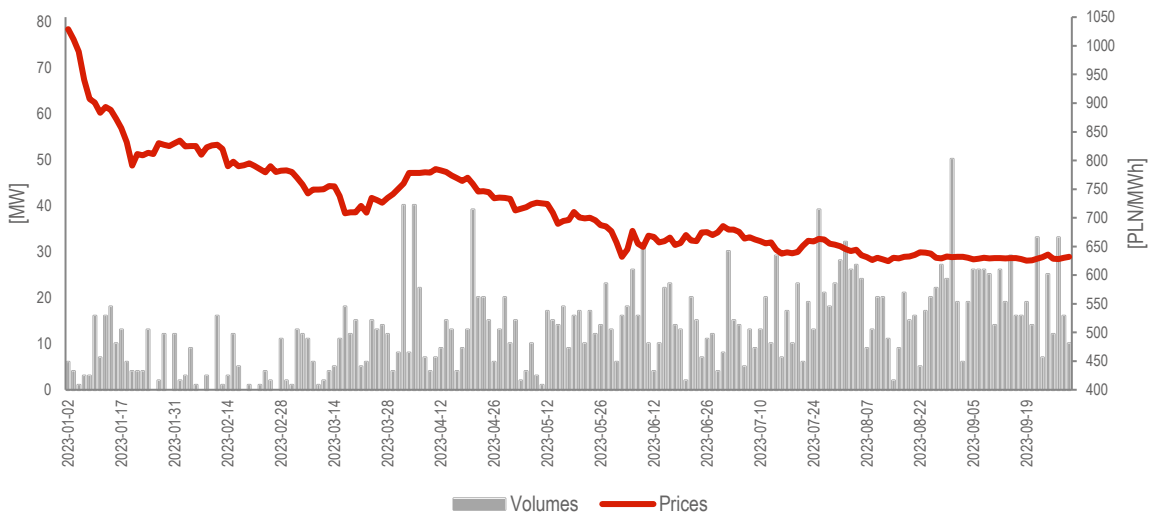
Source: TGE

Electricity futures market in Poland

In the first three quarters of 2023, the electricity futures market was in a downward trend, with the curve becoming flatter in the second half of Q3, closing well below PLN 650.00/MWh (BASE 2024). The main contributors to electricity price drops in the futures market in Q3 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,
- increase in electricity production by RES,
- decline in SPOT market prices,
- energy price drops in the neighbouring markets.

Figure 16: Base-load electricity futures price with delivery in 2023 after three quarters of 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 the baseline to determine 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, being the plan to sell 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, the closing price was above €100 per tonne, and specifically €100.34 per tonne. In Q3 itself, the price decreased slowly but steadily. In August, as every year during the holiday season, auction volumes on the primary market were reduced. Due to the introduction of the additional auction volume resulting from REPowerEU from July onwards, the total volume in August was ultimately reduced not by half as in previous years, but by 44% compared to July. This means that the volume reduction fell from 47.7 million EUA in July to 26.8 million EUA in August. In previous years, this translated into prices of the emission allowances not falling, but this year EUA prices have behaved quite differently. On 08.09.2023, the German Parliament adopted a law prohibiting the use of fossil fuel boilers from 2028. The original version of the regulation envisaged a ban effective 2024, but due to changes in political opinions, the ban was postponed. Strong coal and gas stock levels, favourable weather conditions and persistent poor sentiments and macroeconomic metrics contributed to a drop in EUA prices. At the end of Q3 2023, EUAs traded at EUR 81.67 per tonne, up 1% on the end of 2022 and up 22% on the end of Q3 2022.

Figure 17: EUA prices after three quarters of 2023 (EUR/tonne)



Source: Bloomberg

Market for property rights

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

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

Index (type of certificate)	Index value		Obligation percent (%)	Substitution fee (PLN)
	Three quarters of 2022 (PLN/MWh)	Three quarters of 2023 (PLN/MWh)		
OZEX_A (green)	195.19	179.12	12.0*	300.03*

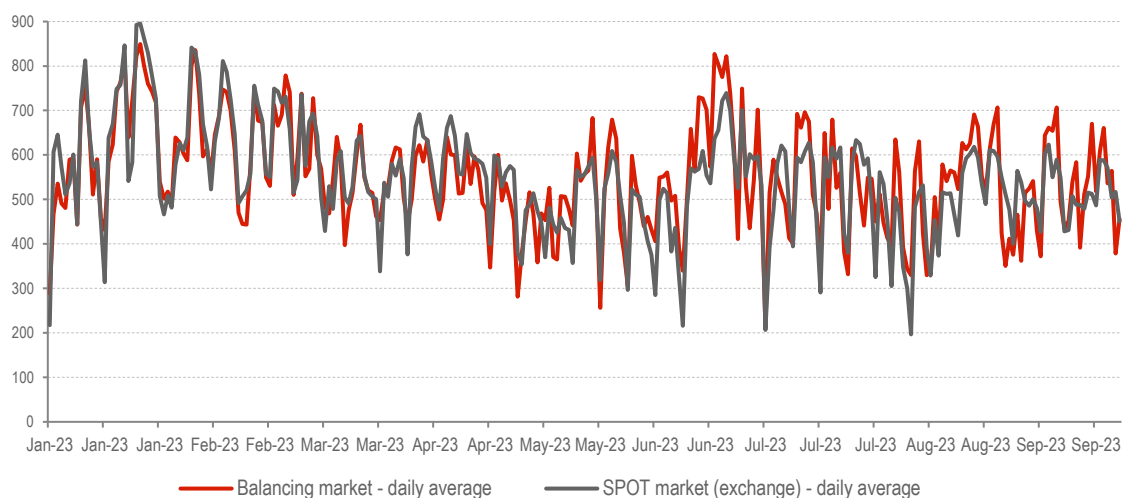
* value of the substitution fee and redemption obligation for 2023.

From the perspective of the Energa Group's generation structure (high share of renewable production), the prices of green property rights are of key importance. PM OZE (green certificate) prices in EOB trades consistently declined over the first nine months of 2023. The market prices collapsed in August when a draft regulation was published, providing for the lowering of the cancellation obligation from 12% to 5% in 2024. PM OZE traded at PLN 51.89 per MWh at the end of Q3 2023.

Balancing Power Market

Since 1 January 2019, the limits for electricity clearing prices on the balancing power market changed and currently range from PLN -50,000.00/MWh to PLN +50,000.00/MWh. For the most part of the first 3 quarters of 2023, prices in the balancing power market were close to day-ahead market prices. The situation on 5 September 2023 marked a clear departure from that rule, when the average daily price on the balancing power market was PLN 361.81/MWh and PLN 176.47/MWh less than the day-ahead market price. The average price in the balancing power market in the period under review was PLN 552.41/MWh, compared to PLN 716.78/MWh in the corresponding period of the previous year.

Figure 18: Comparison of prices in the balancing power market and SPOT market (exchange) after three quarters of 2023 (PLN/MWh)



Source: TGE, PSE

5.2. Regulatory environment

Legislative processes ended in Q3 2023

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

Legal act	purpose of the regulations
<p>Act of 17 August 2023 amending the Renewable Energy Sources Act and Certain Other Acts Journal of Laws of 2023 item 1762</p>	<p>The Act entered into force on 1 October 2023 (subject to the vacatio legis of some of the provisions referred to in its Article 50).</p> <p>Key assumptions:</p> <p>Increase in the share of renewable energy sources in gross domestic energy consumption, as well as broadly understood development of the energy sector in line with economic emission reduction ambitions and international commitments.</p> <p>Implementation 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, referred to below as "RED II Directive" in the following areas:</p> <ul style="list-style-type: none"> ✓ RES National Contact Point (Article 16 of RED II); ✓ Administrative procedures (Articles 15 and 16 of RED II); ✓ Guarantees of origin (Article 19 of RED II); ✓ District heating and cooling (Articles 23 and 24 of RED II); <p>In addition, the Act introduces changes concerning:</p> <ul style="list-style-type: none"> ✓ Biomethane; ✓ Implementation of the support scheme for upgraded installations and operational support for: <ul style="list-style-type: none"> • upgrade of renewable energy source installations, • for renewable energy installations whose 15-year support scheme is expiring; ✓ Hybrid renewable energy source installations; ✓ Change of the definition of an energy cooperative; ✓ Change of the billing rules for energy cooperatives; ✓ One of the objectives of the Act is to create the conditions to meet the obligations arising from RED II as regards the share of energy from renewable sources in gross final energy consumption in 2030, including:

Legal act	purpose of the regulations
	<ul style="list-style-type: none"> ✓ Establishing clear rules for the conclusion of agreements on the establishment of energy clusters and revision of the energy cluster definition; ✓ Clarification of the provisions defining the entity, scope and area of activities of the energy cluster; ✓ Adding the operating purpose of the energy cluster; ✓ Creating a register of energy clusters and laying down the rules for their operation; ✓ Ensuring the conditions for the development of energy clusters by introducing a mechanism to reward consumption for own needs of energy produced by members of the energy cluster; ✓ Facilitating cooperation between individual members of the energy cluster and distribution system operators by laying down specific rules of such cooperation; ✓ Specification of the requirements to be met by the energy cluster in order to benefit from the exemption from the fees specified in the Act and from the preferential billing method (requirements concerning the extent to which the total own electricity requirements of the energy members cluster are covered during the year, the total installed electrical capacity, the total capacity of energy storage facilities at the level specified in the Act, as well as the requirement that at least 30% and as of 1 January 2027 at least 50% of the energy generated in the energy cluster come from RES); ✓ The Act introduces a register of energy clusters. The register is open and kept by the President of URE in electronic format. Registration is voluntary, but allows, after other conditions are met, to benefit from the support scheme for energy clusters; ✓ The Act clarifies the provisions on prioritising heat purchase from renewable sources and thermal waste treatment installations, and introduces rules for issuing and settling guarantees of origin for heating and cooling from RES in order to promote and attract green heat supplies; ✓ As regards informing end users about the energy efficiency of the district heating system and the share of renewable energy in a given district heating system, obligations on district heating companies are imposed to publish relevant data on the website; ✓ The amendments in the Act, that is adding Articles 160a-160d to the RES Act, provide for a national renewable energy contact point. The purpose of establishing a national contact point is to be able to provide full information support to any entity wishing to launch electricity generation from a RES installation; ✓ The national renewable energy contact point will be maintained by the Minister competent for climate affairs using an ICT system; ✓ The adopted amendments exempt photovoltaic installations up to 150 kW from the building permit requirement. Currently, the exemption from the building permit procedure applies to RES systems which are less than 50 kW in output; ✓ As regards prosumer households in multi-apartment buildings, the amendments introduce an option to change the fee due to a renewable energy prosumer producing energy for the common parts of a multi-apartment building (the so-called prosumer household in multi-apartment buildings), which is dedicated only to renewable energy prosumers producing energy for the common parts of a multi-apartment building (e.g. for housing communities, housing cooperatives). The option allows to change the form of the fee for the produced energy; ✓ Upgraded installations using various types of biogas, hydropower or biomass with the FIT support system are now allowed to be covered by the FIT support scheme[3] (RES installations with a total installed electrical capacity of less than 500 kW) and by the FIP support system [4]. (RES installations with a total installed electrical capacity of not less than 500 kW and not more than 1 MW). <ul style="list-style-type: none"> • The new regulations will also allow for the participation of upgraded RES installations in auctions for the sale of electricity generated from RES sources, but no separate auctions are envisaged for producers of electricity from upgraded installations. They are to participate in auctions together with producers of electricity from new installations. A condition for the support is in particular the grant by the President of URE of a FIT/FIP certificate or a certificate of admission to the auction; • The support period and its level for upgraded installations is made dependent on the amount of capital expenditures incurred to upgrade a given installation. The conditions for participation in those support schemes are also amplified; • Importantly, the option for producers to use these solutions is made conditional on a positive decision of the European Commission on the compatibility of the state aid provided for in these regulations with the internal market or on the recognition by the European Commission that the amendments to the regulations do not constitute new state aid. ✓ A new form of operational support is created – a new form of aid for RES installations that used up the support period; <ul style="list-style-type: none"> • As regards RES installations which have already benefited from the mechanisms provided for in the RES Act and for which the support period has already expired, the legislators provide for the option to receive new operating aid. • A system of market price subsidies has been designed (similar to the current FIP mechanism) for installations with an installed electrical capacity of not more than 1 MW using various types of biogas, hydropower or biomass. Operational support under this scheme is envisaged for a maximum period of 10 years from the date of the first electricity sale date, but no longer than by 31 December 2034. In turn, an option to participate in the auction for operational support is envisaged for installations with a total installed electrical capacity of more than 1 MW that use various types of biogas, hydropower and biomass for the generation of electricity - including hybrid systems, biomass co-incineration in dedicated multi-fuel combustion systems and thermal conversion of waste into high-efficiency cogeneration. The winner will receive support for one year after the successful auction, and then will

Legal act	purpose of the regulations
	<p>be entitled to join the next auction. The maximum support period may not continue beyond 31 December 2034;</p> <ul style="list-style-type: none"> • These schemes are more producer-friendly, for example they do not require declarations of state aid. It is also worth stressing that provision was made for operational support to determine reference operating prices on the basis of implementing regulations to the RES Act other than the existing regulations; • If producers wish to benefit from those provisions, they need to receive the relevant certificate from the President of the URE, or confirmation of submission of the relevant declaration to the President of the URE and the support is made further conditional on a positive decision by the European Commission on the compatibility of the state aid provided for in these provisions with the internal market, or the recognition by the European Commission that the amendments do not constitute new state aid; • The rules for this system will enter into force on 1 July 2025. <p>✓ Regulations are also introduced that provide for the option of cable pooling, i.e. the connection of multiple RES sources to the network over a single connection line.</p>
<p>Regulation of the Minister of Climate and Environment of 4 August 2023 on the main auction parameters for the delivery year 2028 and additional auction parameters for the delivery year 2025 Journal of Laws 2023 item 1561</p>	<p>The Regulation entered into force on 9 August 2023.</p> <p>Main assumptions of the Regulation:</p> <ul style="list-style-type: none"> ✓ Demand for capacity in the main auction for delivery in 2028 is set at 5,791 MW; ✓ The maximum price set for the price taker, determined on the basis of capital expenditures and fixed operating costs, in the main auction for the delivery period in 2028 is PLN 183 PLN/kW; ✓ The parameter determining the capacity volume below the demand for capacity in the main auction for which the price reaches the maximum value taking into account the factor increasing the price of the delivery period for 2028, is 10%; ✓ The parameter determining the capacity volume above the demand for capacity in the main auction for which the price reaches the minimum value of PLN 0.01/kW/month for the delivery period in 2028, is 60%; ✓ Demand for capacity in the capacity market in the respective quarters of 2025 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. ✓ The entry price of a new CeWe unit is set at PLN 431/kW; ✓ The factor determining the maximum price in the main auction and in the additional auctions is set as follows: the factor is 1.05 for the maximum price for the 2028, and 1.0 for the additional auction for 2025; ✓ The maximum number of rounds of the main auction for the delivery period of 2028 is 12; ✓ The level per unit of net capital expenditures referred to the net achievable capacity that, providing the entitlement to offer capacity obligations in the main auction for the delivery period in 2028 for not more than: <ul style="list-style-type: none"> • 15 delivery periods by a new generating unit in the capacity, is PLN 2,400/kW; • 5 delivery periods by the new and upgraded generating unit in the capacity market or demand reduction unit in the capacity market, is PLN 400/kW.
<p>Act amending the Act on the planning for and execution of strategic transmission grid investment projects and certain other Acts Journal of Laws of 2023 item 1506</p>	<p>The Act entered into force on 3 September 2023.</p> <p>Key assumptions:</p> <p>In order to accelerate distribution infrastructure investment, crucial for the electricity system and for the development of RES in Poland, the draft Act proposes to subject certain distribution investments to the special-purpose transmission Act. This will shorten timeframes of key investment projects, where often 80% of the time is spent on drafting the relevant investment documentation and obtaining legally required administrative approvals by the project owner.</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>

Legal act	purpose of the regulations
	<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 power line poles does not require a notification.
<p>Act of 28 July 2023 amending the Energy Law Act and certain other Acts Journal of Laws of 2023 item 1681</p>	<p>The Act entered into force on 7 September 2023, (subject to the vacatio legis of some of the provisions referred to in Article 48).</p> <p>Key assumptions:</p> <ul style="list-style-type: none"> ✓ The option of establishing civil energy communities (as of 24 August 2024) in the form of cooperatives, housing cooperatives, housing communities, associations, excluding standard associations, partnerships to the exclusion of professional partnership, and farmer cooperatives; ✓ Postponement by one year, from 1 July 2024 to 1 July 2025, of the launch of the Central Energy Market Information System (CSIRE). Provisions enabling a technical change of the electricity seller in 24 hours are to be effective from 2026; ✓ Tasking 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, or face sanctions; ✓ The option to enter into contracts with dynamic electricity price at a minimum billing frequency of 15 minutes (as of 24 August 2024). Those contracts are to be offered by sellers supporting more than 200 end-users, and end-users will need to have remote-reading meters; ✓ Introduction of provisions concerning the direct line (effective as of 7 September 2023) between the user and the electricity producer. Businesses willing to build such lines will no longer need the consent of the URE President, and instead will file a notification only; ✓ The legislators have extended the powers of the President of the URE by granting him/her the powers to develop guidelines on the direction of network development and priority investments to be included in network development plans so that their consistent, systematic and coordinated development is ensured at the national level. The guidelines will be published by the regulator in the public information bulletin. Importantly, the implementation of the President of the URE's guidelines in the area of priority investments is optional and is combined with the fee system aimed at encouraging businesses to implement them. The President of the URE is also granted the powers to control the execution of development plans in the area of network development and priority investments; ✓ The Act specifies that only Polish electricity or gas transmission operators may own gas and electricity interconnections with the neighbouring countries. Only transmission operators are allowed to develop elements of the gas or electricity transmission system; ✓ The Act also introduces a non-market based mechanism to limit generation from wind farms and photovoltaic installations by the transmission system operator if there are balancing problems. The limitation is to apply only where other available, listed measures are used up; ✓ The end-user may terminate the contract (as of 24 October 2023), concluded for a fixed term, under which the electricity undertaking supplies that user with gaseous fuels or energy, without incurring costs and indemnification other than as arising from the contract, by submitting a notice of termination to the electricity undertaking. The amount of such costs and indemnification may not exceed the amount of direct economic loss suffered by the electricity undertaking as a result of termination of the contract concluded for a fixed period by the end-user; ✓ The amendments introduce the obligation to conclude (as of 24 February 2024) only comprehensive agreements with household end-users of gaseous fuels or electricity. Previously, it was possible to conclude separately a sales agreement and an agreement for the provision of gas or electricity distribution services, or comprehensive agreements;
<p>Regulation of the Minister of Climate and Environment of 9 September 2023 amending the Regulation on the method of development and calculation of tariffs and the billing method in electricity trading Journal of Laws of 2023, item 1847</p>	<p>The Regulation entered into force on 18 September 2023.</p> <p>Main assumptions of the Regulation:</p> <p><u>Billing for household customers:</u></p> <p>The Regulation fulfils the statutory delegation provided for in Article 46(3) and (4) of the Energy Law Act of 10 April 1997.</p> <ul style="list-style-type: none"> ✓ The amendments require sellers to introduce a new billing method for household customers, rewarding the proactive and pro-efficiency behaviours of energy customers; ✓ The following will be rewarded: saving electricity, consenting to marketing communications, receiving electronic VAT invoices, and being a prosumer; ✓ All customers that are household off-takers and meet the conditions set out in the Regulation are entitled to a one-off discount on the electricity bill in the amount equal to 12% of the product of the average electricity price published by the President of the URE for 2022 and resulting from the tariffs of the nominated suppliers (<i>sprzedawcy z urzędu</i>), for the G1x tariff and the energy volume of 2523 kWh. The one-off discount on the electricity bill is PLN 125.34; ✓ Energy sellers will be required to clearly inform customers about changes in the billing and about the amount of the bonus and the time of its award. This initiative aims to increase transparency in the electricity market and to strengthen the rights of household customers; <p><u>RES support:</u></p> <ul style="list-style-type: none"> ✓ The amended regulation also provides for support to the electricity system operators and facilitates their management of power balance in the system; ✓ The new provisions exempt customers from charges for non-contractual reactive energy consumption and for exceeding the contractual capacity, where they arise from operator instructions or from services provided to them; ✓ The amendments will contribute to the development of incentives for customers to manage their energy consumption in a more informed manner, increasing the flexibility of the system. They may include, inter alia,

Legal act	purpose of the regulations
	additional electricity consumption at the operator's request during periods of RES oversupply in the system, without charging system users for additional power from the system. As a result, system users will be able to actively participate in the use of excess electricity, which is particularly important in the context of the development of renewable energy sources in Poland.
<p>Act of 16 August 2023 amending the Act on particular solutions for the protection of electricity customers in 2023 in connection with the situation in the electricity market, and certain other Acts Journal of Laws 2023 item 1785</p>	<p>The Act entered into force on 19 September 2023.</p> <p>Key assumptions: The Act raises consumption thresholds below which household customers are entitled to energy price freeze.</p> <p>Under the new regulations, the limit will be increased:</p> <ul style="list-style-type: none"> ✓ For households: from 2,000 kWh to 3,000 kWh per year; ✓ For households with a person with disabilities: from 2,600 kWh to 3,600 kWh; ✓ For large family card holders and farmers – from 3,000 kWh to 4,000 kWh per year; ✓ The new limits will be used in 2023 even if the electricity consumer exceeds the existing limit; ✓ From 1 October 2023, the maximum price for energy will be reduced from PLN 785/MWh to PLN 693/MWh. The above will apply to: local governments; small and medium-sized enterprises; vulnerable public utility entities, such as hospitals, schools, nurseries and pre-nurseries, night shelters or institutions caring for persons with disabilities. <p>The 2023 introduction of a mechanism for large coal mining and coke production entities, involving:</p> <ul style="list-style-type: none"> ✓ Implementation of a mechanism for the classification of large enterprises with surplus revenue in accordance with the EU classification proposal described in Regulation 2022/1854; ✓ Introduction of an obligation to pay the surplus revenue generated in 2022 to the Price Difference Payment Fund, where such revenue is generated by activities in the coal mining and coke production sector, in the form of solidarity contribution; ✓ Appointment of Zarządca Rozliczeń S.A. as the entity responsible for collecting the solidarity premium; ✓ Designation of the President of the Energy Regulatory Office (URE) as the entity responsible for exercising control over the fulfilment of the above obligation by the specified enterprises. <p>Solidarity contribution for enterprises and reduced electricity prices for local authorities:</p> <ul style="list-style-type: none"> ✓ The Act, amending the Act of 27 October 2022 on extraordinary measures to reduce electricity prices and on supporting certain customers in 2023, reduces the maximum electricity price in Q4 2023 from PLN 785/MWh to PLN 693/MWh to support small and medium-sized enterprises, local governments, public utility entities and other vulnerable entities (the change provides relief to those entities and addresses energy price drops in wholesale markets); ✓ The Act defines and specifies the rules for calculating the solidarity contribution to be paid to the Surplus Revenue Payment Fund (where such revenue exceeds 120% of the average revenue earned in the previous 4 years) by the obligated enterprise; ✓ It identifies the President of the URE as the body responsible for verifying the fulfilment of the obligation to calculate and pay the solidarity contribution and empowers the President accordingly.

Legislative processes in progress in Q3 2022

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

Legal act	Description and purpose of the regulations
<p>Act of 17 August 2023 on the rules of granting guarantees by the State Treasury for the obligations of the National Agency for Energy Security Bill ID: parliamentary print No. 3522 Senate prints: 1084, 1084 A and B</p> <p>Effective date: The Act will enter into force on the day following its publication.</p> <p>Progress: The Act was rejected by the Senate and resubmitted to the Sejm. The Marshal of the Sejm announced that the session of 30 August 2023 was the last session in that Sejm's term of office. The Act will not enter into force during the current term of office of the Sejm.</p>	<p>Key assumptions:</p> <ul style="list-style-type: none"> ✓ Granting of a State Treasury guarantee for selected financial liabilities of the National Energy Security Agency (NABE), which is being established ✓ In line with the assumptions for the establishment and operation of NABE, Article 3(1) provides that the guarantee will cover main financial liabilities; ✓ Due to structural and ownership changes in the energy sector resulting from the energy transition process, it will be necessary to transfer the role of the capacity provider to certain power market entities covered by the energy transition process. Currently, for some generation units, the capacity provider is an entity from the same group other than the entity owning the generation unit. Following the acquisition by the State Treasury of shares in companies owning generation units and their exit from their current groups, it will not be possible for them to continue to fulfil their capacity obligation. It is therefore proposed that the change of the capacity provider for the generation units consolidated within NABE should take place by operation of law as soon as the consolidation of generation assets within NABE takes place; ✓ The capacity provider change is not tantamount to the conclusion of a new capacity contract, but rather constitutes a change in terms of the entities involved to the capacity contract concluded by the first capacity provider for the capacity market unit covered by that contract. The above change will be subject to subsequent declarative recording in the capacity market register. <p>Other legislative solutions in the Act:</p> <ul style="list-style-type: none"> ✓ Amendments to the Act of 7 October 2022 on particular solutions for the protection of electricity customers in 2023 in connection with the electricity market situation (Journal of Laws of 2023, items 269, 295 and 1234) in its Article 27: ✓ Changes were introduced that froze electricity prices for households, small and medium-sized enterprises, local governments and vulnerable customers in 2023 (at the 2022 level). The obligations of the specified consumer groups will be reduced by 5% with retroactive effect from 1 January this year; Amendments to the Act of 27 October 2022 on urgent measures to cap electricity prices and support certain customers in 2023 (Journal of Laws, items 2243 and 2687, and of 2023, items 295 and 1113) in its Article 28: <ul style="list-style-type: none"> ▪ The periods for the submission of applications and information to Zarządca Rozliczeń S.A.. relating to the settlement of allowances/compensation for electricity undertakings under the Price Difference Payment Fund (31 August 2024 / 30 September 2024) were extended.

Legal act	Description and purpose of the regulations
<p>Regulations 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 Union's electricity market design / Electricity Market Design Progress: 1st reading in EP.</p>	<p>On 14 September 2023, the European Parliament adopted the report of the Committee on Industry, Research and Energy (ITRE) on the proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) 2019/943 and (EU) 2019/942 and Directives (EU) 2018/2001 and (EU) 2019/944 in order to improve the Union's electricity market design [COM (2023) 0148 - C9-0049/2023 - 2023/0077 (COD)]. The rapporteur was: Nicolás González Casares (A9-0255/2023). For: 366, against: 186, 18 abstentions.</p> <p>Main assumptions of the Regulation:</p> <p>Integration of the EU electricity markets:</p> <ul style="list-style-type: none"> ✓ A well-integrated market should allow the Union to reap the economic benefits of a single energy market in all circumstances, including during electricity prices crisis, ensuring security of supply and sustaining the decarbonisation process to achieve the climate neutrality objective. To that end, the Commission should consider how to improve monitoring and enforcement of Regulation (EU) 2019/943, including the obligation to make 70% of interconnector capacity available for cross-border trade; ✓ Furthermore, the Commission should consider increasing that obligation, and limiting possible derogations therefrom, in order to make the electricity market fit for an energy system primarily based on renewable energy, which requires more and better interconnection to sustain a high security of supply; <p>Upgrading the electricity network:</p> <ul style="list-style-type: none"> ✓ Strengthening the internal energy market and achieving the climate and energy transition objectives require a substantial upgrade of the Union's electricity network to be able to host substantial increases of renewable capacity and to ensure resilience to: <ul style="list-style-type: none"> ▪ variability on generation amounts; ▪ changing electricity flow patterns across Europe; ▪ "new demand", such as electric vehicles and heat pumps; ✓ Any reform of the Union's electricity market should contribute to a more integrated European electricity network, and therefore a EU interconnection target was set at 15% by 2030. <p>Anticipatory investments:</p> <ul style="list-style-type: none"> ✓ Regulatory authorities should promote the use of anticipatory investments, encouraging the acceleration of grid development to meet the accelerated deployment of renewable generation and smart electrified demand, such as electric vehicles, charging infrastructure and heat pumps deployment; ✓ Transmission and distribution system operators should offer flexible connection agreements in areas where network capacity is limited or not available for new connections. ✓ Power purchase agreements: ✓ The EP stressed the importance of the option of purchasing energy under long-term power purchase agreement (PPA), which ensures stable prices for customers and the supply of renewable energy from reliable sources; ✓ Member States should remove barriers and facilitate PPA energy purchase agreements, in particular renewables purchase agreements, with a view to reaching the objectives set out in their integrated national energy and climate plan with respect to the decarbonisation process. In order to ensure the removal of barriers to PPAs, the Commission may draw up specific guidance on how to alleviate administrative obligations and accounting complexities related to PPAs; ✓ By 31 December 2024, the Commission, in cooperation with NEMOs, shall establish a market platform for PPAs, to be used on a voluntary basis, including the optional standardised PPAs. According to the EP, a database at Union level should be established to facilitate the collection of relevant information on the PPAs; ✓ The EP supported a wider use of Contracts for Difference (CfD) to encourage energy investment and suggested leaving an open solution for equivalent support schemes after approval by the Commission. It also supported "non-fossil flexibility" (ability of the power grid to adapt to changes in supply and demand without reliance on fossil fuels) and demand flexibility. <p>Better consumer protection:</p> <ul style="list-style-type: none"> ✓ The reform of the Union electricity market design should aim to achieve affordable and competitive electricity prices for all consumers. The amended EMD emphasises that it is needed to: respect consumer choices, shield household consumers from high prices, manipulation and abuse, and allow consumers to benefit from a variety of contract offers. Consumers should have the right to fixed price contracts as well as dynamic price contracts, and information about options. The EP also supported the provisions prohibiting suppliers from unilaterally changing the contract terms. <p>Adequate protection against disconnections:</p> <ul style="list-style-type: none"> ✓ The amended text provides that Member States shall prohibit electricity disconnections of vulnerable household customers and customers affected by or at risk of energy poverty and shall ensure that disconnections are prohibited during ongoing judicial or out-of-court disputes between the supplier and customers for a period of eight weeks. In addition: ✓ Member States shall ensure that electricity suppliers regularly invite household customers without smart meters to send self-readings in order to help them manage their consumption and avoid high settlement bills; ✓ Member States shall ensure that suppliers do not require household customers unable to pay their energy bills, vulnerable customers and customers affected by or at risk of energy poverty, to use prepayment systems; ✓ In view of these limitations, Member States shall identify appropriate means to guarantee compensation for losses incurred by the relevant suppliers. <p>Intraday markets:</p> <ul style="list-style-type: none"> ✓ Intraday markets are particularly important for the integration of variable renewable energy sources (VRES) in the electricity system at the least cost. They give the possibility to market participants to trade shortages or surplus of electricity closer to the time of delivery. Since variable renewable energy generators are only able to accurately estimate their production close to the delivery time, it is crucial for them to have a maximum of trading opportunities via access to a liquid market as close as possible to the time of delivery of the electricity; ✓ It is therefore important for the intraday markets to adapt to the participation of variable renewable energy technologies such as solar and wind as well as to the participation of demand response and energy storage.

Legal act	Description and purpose of the regulations
	<p>The liquidity of the intraday markets should be improved with the sharing of the order books between market operators within a bidding zone, also when the cross-zonal capacities are set to zero or after the gate closure time of the intraday market. In order to ensure that order books are shared between NEMOs in the day-ahead and intraday timeframes;</p> <ul style="list-style-type: none"> ✓ NEMOS should submit all orders to the single day-ahead and intraday coupling, and should not organize the trading of day-ahead and intraday products, or products with similar characteristics, outside the single day-ahead and intraday coupling; ✓ To address the inherent risk of discrimination in the trading of day-ahead and intraday products inside and outside the single day-ahead and intraday coupling, this obligation should apply to NEMOs and to undertakings which directly or indirectly exercise control or any right over a NEMO; ✓ Furthermore, the gate closure time of the intraday market should be set closer to the time of delivery to maximise the opportunities for market participants to trade shortages and surplus of electricity and contribute to better integrating variable renewables in the electricity system, provided that this measure does not have negative impacts on the security of the national electricity system, cost-efficiency, greenhouse gas emissions and facilitates the integration of renewable energy. ✓ Negotiations in trilogues (Commission-EP-EC) are envisaged in further steps to finalise the text (amendments) of the Regulation. ✓ The date of entry into force of the Regulation is not specified/proposed in the legislation (Article 5).
<p>Directive of the European Parliament and of the Council amending Directive (EU) 2018/2001 of the European Parliament and of the Council, Regulation (EU) 2018/1999 of the European Parliament and of the Council and Directive 98/70/EC of the European Parliament and of the Council on the promotion of the use of energy from renewable sources and repealing Council Directive (EU) 2015/652 (RED III). Progress: 3rd reading in EP</p>	<p>12 September 2023 European Parliament, on the proposal for a Directive - Committee on Industry, Research and Energy (ITRE). Rapporteur: Markus Pieper (A9-0208/2022). The European Parliament adopted the draft: for: 470, against: 120, abstentions: 40.</p> <p>Key assumptions of the Directive:</p> <ul style="list-style-type: none"> ✓ This Directive aims to ensure that investments in renewable energy production are encouraged while upholding the energy sovereignty of each Member State; ✓ The objective of the Directive is to be achieved by increasing the requirement for a share of RES in final energy consumption in electricity, heating and transport sector in the European Union to at least 42.5% by 2030. However, according to the Directive, EU Member States should strive to achieve the 45% target, which means a significant increase in ambitions compared to the target of the 2018 EU RED II Directive. It aims to increase the share of RES to 32% by 2030; ✓ The RES actions are further reinforced by the REpowerEU package aimed at reducing the EU's dependency on Russian fossil fuel imports; ✓ The RED III assumes that EU countries will designate special zones where simplified environmental assessment procedures will be applied to the implementation of RES projects. In the zones referred to as "renewables go-to areas", investors are to obtain permits for the construction of wind and photovoltaic power plants in 12 months as a maximum (a maximum of 24 months is assumed for offshore zones). Even less time is to be spent on permitting smaller RES installations (up to 150 kW) and repowering projects. EU countries are to designate such zones within 30 months of the entry into force of RED III; ✓ Procedures for issuing RES construction permits outside special zones are to be accelerated. They are to take not more than 24 months (36 months for offshore areas); ✓ The new law provides for an increase in the share of green energy in transport to at least 14.5%. This is to be achieved through the use of advanced biofuels and RFNBO fuels (renewable fuels of non-biological origin) – including hydrogen produced from renewable energy sources; ✓ On the other hand, the new EU regulations will impose restrictions on the use of biomass, which cannot be produced to the detriment of the environment. Woody biomass will continue to be classified as RES; ✓ RED III provides for the reward of investments in renewable energy using technologies considered innovative. They are expected to account for at least 5% of new renewable capacity. In addition, under the new legislation, Member States are to adopt mechanisms to facilitate cross-border RES investments; ✓ Woody biomass will remain classified as renewable energy. ✓ Implementation of the new directive still requires the approval of the Ministers of the Member States at the EU Council meeting scheduled for 9 October 2023, to be followed by the signature of the Directive by representatives of Parliament and the Council and its publication in the Official Journal of the EU. ✓ According to Article 5 of the Directive (transposition): <ul style="list-style-type: none"> • Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by [18 months after the effective date of this amending directive]; • By way of derogation from the above deadline, Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Article 1(6) with reference to Article 15e of Directive (EU) 2018/2001] and Article 1(7) with reference to Articles 16, 16b, 16c, 16d, 16e and 16f of that Directive by 1 July 2024. The derogating provisions shall apply to: (1) the areas for network infrastructure and storage necessary for the integration of renewable energy into the electricity system and (2) the organisation and main principles of the permitting procedure; • Member States shall communicate to the Commission the main provisions of national law which they adopt in the field covered by this Directive. ✓ In accordance with Article 7 of the Directive, by December 2024, the Commission shall present a comprehensive impact assessment on the combined and cumulative effects of the "fit for 55" package, including this Directive. This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.



Żydowo pumped storage power plant

Shares and shareholding structure

6. SHARES AND SHAREHOLDING STRUCTURE

6.1. Information on shares and Energa's shareholding structure

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

Table 24: Energa shares by series and type as at 30 September 2023 and the date of this Information

Series	Type of shares	Shares	(%)	Votes	(%)
AA	ordinary bearer shares	269,139,114	65.00	269,139,114	48.15
BB	preferred registered*	144,928,000	35.00	289,856,000	51.85
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 25: Shareholding structure of Energa as at 30 September 2023 and the date of this Information

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

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

Table 26: Data on Energa stock as at 30 September 2023

Data	Value
Issue price	PLN 17.00
Number of shares	414,067,114
Stock price at the end of the period	PLN 7.90
Capitalisation at the end of the period	PLN 3.27 billion
9M of the year minimum	PLN 6.8
9M of the year maximum	PLN 9.68
9M of the year average trading value	PLN 0.21 m
9M of the year average trading volume	25 thou.
9M of the year average number of trades	0.79 thou.

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

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



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

Energa's stock price at the close of the stock exchange session held on 30 September 2023 amounted to PLN 7.90, which means that it increased by 12.2% in comparison with the price on the last business day of the year 2022 (i.e. on 30 December). During the discussed period, WIG increased by approximately 14% and WIG-Energia index increased by approximately 18.7%. Following a decrease in the number of free-floating Energa shares below 10% (after announcement of results of the delisting tender offer by ORLEN) WSE deleted Energa's shares from all of its stock market indices effective after the 3 December 2020 session.

6.3. Ratings

In Q3 2023, the ratings assigned remained unchanged.

6.4. Changes to shares held by executive and supervisory personnel

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



Włocławek Hydroelectric Power Station

Other information on the Group

7. OTHER INFORMATION ON THE GROUP

7.1. Information on material contracts and agreements

Agreements for loans and borrowings

Details on agreements for loans and borrowings are presented, inter alia, in Note 17 to the Condensed interim consolidated financial statements of the Energa Group for the nine-month period ended on 30 September 2023.

Table 27: Nominal value of bonds subscribed by Energa SA and not redeemed, broken down by issuer, as at 30 September 2023 (PLN m)

No.	Company name	Nominal value of subscribed bonds
1.	Energa Operator SA	533,0
Total		533,0

Guarantees and sureties granted

As at 30 September 2023, sureties extended by Energa to cover the liabilities of the Group companies totaled PLN 5,864 m and included:

- surety for liabilities of Energa Finance AB (publ) under Eurobond issue for PLN 5,795 m,
- sureties for liabilities of the Energa Group companies arising from bank guarantees granted by PKO Bank Polski SA under guarantee facilities dedicated to Energa Group companies in the total amount of PLN 27 m,
- other sureties for liabilities of the Energa Group companies towards other creditors, including: the State Treasury, the National Fund and the Provincial for Environmental Protection and Water Management in the total amount of PLN 42 m.

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

All transactions within the Energa Group are made based on market prices of goods, products or services delivered resulting from their manufacturing costs. Detailed information on transactions with related entities is presented in Note 19 to the Condensed interim consolidated financial statements of the Energa Group for the nine-month period ended on 30 September 2023.

7.2. Risk Management

The Integrated Risk Management System ("IRMS") has been in place at the Energa Group since 2011 and is coordinated 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 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 20: 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.

7.2.1. Description of key risks

Key risks are presented below that were identified at the Energa and the Group's companies level, broken down by into four Risk Model areas, together with a description of the most important activities used to control risk.

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
<p>Risks associated with the implementation of the Long-Term Strategic Investments Plan and the Strategic Development Plan of the Energa Group</p>	<p>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 CO₂ 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.</p> <p>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.</p>	<ul style="list-style-type: none"> • Implementation of investment projects identified in the Long-Term Strategic Investments Plan 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.
<p>Planning and resource allocation risks</p>	<p>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. 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.</p>	<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 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.
<p>Risk of negative impact of climate change</p>	<p>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 be 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).</p>	<ul style="list-style-type: none"> • Climate Policy of the Energa Group until 2030. • Monitoring climate change adaptation and mitigation activities. • Establishment of a team responsible for carrying out a scenario analysis to create a strategy resilient to climate change and for the measurement of physical and transformation risks. • Procedures to ensure business continuity in case of climate events. • Property and assets insurance. • Integrated environmental and energy management system conforming to the EMAS Regulation and ISO 14001 and ISO 50001 standards.
<p>Risk of ineffective environmental and energy management</p>	<p>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.</p>	<ul style="list-style-type: none"> • 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.

Pricing policy risk	The risk is associated with the calculation of the cost of electricity purchases and property rights, and preparation of customer offers for future years, using cost data based on current market prices and legal status, which are not or cannot be fully secured, and securing electricity volumes for customers. It arises from the volatility of electricity prices, changes in legislation, and also macroeconomic conditions. The materialization of the risk can manifest itself as the loss of market share, financial losses, and sanctions for non-compliance with applicable laws.	<ul style="list-style-type: none"> • Principles of calculation of electricity prices and margin management. • Principles of calculation of natural gas prices and margin management. • Ongoing market investigation for developments in the market and legal and regulatory environment. • Ongoing examination of the budgeted results of operations and other selected ratios (including, but not limited to, sales and contracting data), and ongoing analysis of the impact of the price calculation principles adopted on the results/ratios.
Market risk: property rights	The risk is associated with meeting the demand of retail customers on the wholesale market and contracting property rights. It arises from price changes affecting the value of contracts and from changes in applicable laws. The materialization of the risk can manifest itself as the loss of customers, increased cost of doing business, and the possibility of regulators challenging the solutions adopted.	<ul style="list-style-type: none"> • Risk Management Principles. • Principles of calculation of electricity prices and margin management. • Use of advisory and legal services.

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

Risk	Description of the risk and its potential effects	Key controls
Project and 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.

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 3: 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. • 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.
Margin loss risks	<p>The risks associated with the loss of margin, a large discrepancy between the tariff and offer prices, and withdrawal from electricity sales contracts by customers.</p> <p>The materialization of the risk can manifest itself as generating revenues lower than budgeted and thus failing to meet sales targets.</p>	<ul style="list-style-type: none"> • Monitoring the legal and regulatory environment. • Adaptation of offers to market conditions. • Book of Customer Service Standards for Stores. • Price list management process. • Offer management in terms of expiration dates. • Monitoring the consumption of electricity and gas by business customers.
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.</p> <p>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
Risks associated with customer and business partner billing	<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). The risk is also associated with disruptions to the invoicing process.</p> <p>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. • Monitoring the level of metering data provided/invoices issued. • Setting up debt recovery schedules / pathways. • Cooperation with law firms. • Evaluation of reliability of business customers and business partners in the wholesale market. • 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.

Financial security risk in the area of insurance	<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.</p> <p>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"> • Insurance Policy of the Energa Group. • Use of insurance broker services. • Broker policy. • Insurance audit.
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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 4: 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 risks	<p>Risks are 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.</p>	<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. • Agreements with obligatory effect or material law agreements establishing utility easements and land easements.
Contracting risks	<p>Risks associated with the conclusion by the Company of agreements on adverse terms, non-performance 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.</p>	<ul style="list-style-type: none"> • Internal contracting and procurement procedures. • Central Register of Contracts and Mandates. • Register and evaluation of qualified subcontractors. • Monitoring the progress of services and deliveries. • Defining the principles of responsibility of Consortium Partners.
Regulatory risk	<p>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.</p>	<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.
Tariff risk	<p>The risk associated with the obligation to submit a Tariff to the URE President for approval, a decision to refuse approval, no Tariff approval within the specified time limit, and lengthy Tariff amendment process during the year. The risk arises from the fact that the legal and regulatory environment is unstable.</p> <p>The risk gives rise to increased cost of doing business, a lower EBITDA and, in the worst-case scenario, the loss of the concession.</p>	<ul style="list-style-type: none"> • Monitoring of and participation in the drafting and evaluation of proposed legislative changes and providing opinions on regulations. • Agreeing Tariff calculation assumptions on an ongoing basis. • Direct consultation with the URE on elements affecting the Tariff.

- Ongoing monitoring of revenues generated by the Tariff being applied, actual costs v. costs reflected in calculating the Tariff, and supply volumes.
- Operation of the regulatory account mechanism to mitigate/eliminate volume risk.

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

As at 30 September 2023, the Energa Group was a party to 17,820 court proceedings. The Group was a plaintiff in 15,631 cases where the aggregate amount in dispute was approx. PLN 482 m. The Group was a defendant in 1,213 cases where the aggregate amount in dispute was approx. PLN 728 m. Information on the total litigated value does not include proceedings where the claim is non-pecuniary.

As at 30 September 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 48.6 m in 1,664 cases. 800 court cases with amounts in dispute totalling approx. PLN 79.6 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 66.7 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.

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

As at 30 September 2023, the aggregate value of the cases in which court and enforcement-based collection is conducted for and on behalf of Energa Obrót in order for the company to recover the amounts due from its customers and bankruptcy cases amounted to approx. PLN 248 m, of which:

Type of receivables	Balance at 30 September 2023 (PLN m)
court and enforcement-based	146.6
bankruptcies	78.8
non-billed - WIENA	5
non-billed - SAP	16.5
non-billed – bankruptcies	1
TOTAL	248.1

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

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

Parties	Object of dispute and details of the case
Energa Operator SA (plaintiff); Arcus SA (defendant)	<p>Claim for payment of contractual penalties under the a contract for the delivery and start-up of metering infrastructure during Stage I</p> <p><i>Regional Court in Gdańsk</i></p> <p><i>Litigated value: approx. PLN 23.1 million</i></p> <p>Evidence proceedings before the Court of the first instance are pending. The 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.</p>

<p>Energa Operator SA (defendant) Arcus SA (plaintiff);</p>	<p>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></p> <p>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></p> <p>Energa Operator SA does not admit any part of the claim. Evidence proceedings before the Court of the first instance are pending. As at the date of update of this case the expert's opinion was delivered to the parties and the parties submitted their positions on this opinion. The court has not yet recognized these positions.</p>
<p>Energa Operator SA (defendant) Arcus SA (plaintiff);</p>	<p>Claim for payment of compensation for unlawful acts/unfair competition practices <i>Regional Court in Gdańsk</i> <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>
<p>Energa Operator SA (defendant) Arcus SA (plaintiff);</p>	<p>Claim for payment for additional works under the contract of delivery and commissioning of the metering infrastructure <i>Regional Court in Gdańsk</i> <i>Litigated value: approx. PLN 4.7 million</i></p> <p>Energa Operator SA disputes legitimacy of that statement of claim and has moved for it to be dismissed. The court did not grant the motion to dismiss the lawsuit. The proceedings have been stayed.</p>
<p>Energa Operator SA (party); PRESIDENT OF THE ENERGY REGULATORY OFFICE (authority)</p>	<p>Fine imposed by the authority <i>Regional Court in Warsaw</i> <i>Litigated value: PLN 11 million</i></p> <p>The Company received the decision of 21 December 2016 in which the President of the URE imposed a fine of PLN 11 m on Energa Operator SA for misleading the President of the URE. On 24 May 2019, the Regional Court in Warsaw issued a judgment reducing the fine to PLN 5.5 million. The URE President has filed a cassation appeal and the company requested its dismissal.</p>
<p>Energa Operator SA (party); PRESIDENT OF THE ENERGY REGULATORY OFFICE (authority)</p>	<p>Fine imposed by the authority <i>Regional Court in Warsaw</i> <i>Litigated value: approx. PLN 13.2 million</i></p> <p>Energa Operator SA received the decision of 6 November 2017 imposing fines totalling PLN 13.6 million for breaching the Traffic and Distribution Grid Operation Manual through: (1) communication with trading companies using other codes than provided for in the Traffic and Distribution Grid Operation Manual; (2) failure to meet the deadlines to provide measurement data to trading companies; (3) failure to meet the deadlines to examine complaints from trading companies; (4) failure to meet the deadlines to verify supplier switching reports; (5) failure to meet the deadlines for the final settlement of electricity sales agreements; and (6) failure to restart power supplies to one of the customers. With its judgment of 8 December 2020 the Regional Court in Warsaw dismissed the appeal. The company filed an appeal which was dismissed by the Court of Appeal in Warsaw by a judgment of 7 September 2021. The company lodged a cassation appeal against that judgment.</p>
<p>Energa Kogeneracja Sp. z o.o. (plaintiff), Mostostal Warszawa SA (defendant)</p>	<p>Claim for payment on account of a contract price reduction <i>Regional Court in Gdańsk, file No. IX GC 494/17</i> <i>Litigated value (after expansion of the claim): approx. PLN 114.4 million, with approx. PLN 7.8 million under the counterclaim</i></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</p>

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). 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 University of Technology ("WAT") about the possibility of carrying out the opinion. In response to this inquiry, the representative of WAT informed, among others, that he was a member of the WAT team that issued an opinion on the block in another criminal case, but his powers do not authorize him to implement an opinion in the case.

Mostostal Warszawa SA
(plaintiff)

Energa Kogeneracja Sp. z o.o.
(defendant)

Claim for payment of remuneration

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

Litigated value: approx. PLN 26.3 million

Mostostal Warszawa SA filed for awarding the amount of approx. PLN 26.3 m from Energa Kogeneracja Sp. z o.o. consisting of: approx. PLN 20 m in remuneration (in part) and approx. PLN 6.3 m in capitalised interest. Initially a writ of payment in writ-of-payment proceedings was issued, but following an objection by Energa Kogeneracja Sp. z o.o. the case was referred to regular proceedings. There were 7 hearings in the case and all witnesses were heard. The Court allowed evidence from an opinion prepared by an expert in construction industry. In the course of preparing his opinion, the expert requested the parties to provide additional documents, an obligation which both parties complied with. The opinion of an expert was delivered to the parties together with an obligation to express their opinion. The expert's opinion confirms the circumstances favorable to Mostostal Warszawa S.A. The parties responded to the expert's opinion. On the hearing of 28 January 2022 the expert upheld the opinion in full and the court dismissed the motion of Energa Kogeneracja Sp. z o.o. for exclusion the expert, did not admit the request of Energa Kogeneracja Sp. z o.o. for granting a deadline to comment on the supplementary expert's opinion and closed the hearing. The court set the date for sentencing on 28 February 2022. On this date the court opened the hearing because it did not rule on all requests for evidence and set the next date of hearing on 27 April 2022. At the hearing on 27 April 2022 the Court ended the hearing and set the date for the announcement of the judgment on 9 May 2022. The judgment was passed on 9 May 2022. The Regional Court in Gdańsk awarded from the defendant, Energa Kogeneracja Sp. z o.o., PLN 26,274,037.16 including statutory interest for delay from 26 January 2018 to the date of payment, refund of the litigation cost of PLN 186,517.00, and refund to the State Treasury of PLN 5,487.75 as expenditures temporarily paid by the Treasury as the fee to the expert. On 18 July 2022, the company lodged an appeal. The case was handed over to the Court of Appeals in Gdańsk under file No. I AGa 165/22. Mostostal Warszawa moved that the appeal be dismissed. The date of the appeal hearing was set for 17 April 2023. At the appeal hearing on 17 April 2023, the parties upheld their current position. The Court of Appeal in Gdańsk decided to dismiss the motion of Energa Kogeneracja included in the appeal for taking evidence from an expert opinion and referred the case to a closed session in order to close it and issue a judgment in closed session, obliging the parties' attorneys to present a final concise position in writing within 30 days. The court indicated that the judgment in the case will most likely be issued in mid-July 2023. The parties submitted pleadings. The Court of Appeal in Gdańsk informed that the hearing in the case would be rescheduled and asked the expert to provide explanations.

Energa Wytwarzanie SA
(Plaintiff)
PricewaterhouseCoopers
Polska spółka z o.o. sp. k.
(Defendant)

Claim for payment of redress for loss

Regional Court in Warsaw

Claim value: approx. PLN 10.3 million

On 20 September 2023, EWYT filed a statement of claim for payment together with a petition for the issue of a writ of payment under the writ-of-payment procedure against PricewaterhouseCoopers Polska spółka z o.o. sp.k. The essence of the litigation is a demand for redress of the loss suffered by EWYT as a result of the Defendant's improper performance of the contract entered into in December 2016 for the provision of support in the implementation of new real estate tax regulations

for wind farms, by requiring the defendant to pay EWYT approx. PLN 10.3 million in total. As the statement of claim comprises a petition for the issue of a writ of payment, the case is now being heard under the writ-of-payment procedure.

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 26 April 2023, the Company's attorneys submitted a preparatory letter to the Defendant. In accordance with the letter of 16 May 2023, the case files were loaned to the District Prosecutor's Office in Gdańsk (the case files were returned on 22 May 2023).

shareholders of the Company
(plaintiffs)

Energa SA (defendant)

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

Regional Court in Gdańsk, file No. IX GC 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. 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). On 27 September 2023, a procedural letter was sent on behalf of the Company - a request to accelerate the examination of the application of 28 June 2023 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. On 16 September 2023, a notice appeared on the Information Portal of Common Courts about the cancellation of the hearing scheduled for 16 November 2023, as well as a request for the person authorized to represent the Company to appear in person for a hearing as a party under penalty of omitting evidence at the hearing, which will take place on 9 January 2024. 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.

**Company shareholders
(plaintiffs)**

Energa SA (defendant)

Lawsuit to repeal Resolution No. 5 of the Ordinary General Meeting of the Company of 15 June 2023

Regional Court in Gdańsk; file No. IX GC 797/23

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 15 June 2023, the Ordinary General Meeting of Energa SA passed a resolution on the distribution of net profit for fiscal year 2022 and on the allocation of all net profit earned for fiscal year 2022 to supplementary capital (the "Resolution"). The Company's shareholders complained against the Resolution, filing a statement of claim to repeal it. The application, dated 20 July 2023, was served on Energa SA on 17 August 2023. The statement of defence was filed on behalf of the Company on 18 September 2023. At this stage, it is difficult to tell how the case will develop. In the statement of claim, the plaintiffs specified ca. PLN 49.9 m as the value of the claim (the Company's net profit earned in 2022). 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 withdrawal of Company's shares from trading on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange).

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.

Eco dla Firm (plaintiff)

Energa Obrót SA (defendant)

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.

Regional Court in Gdańsk, 9th Commercial Division; file reference number IX GC 319/21

The value of the claim is approx: PLN 5.4 million

On 30 June 30 2021 Energa Obrót SA was served with a suit for the payment of PLN 5,440,904.06 with interest on account of remuneration in connection with the concluded Agency Agreement No.

	<p>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 <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. On 14 June 2023, Energa Obrót SA filed a response to the lawsuit. On 7 July 2023, the Law Firm was served with a copy of the reply to the lawsuit. On 21 July 2023, Energa Obrót filed a rejoinder in response to the lawsuit. Pleadings were exchanged. A hearing was scheduled for 5 January 2024.</p>
<p>Energa Obrót SA (plaintiff) Eco dla Firm (defendant)</p>	<p>Claim for payment under the agency agreement for the sale of electricity <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") <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 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. On 26 September 2023, Energa</p>

Obrót submitted an application to take the necessary steps to appoint a panel of three judges to hear the appeal.

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. On 26 September 2023, Zonda's response to the appeal was delivered.

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. 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.

Wind Invest Group companies: Borszewo Wind Invest, Dobiesław Wind Invest, Gorzyca Wind Invest, Krupy Wind Invest, Nowy Jarosław Wind Invest, Pękanino Wind Invest (plaintiffs)

Energa Obrót SA (defendant)

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.

Regional Court in Gdańsk, 9th Civil Law Department

Case reference no. IX GC 1/21

Value of the object of litigation: approx. PLN 6.9 million in total

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.

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

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)

Regional Court in Gdańsk, file No. IX GC 735/19, file No. in the second instance: I AGa 202/20

Litigated value: approx. PLN 2.1 million

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. The website of the Supreme Court published information about the date of a closed session for 16 November 2023. On 22 September 2023, a notice of the panel hearing the case was delivered.

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

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)

Regional Court in Gdańsk, file No. IX GC 740/19

Litigated value: approx. PLN 14 million

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:

- 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.

On 27 September 2021, Energa Obrót SA filed a letter stating that the referral to mediation was not appropriate. A hearing date was set for 27 January 2022. On 15 December 2021, EW EOL extended its claims to new contractual penalties totalling PLN 7,211,809.42, including statutory late payment interest accrued from 15 December 2021 to payment date, due to Energa Obrót SA's failure to acquire rights in property in later periods. On 12 January 2022, Energa Obrót SA filed a response to the extended lawsuit. On 17 March the hearing was held, during which the parties filed a number of formal motions, and the evidence from witnesses testimony was taken. The hearing set for 29 June 2022 was cancelled. The next hearing was held on 30 March 2023. The court took evidence from EW's cross-examination. The parties presented their final positions and submitted attachments to the minutes of the hearing. The court closed the hearing and announced the verdict on 24 April 24 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. On 7 August 2023, a copy of the EW EOL appeal was delivered. On 21 August 2023, Energa Obrót submitted a response to the appeal of EW EOL. On 24 August 2023, EW EOL's response to Energa Obrót's appeal was delivered.

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 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. On 6 July 2023, the decision of the Supreme Court of 28 June 2023 on suspending the proceedings until the CJEU resolved the questions for a preliminary ruling regarding cases II CSKP 496/22 and II CSKP 501/22, as well as a letter informing about permission to submit the letter from Wind Invest (and mBank) of 5 June 2023 and the letter from Energa Obrót of 9 June 2023, were delivered.

**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 Sary 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 Sary Jaroslaw Wind Invest and mBank dated 16 August 2022 to schedule a hearing was delivered. On 10 July 2023, a letter was delivered informing about the termination of the power of attorney by one of mBank's representatives. On 10 August 2023, letters regarding the participation of mBank's representatives in the proceedings were 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. On 10 July 2023, a letter was delivered informing about the termination of the power of attorney by one of mBank's representatives. On 10 August 2023, letters regarding the participation of mBank's representatives in the proceedings were delivered.

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). On 21 September 2023, a notice of the panel hearing the case was delivered.

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 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. 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.

Energa Obrót SA (plaintiff)

EW KOŹMIN sp. z o.o.

(defendant 1),

BANK BGŹ BNP PARIBAS SA

(defendant 2)

Regional Court in Gdańsk, file No. IX GC 738/17

Second instance file No. I AGa 21/19

Litigated value: approx. PLN 2.8 million

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. On the website of the Supreme Court, there was information about the appointment of a closed session for 28 April 2023. On 26 April 2023 Energa Obrót applied for a stay of proceedings. On 28 April 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 Elektrownie Wiatrowe and BNP Paribas Bank Polska.

7.4. Employment

Total employment under employment contracts in the Energa Group as of 30 September 2023 amounted to 8,652 employees and was lower than at the end of 2022 by 129 persons. The main reason for the change in employment level was the acquisition of 100% of the shares of Energa Invest Sp. z o. o. by ORLEN Projekt S.A.

7.5. Collective disputes and dismissals

Collective dismissals

In Q3 2023, the 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 September 2023, there were 34 trade union organizations in the Energa Group companies. 63.7% of the workforce belonged to trade unions as at 30 September 2023, i.e. approx. 5.5 thousand employees were members of trade unions.

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

1. two collective disputes 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 or agreement on a new collective bargaining agreement, are pending,
2. 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.

Gdańsk, 30 October 2023

Signatures of Energa SA Management Board Members

Zofia Paryła
President of the Energa SA Management Board

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

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

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

Łukasz Minuth
Vice-Director of the Finance Department

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Glossary of terms and abbreviations

Biomass	Solid or liquid, biodegradable substances of plant or animal origin, originating from products, waste and residues from agriculture, forestry and related industries, as well as the biodegradable fraction of other waste, in particular agricultural raw materials
CAPEX (Capital Expenditures)	Capital expenditures
CIRS, CCIRS (Currency Interest Rate Swap, Cross-Currency Interest Rate Swap)	Currency Interest Rate Swap and Cross-Currency Interest Rate Swap transactions in which payments are made over a specified period with a prescribed frequency, based on variable interest rates, in two different currencies (CIRS) or in more currencies (CCIRS)
CO ₂	Carbon dioxide
EIB (European Investment Bank)	European Investment Bank
EBITDA (Earnings before interest, taxes, depreciation and amortization)	Energa SA defines EBITDA as operating profit/loss plus depreciation/amortisation and impairment of non-financial non-current assets.
EBIT (earnings before interest and taxes)	Operating profit
Energa SA, Energa	Parent company in the Energa Group of Companies
Energa Operator, EOP	Energa Operator SA – a subsidiary of Energa SA and the Leading Entity of the Distribution Business Line in the Energa Group.
Energa Obrót, EOB	Energa Obrót SA – a subsidiary of Energa SA and the Leading Entity of the Sales Business Line in the Energa Group
EMTN (Euro Medium Term Notes)	The Euro Medium Term Notes programme
EUA (European Union Allowance)	emission allowances
EUR	Euro, currency used in European Union's eurozone countries
WSE	Giełda Papierów Wartościowych w Warszawie SA (the Warsaw Stock Exchange).
Energa Group of Companies, Energa Group	A Group of Companies engaged in distribution, trade and generation of electricity and heat. It also conducts activity related to street lighting, design, procurement of materials, grid-related services, specialized transport, hotel and IT services
Tariff group	Group of customers off-taking electricity or heat or using electricity or heat supply services with respect to which a single set of prices or fee rates along with their terms and conditions are applicable
GUS	Central Statistical Office
GW	Gigawatt, unit of power in the International System of Units, 1 GW = 10 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
Co-generation, CHP	An engineering process of simultaneous production of heat and electrical or mechanical energy in the course of the same engineering process
KRS (National Court Register)	National Court Register (Krajowy Rejestr Sądowy)
kWh	Kilowatt hour, unit of electricity generated or used by a 1 kW device in an hour; 1 kWh = 3,600,000 J = 3.6 MJ
MW	Unit of power in the International System of Units, 1 MW = 10 ⁶ W
MWe	Megawatt of electrical power
MWh	Megawatt hour
Renewable energy sources, RES	Sources converting the energy of wind, solar radiation, geothermal energy, waves, currents and marine tides, run of rivers and energy obtained from biomass, landfill biogas as well as biogas from sewage discharge or treatment processes or the decomposition of plant and animal remains to generate electricity
OR	Operating reserve
DSO, Distribution System Operator	A utility company distributing gaseous fuels or electricity, responsible for grid operation in a gas or electricity distribution system, current and long-term operational safety of the system, operation, maintenance, repairs and the necessary expansion of the distribution network, including connections to other gas or electricity systems
TSO, Transmission System Operator	A utility company transmitting gaseous fuels or electricity, responsible for grid operation in the gaseous transmission system or in the electrical energy transmission system, current and long-term operational safety of this system, operation, maintenance, refurbishment and required expansion of the transmission grid, including connections with other gaseous systems or other electrical power systems
OZEX_A	Volume-weighted average price for all transactions pertaining to the PMOZE_A contract on an exchange session
GDP	Gross Domestic Product
PLN	Polish zloty; national currency
PMI	Industrial economic activity index calculated by Markit in cooperation with HSBC
PMOZE_A	Property rights to certificates of origin for renewable electricity generated starting from 1 March 2009, as specified in the certificate of origin
Property rights	Transferable rights constituting a commodity arising from certificates of origin for renewable energy and energy from co-generation
PSE	Polskie Sieci Elektroenergetyczne Spółka Akcyjna with its registered office in Warsaw, entered in the Register of Entrepreneurs of the National Court Register under KRS No. 0000197596; a company designated by the President of the URE's decision No. DPE-47-58(5)/4988/2007/BT of 24 December 2007 to operate as the Electricity Transmission System Operator in the Republic of Poland in the period from 1 January 2008 to 1 July 2014

YoY	Year on year
SAIDI (System Average Interruption Duration Index)	System Average Interruption Duration Index
SAIFI (System Average Interruption Frequency Index)	System Average Interruption Frequency Index
SFIO	Specialist open-end investment funds
SPOT	Day-Ahead Market (DAM): an energy market operating in the "day ahead" time interval (DA) supplying energy on day D
Certificate of origin from co-generation	A document issued by the President of the URE pursuant to Article 9I of the Energy Law confirming that electricity has been generated in high-efficiency co-generation in: (i) a gas-fired co-generation unit or a co-generation unit with a total installed electrical capacity at source under 1 MW (known as the yellow certificate), (ii) a co-generation unit fired by methane released and captured during deep mining operations in coal mines (open, in liquidation or closed), or gas obtained by processing biomass, (known as a purple certificate), or (iii) another co-generation unit (known as a red certificate)
Certificate of origin from renewable energy sources, green certificate	A document issued by the President of the URE pursuant to Article 9e of the Energy Law confirming that electricity has been generated from a renewable energy source (known as a green certificate)
Tariff G	A tariff group for individual customers – households
Polish Power Exchange, TGE	Towarowa Gielda Energii SA, a commodity exchange where admitted commodities are traded, i.e. electricity, liquid and gaseous fuels, mine gas, pollution emission allowances and property rights arising from certificates of origin, whose price depends directly or indirectly on the price of electricity, liquid or gaseous fuels and the volume of pollution emissions.
TPA (Third Party Access)	The rule which means the ability to use the power grid of a power company without an obligation to buy electricity from that company
TWh	Terawatt hour, a multiple of the SI unit of electricity. 1 TWh equals 10 ⁹ kWh.
URE	Energy Regulatory Office
WACC (weighted average cost of capital)	Weighted average cost of capital
WIBOR (Warsaw Interbank Offered Rate)	Warsaw Interbank Offered Rate
RAB	Regulatory Asset Base
Co-firing	Electricity or heat generation based on a joint, simultaneous process of biomass or biogas combustion with other fuels in one device; part of the energy generated in the above manner may be considered as energy produced from a renewable energy source