



Energa

ORLEN GROUP

**Condensed Interim Financial Statements
prepared in accordance with IAS 34
for the three-month period ended
31 March 2021**

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CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

	Three-month period ended 31 March 2021 (unaudited)	Three-month period ended 31 March 2020 (unaudited)
Sales revenues	14	27
Cost of sales	(13)	(20)
Gross profit on sales	1	7
Other operating income	11	2
General and administrative expenses	(22)	(30)
Other operating expenses	(4)	(11)
Other financial income	59	64
Other financial costs	(79)	(96)
Loss before tax	(34)	(64)
Income tax	3	12
Net loss for the period	(31)	(52)
Loss per share (in PLN)		
Loss per share (basic and diluted)	(0.07)	(0.13)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Three-month period ended 31 March 2021 (unaudited)	Three-month period ended 31 March 2020 (unaudited)
Net result for the period		(31)	(52)
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Cash flow hedges	11.6	43	(105)
Deferred income tax		(8)	20
Net other comprehensive income		35	(85)
Total comprehensive income		4	(137)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2021 (unaudited)	As at 31 December 2020
ASSETS			
Non-current assets			
Intangible assets		10	8
Right-of-use assets		38	40
Shares in subsidiaries, associates and joint ventures	8	6,539	6,539
Bonds	11.4.1	1,716	1,716
Other non-current financial receivables		2,750	2,810
Deferred tax assets		33	44
Derivative financial instruments	11.2	138	68
Other non-current assets		170	201
		11,394	11,426
Current assets			
Cash pooling receivables		1,017	1,181
Trade receivables and other current financial receivables		320	335
Bonds	11.4.1	68	42
Current tax receivables		-	27
Cash and cash equivalents	9	73	89
Derivative financial instruments	11.2	2	1
Other current assets		119	97
		1,599	1,772
TOTAL ASSETS		12,993	13,198

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2021 (unaudited)	As at 31 December 2020
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital		4,522	4,522
Reserve capital		1,018	1,018
Supplementary capital		1,661	1,661
Cash flow hedge reserve	11.6	(61)	(96)
Retained losses		(184)	(153)
Total equity		6,956	6,952
Non-current liabilities			
Loans and borrowings	11.4.2	2,100	2,674
Liabilities on account of the issue of debt securities	11.4.2	1,165	1,154
Non-current provisions		13	16
Deferred income and non-current grants		40	43
Derivative financial instruments	11.6	3	5
Non-current liabilities on account of leases		30	32
Other non-current financial liabilities		1	2
		3,352	3,926
Current liabilities			
Cash pooling liabilities		364	266
Trade payables and other financial liabilities		37	22
Current liabilities on account of leases		14	13
Derivative financial instruments	11.6	24	12
Current part of loans and borrowings	11.4.2	1,919	1,660
Liabilities on account of the issue of debt securities	11.4.2	23	11
Current income tax liability		51	-
Short-term provisions		221	221
Deferred income and grants		9	9
Accruals		13	12
Other current liabilities		10	94
		2,685	2,320
Total liabilities		6,037	6,246
TOTAL EQUITY AND LIABILITIES		12,993	13,198

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Reserve capital	Supplementary capital	Cash flow hedge reserve	Retained losses	Total equity
As at 1 January 2021		4,522	1,018	1,661	(96)	(153)	6,952
Cash flow hedges	11.6	-	-	-	35	-	35
Net loss for the period		-	-	-	-	(31)	(31)
Total comprehensive income for the period		-	-	-	35	(31)	4
As at 31 March 2021 (unaudited)		4,522	1,018	1,661	(61)	(184)	6,956
As at 1 January 2020		4,522	1,018	2,035	(52)	(330)	7,193
Cash flow hedges	11.6	-	-	-	(85)	-	(85)
Net loss for the period		-	-	-	-	(52)	(52)
Total comprehensive income for the period		-	-	-	(85)	(52)	(137)
As at 31 March 2020 (unaudited)		4,522	1,018	2,035	(137)	(382)	7,056

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Note	Three-month period ended 31 March 2021 (unaudited)	Three-month period ended 31 March 2020 (unaudited)
Cash flows from operating activities			
Loss before tax		(34)	(64)
Adjustments for:			
Foreign currency loss		6	108
Loss on investing activities		14	4
Amortization and depreciation		4	4
Net interest and dividends		(3)	7
Changes in working capital:			
Change in provisions		(3)	-
Change in receivables		24	11
Change in liabilities, excluding loans, borrowings and bonds		(12)	44
Change in prepayments and accruals		(1)	(4)
		(5)	110
Income tax paid		-	(56)
Net cash from operating activities		(5)	54
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(3)	(7)
Proceeds from bond redemption by subsidiaries		1	1
Purchase of shares in subsidiaries, associates and joint ventures		(1)	-
Cash pooling expenditures		-	(1,056)
Interest received		13	25
Receipts on account of loan repayments		71	71
Loans granted		-	(17)
Capital contributions		(7)	(5)
Other		6	5
Net cash from investing activities		80	(983)
Cash flows from financing activities			
Repayment of loans and borrowings		(332)	(1,787)
Receipts from borrowings		-	2,500
Cash pooling proceeds		262	-
Interest paid		(19)	(64)
Repayment of lease liabilities		(2)	(2)
Net cash from financing activities		(91)	647
Net decrease in cash and cash equivalents		(16)	(282)
Cash and cash equivalents at the beginning of the period		89	826
Cash and cash equivalents at the end of the period	9	73	544

ACCOUNTING PRINCIPLES (POLICIES) AND OTHER EXPLANATORY INFORMATION

1. General information

These Condensed Interim Separate Financial Statements of Energa SA ("Company") cover the three-month period ended on 31 March 2021 and contain the relevant comparative data.

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

As at 31 March 2021, the Company is controlled by PKN ORLEN S.A.

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

The core business of the Company is that of a holding company. The Company is the parent entity of the Energa SA Group ("Group"). In order to achieve full understanding of the financial position and results of the Company as the parent entity in the Group, these financial statements should be read in conjunction with the condensed interim consolidated financial statements for the period ended on 31 March 2021. These statements are available on the Group's website.

2. Composition of the Company's Management Board

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

- Mr Jacek Goliński – President of the Management Board;
- Mr Marek Kasicki – Vice-President of the Management Board for Financial Matters;
- Mr Dominik Wadecki – Vice-President of the Management Board for Operational Matters;
- Ms Adrianna Sikorska – Vice-President of the Management Board for Communication Matters;
- Ms Iwona Waksmundzka-Olejniczak – Vice-President of the Management Board for Corporate Matters

3. Approval of the financial statements

These financial statements and the consolidated financial statements of the Energa SA Group were approved for publication by the Company's Management Board on 12 May 2021.

4. Basis for preparation of the financial statements

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

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

4.1 Statement of compliance

These financial statements have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting, as endorsed by the European Union ("EU"). They do not contain all the information required in the full financial statements according to the International Financial Reporting Standards ("IFRS"). However, selected notes are included to explain the events and transactions that are relevant to the understanding of the changes in the Company's financial position and performance since the most recent annual separate financial statements as at and for the year ended on 31 December 2020.

4.2 Functional and presentation currency

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

5. Significant accounting policies

The Company's accounting policies are applied on a continuous basis and the material accounting policies applied by the Company are the same as those described in the financial statements for the year 2020, except for the changes arising from amendments to IFRS EU.

6. New standards and interpretations

6.1 Standards and interpretations applied for the first time in 2021

The following amendments to the existing standards published by the IASB and endorsed in the EU came into force in 2021:

- Amendments to IFRS 4, Insurance Contracts, titled Extension of the Temporary Exemption from Applying IFRS 9, approved by the EU on 16 December 2020 (the date of expiry of the temporary exemption from applying IFRS 9 was extended from 1 January 2021 by annual periods beginning on or after 1 January 2023);
- Amendments to IFRS 9, Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts, and IFRS 16, Leases – reform of the reference interest rate, stage 2, approved by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021).

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

IFRS as endorsed in the EU do not currently differ from the regulations adopted by the IASB, with the exception of the following standards, amendments to standards and interpretations, which as at the date of approving these financial statements have not yet been adopted for application:

- IFRS 17, Insurance Contracts, with subsequent amendments to IFRS 17 (applicable to annual periods beginning on or after 1 January 2023);
- Amendments to IAS 1, Presentation of Financial Statements – classification of liabilities as current or non-current (applicable to annual periods beginning on or after 1 January 2023);
- Amendments to IAS 16, Property, Plant and Equipment – revenues obtained prior to acceptance of an asset for use (applicable to annual periods beginning on or after 1 January 2022);
- Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets – contracts resulting in charges, the cost of fulfilment of a contract (applicable to annual periods beginning on or after 1 January 2022);
- Amendments to IFRS 3, Business Combinations – changes to references to conceptual assumptions together with amendments to IFRS 3 (applicable to annual periods beginning on or after 1 January 2022);
- Amendments to IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associates and Joint Ventures – sale or contribution of assets between an investor and its associate/joint venture and subsequent amendments (the effective date of the amendments has been deferred until completion of research on the equity method);
- Amendments to various standards Annual Improvements to IFRS (2018-2020 cycle)” – changes introduced during the annual cycle of improvements to IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) aimed mainly at removing inconsistencies and agreeing the exact wording (amendments to IFRS 1, IFRS 9 and IAS 41 applicable to annual periods beginning on or after 1 January 2022. Amendments to IFRS 16 relate solely to an illustrating example and, therefore, no date has been specified for its entry into force);
- Amendments to IAS 1, Presentation of Financial Statements – amendments require disclosure of material accounting rules (policies) instead of significant accounting rules (policies) (applicable to annual periods beginning on or after 1 January 2023);
- Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors – definition of an accounting estimate and clarification on how to distinguish a change to the accounting policies from changes to accounting estimates (applicable to annual periods beginning on or after 1 January 2023); and
- Amendments to IFRS 16, Leases – COVID-19-related rent concessions after 30 June 2021.

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

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

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

NOTES TO CONDENSED INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

8. Shares in subsidiaries, associates and joint ventures

Name and legal form	Registered office	Value of shares in ledgers of Energa SA	Share of Energa SA in the share capital, in all votes and in management (%)
Subsidiaries			
Energa-Operator SA	Gdańsk	4,471	100.00
Energa OZE SA	Gdańsk	989	100.00
Energa-Obrót SA	Gdańsk	331	100.00
Energa Kogeneracja Sp. z o.o.	Elbląg	234	64.59
Energa Oświetlenie Sp. z o.o.	Sopot	234	100.00
Energa Invest Sp. z o.o.	Gdańsk	68	100.00
CCGT Grudziądz Sp. z o.o.	Grudziądz	41	100.00
Energa Informatyka i Technologie Sp. z o.o.	Gdańsk	37	100.00
CCGT Gdańsk Sp. z o.o.	Gdańsk	22	100.00
Energa Centrum Usług Wspólnych Sp. z o.o.	Gdańsk	6	100.00
Enspirion Sp. z o.o.	Gdańsk	5	100.00
Energa Ochrona Sp. z o.o.	Gdańsk	1	100.00
Energa Logistyka Sp. z o.o.	Płock	-	100.00
Energa Finance AB (publ)	Stockholm	-	100.00
Other companies	-	1	-
Associates			
Polimex-Mostostal SA	Warsaw	82	16.48
ElectroMobility Poland SA	Warsaw	17	25.00
Joint ventures			
Elektrownia Ostrołęka Sp. z o.o.	Ostrołęka	-	50.00
Total value of shares		6,539	

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

Impairment tests for shares

In the first quarter of 2021, shares held by the Company were assessed for any internal or external indications of impairment. Since certain indications have been identified that could result in the impairment of the shares of Energa Invest Sp. z o.o. held by Energa SA, impairment tests were conducted.

The impairment test for shares was performed as at 31 March 2021 using the income method, determining the value in use based on the discounted value of estimated cash flows from operating activities, and making a range of assumptions, including the following:

- the value in use was calculated on the basis of financial projections for the period of April 2021 - December 2026 and residual value;
- the length of forecasts has been adopted in such a way to ensure that the cash flow used to calculate residual value was as similar as possible to the cash flows expected in the coming years;
- 2.0% growth rate was used to extrapolate cash flow forecasts for the purpose of calculation of residual value; this is not higher than the average long-term inflation rates in Poland;
- the discount rate set on the basis of the after-tax weighted-average cost of capital (WACC), used for the calculation, was 4.36%;

Based on the results of the conducted test, the need was identified for recognizing impairment losses on the contributions to the Company's equity in the amount of PLN 23m.

Sensitivity analysis

The estimated impact of the change of the discount rate on the measurement of the shares, conducted on the basis of the impairment test, is presented below. An adverse change in WACC at the level specified below will necessitate recognition of an increased impairment loss of PLN 15m.

The sensitivity analysis takes into account the change of the factors over the entire forecast period.

Parameter	Value and direction of change	Impact on measurement of tested shares [PLN m]		Change in impairment loss/reversal amount [PLN m]
		Increase in value	Decrease in value	
Discount rates	[+ 0.5 p.p.]		(15.5)	(15.5)
	[- 0.5 p.p.]	24.0		23.4

If market conditions change, there is a risk that test results will be different in the future.

9. Cash and cash equivalents

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

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

	As at 31 March 2021 (unaudited)	As at 31 March 2020 (unaudited)
Cash at bank	73	551
Total cash and cash equivalents presented in the statement of financial position, including:	73	551
Unrealized foreign exchange differences and interest	-	(7)
Total cash and cash equivalents presented in the statement of cash flows	73	544

10. Dividends and profit distribution/loss coverage

The Company recorded a net loss in 2020. By the date of approval of these financial statements for publication, no decision was made on the coverage of the net loss for the year 2020. However, the Company expects that the loss will be covered from supplementary capital.

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

As at 31 March 2021 (unaudited)	Financial assets measured at fair value through profit or loss	Financial assets and liabilities measured at amortized cost	Hedging derivatives	Financial instruments excluded from the scope of IFRS 9	TOTAL
Assets					
Cash pooling receivables	-	1,017	-	-	1,017
Cash and cash equivalents	-	73	-	-	73
Derivative financial instruments	26	-	114	-	140
Shares in subsidiaries, associates and joint ventures	-	-	-	6,539	6,539
Bonds	-	1,784	-	-	1,784
Lease receivables	-	-	-	88	88
Other financial receivables	-	3,035	-	-	3,035
Trade receivables	-	9	-	-	9
Capital contributions	-	98	-	-	98
TOTAL	26	6,016	114	6,627	12,783
Liabilities					
Loans and borrowings	-	4,019	-	-	4,019
Preferential loans and borrowings	-	911	-	-	911
Loans and borrowings	-	3,108	-	-	3,108
Liabilities on account of the issue of debt securities	-	1,188	-	-	1,188
Derivative financial instruments	-	-	27	-	27
Liabilities on account of leases	-	-	-	44	44
Trade payables and other financial liabilities	-	12	-	-	12
Trade payables	-	9	-	-	9
Liabilities on account of purchase of property, plant and equipment and intangible assets	-	3	-	-	3
Cash pooling liabilities	-	364	-	-	364
Capital contribution liabilities	-	25	-	-	25
TOTAL	-	5,608	27	44	5,679

As at 31 December 2020	Financial assets measured at fair value through profit or loss	Financial assets and liabilities measured at amortized cost	Hedging derivatives	Financial instruments excluded from the scope of IFRS 9	TOTAL
Assets					
Cash pooling receivables	-	1,181	-	-	1,181
Cash and cash equivalents	-	89	-	-	89
Derivative financial instruments	16	-	53	-	69
Shares in subsidiaries, associates and joint ventures	-	-	-	6,539	6,539
Bonds	-	1,758	-	-	1,758
Lease receivables	-	-	-	96	96
Other financial receivables	-	3,096	-	-	3,096
Trade receivables	-	22	-	-	22
Capital contributions	-	121	-	-	121
TOTAL	16	6,267	53	6,635	12,971
Liabilities					
Loans and borrowings	-	4,334	-	-	4,334
Preferential loans and borrowings	-	947	-	-	947
Loans and borrowings	-	3,387	-	-	3,387
Liabilities on account of the issue of debt securities	-	1,165	-	-	1,165
Derivative financial instruments	-	-	17	-	17
Liabilities on account of leases	-	-	-	45	45
Trade payables and other financial liabilities	-	22	-	-	22
Trade payables	-	18	-	-	18
Liabilities on account of purchase of property, plant and equipment and intangible assets	-	4	-	-	4
Cash pooling liabilities	-	266	-	-	266
Capital contribution liabilities	-	32	-	-	32
TOTAL	-	5,819	17	45	5,881

11.2 Fair value of financial instruments

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

The table below analyses fair value measurements for financial assets and financial liabilities categorised into three level hierarchy:

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

	As at 31 March 2021 (unaudited) Level 2	As at 31 December 2020 Level 2
Assets		
Hedging derivatives (CCIRS)	114	53
Other derivatives	26	16
Liabilities		
Hedging derivatives (CCIRS/IRS)	27	17

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

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

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

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

Loan from Energa Finance AB (publ)	Carrying amount	Fair value Level 2
As at 31 March 2021 (unaudited)	1,451	1,502
As at 31 December 2020	1,435	1,506

Hybrid bond issue	Carrying amount	Fair value Level 2
As at 31 March 2021 (unaudited)	1,188	1,167
As at 31 December 2020	1,165	1,144

The fair value measurement of liabilities under loans and hybrid bond issue has been estimated on the basis of an analysis of future cash flows discounted using market interest rates updated for 31 March 2021.

11.4 Description of material items in individual categories of financial instruments

11.4.1 Financial assets

Financial assets measured at amortized cost

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

Purchased bonds, by issuer, as at 31 March 2021 and 31 December 2020 are presented in the table below:

	As at 31 March 2021 (unaudited)	As at 31 December 2020
Energa-Operator SA	1,102	1,084
Energa OZE SA	676	668
Energa Kogeneracja Sp. z o.o.	6	6
TOTAL, of which:	1,784	1,758
Long-term	1,716	1,716
Short-term	68	42

11.4.2 Financial liabilities

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

Loans and borrowings

Loans and borrowings contracted as at 31 March 2021 and 31 December 2020 are presented in the table below:

	As at 31 March 2021 (unaudited)		As at 31 December 2020	
Currency	PLN	EUR	PLN	EUR
Reference rate	WIBOR	Fixed	WIBOR	Fixed
Loan/borrowing amount				
in currency	2,568	311	2,899	311
in PLN	2,568	1,451	2,899	1,435
of which maturing in:				
up to 1 year (short-term)	1,400	519	1,655	5
1 to 2 years	297	-	299	508
2 to 3 years	298	93	297	92
3 to 5 years	350	373	405	369
over 5 years	223	466	243	461

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

Liabilities under bonds issued

Liabilities under bonds issued as at 31 March 2021 and 31 December 2020 are presented in the table below:

	As at 31 March 2021 (unaudited)		As at 31 December 2020	
Currency	PLN	EUR	PLN	EUR
Reference rate	WIBOR	Fixed	WIBOR	Fixed
Value of the issue				
in currency	-	255	-	252
in PLN	-	1,188	-	1,165
of which maturing in:				
up to 1 year (short-term)	-	23	-	11
2 to 3 years	-	583	-	577
over 5 years	-	582	-	577

Detailed information on bonds issued is provided in note 11.5.

11.5 Available external financing

In the current reporting period and as at the last day of the reporting period and as at the date of approval of these financial statements for publication, there were no events of default on contractual obligations under the terms and conditions of any external funding acquired.

The external financing available as at 31 March 2021 is presented in the table below:

Financing institution	Type of liability	Purpose of financing	Date of the agreement	Financing limit (for the Energa SA Group)	Available financing amount	Nominal indebtedness of Energa SA as at 31 March 2021	Repayment date
European Investment Bank	Loan	Energa-Operator SA investment programme	16-12-2009	1,050	-	356	15-12-2025
European Investment Bank	Loan	Energa-Operator SA investment programme	10-07-2013	1,000	-	550	15-09-2031
European Bank for Reconstruction and Development	Loan	Energa-Operator SA investment programme	29-04-2010	1,076	-	347	18-12-2024
European Bank for Reconstruction and Development	Loan	Energa-Operator SA investment programme	26-06-2013	800	-	142	18-12-2024
Nordic Investment Bank	Loan	Energa-Operator SA investment programme	30-04-2010	200	-	27	15-06-2022
Energa Finance AB (publ)	Loan	Current operations	21-03-2013	513 ¹	-	513 ¹	28-02-2022
Energa Finance AB (publ)	Loan	Current operations	28-06-2017	932 ²	-	932 ²	28-02-2027
PKO Bank Polski SA	Credit limit	General corporate purposes	12-10-2011	300	300	-	07-06-2021
PKO Bank Polski SA	Credit limit	General corporate purposes	20-09-2012	200	136	5 ³	19-09-2022
Nordic Investment Bank	Loan	Construction of Myślino Wind Farm	23-10-2014	68	-	34	15-09-2026
European Investment Bank	Hybrid bonds	Energa-Operator SA investment programme	04-09-2017	1 165 ⁴	-	1 165 ⁴	12-09-2037
Syndicated loan	Revolving loan	Financing of Energa SA corporate objectives, including financing of everyday operations and financing of Energa SA investment programme, excluding capital expenditure on coal-based energy production	17-09-2019	2,000	1,400	600	17-09-2024 ⁵
Bank Gospodarstwa Krajowego	Revolving loan	Financing of Energa SA corporate objectives, including financing of everyday operations, financing of Energa SA investment programme and refinancing of financial debt	03-07-2020	500	-	500	03-07-2022
SMBC	Revolving loan	Financing of Energa SA corporate objectives, including financing of everyday operations and financing of Energa SA investment programme and refinancing of financial debt, excluding capital expenditure on coal-based energy production	28-07-2020	559	559	-	28-07-2025
TOTAL				10,363	2,395	5,171	

¹ liability of EUR 110m converted using the average NBP exchange rate of 31 March 2021

² liability of EUR 200m converted using the average NBP exchange rate of 31 March 2021

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

⁴ liability of EUR 250m converted using the average NBP exchange rate of 31 March 2021

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

11.6 Cash flow hedge accounting

All held hedging instruments serve to hedge cash flows and relate to the financial instruments allocated to the same risk category. The presented hedging instruments relate to the liabilities arising under loans between Energa Finance AB and Energa SA, hybrid bonds from the European Investment Bank and credits from the European Investment Bank. A detailed description of hedge accounting is provided in item 17.5 of the condensed interim consolidated financial statements for the period ended on 31 March 2021.

The fair value of hedging instruments is as follows:

The fair value of hedging instruments is as follows:					
	Value (PLN m)	Recognition in the statement of financial position	Change in fair value of the hedging instrument used as the basis for recognizing hedge ineffectiveness for the period	Nominal amounts of hedging instrument in millions of	
	PLN			EUR	PLN
As at 31 March 2021 (unaudited)					
CCIRS III	48	Assets – Derivative financial instruments	None	200	-
	(9)	Liabilities – Derivative financial instruments			
CCIRS IV	66	Assets – Derivative financial instruments	None	250	-
	(9)	Liabilities – Derivative financial instruments			
IRS	(9)	Liabilities – Derivative financial instruments	None	-	350
As at 31 December 2020					
CCIRS III	21	Assets – Derivative financial instruments	None	200	-
	(4)	Liabilities – Derivative financial instruments			
CCIRS IV	32	Assets – Derivative financial instruments	None	250	-
	(1)	Liabilities – Derivative financial instruments			
IRS	(12)	Liabilities – Derivative financial instruments	None	-	350

Under cash flow hedge accounting, the cash flow hedge reserve (the effective portion of changes in the value of the hedge, less deferred tax) increased in the reporting period by PLN 35m. The Company continued hedge accounting under IAS 39, and no ineffectiveness was identified in the period under review.

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

	Three-month period ended 31 March 2021 (unaudited)	Three-month period ended 31 March 2020 (unaudited)
At the beginning of the reporting period	(96)	(52)
Amount recognized in the cash flow hedge reserve in the period, equal to the change in the fair value of hedging instruments	51	(8)
Accrued interest transferred from the reserve to financial income/costs	12	4
Revaluation of hedging instruments transferred from the reserve to financial income/costs	(20)	(101)
Income tax on other comprehensive income	(8)	20
At the end of the reporting period	(61)	(137)

As at 31 March 2021, no inefficiencies were identified resulting from the applied cash flow hedge accounting.

OTHER NOTES

12. Information on related entities

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

12.1 Transactions involving parties related to the State Treasury

The Company is controlled by PKN ORLEN S.A. Energa SA concludes transactions also with other related entities and with the State Treasury associated with normal, daily business operations. These transactions are concluded on an arms' length basis and their terms and conditions do not deviate from transactions with other entities. They do not constitute significant transactions. Additionally, financial transactions (loans, guarantees, banking fees and commissions) were also concluded with Bank PKO BP, Bank Pekao SA and Bank Gospodarstwa Krajowego (banking fees and commissions).

12.2 Related party transactions

	Three-month period ended 31 March 2021 (unaudited)	Three-month period ended 31 March 2020 (unaudited)
Net revenue on the sale of products, goods and materials	14	27
Cost of purchase	5	4
Other financial income	49	56
Financial costs	10	24

	As at 31 March 2021 (unaudited)	As at 31 December 2020
Assets		
Non-current receivables	62	69
Other non-current financial receivables – subsidiaries	2,750	2,810
Cash pooling receivables	1,017	1,181
Trade receivables	9	22
Other current financial receivables	311	313
Long-term bonds	1,716	1,716
Short-term bonds	68	42
Other current assets	84	56
Equity and liabilities		
Non-current liabilities on account of loans and borrowings	932	1,431
Other non-current financial liabilities	-	3
Cash pooling liabilities	364	266
Short-term provision	218	218
Current trade liabilities	4	6
Other current financial liabilities	3	4
Current part of loans and borrowings	519	5
Other current liabilities	29	89

The tables above present transactions with subsidiaries within the PKN ORLEN Group and joint ventures. Transactions with PKN ORLEN S.A. and associates are immaterial. As regards disclosures relating to transactions with parties related to the State Treasury, the Company applies the exemption defined in paragraph 25 of IAS 24.

The transactions involving the acquisition of shares in subsidiaries, associates and joint ventures are presented in Note 8.

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

	Three-month period ended 31 March 2021 (unaudited)	Three-month period ended 31 March 2020 (unaudited)
Management Board	1	2
Supervisory Board	<1	<1
TOTAL	1	2

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

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

The amount of benefits paid or due to the senior management in the period from 1 January 2021 to 31 March 2021 was PLN 3m, compared to PLN 5m in the corresponding period of the previous year based on restated data.

12.5 Security for the repayment of liabilities

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

13. Contingent assets and liabilities

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

14. Other information materially affecting the assessment of assets, financial position and the financial result of the Company**Establishment of new companies**

On 11 January 2021, CCGT Ostrołęka Sp. z o.o. was established and subsequently entered in the National Court Register on 29 January 2021. Energa SA acquired all shares in the company's share capital of PLN 0.2m.

On 20 January 2021, Energa Green Development Sp. z o.o. was established and subsequently entered in the National Court Register on 9 February 2021. Energa SA acquired all shares in the company's share capital of PLN 0.6m.

Extension of loan maturities

On 26 February 2021, two agreements governing loans granted to Elektrownia Ostrołęka Sp. z o.o. by Energa SA and Enea SA were annexed. As a result, the maturities of the loans granted under the agreement of 17 July 2019 in the amount of PLN 58m and the agreement of 23 December 2019 in the total amount of PLN 340m were extended. The new maturity of the loans was set at 30 June 2021.

15. Subsequent events

After the final day of the reporting period, there were no material events in the Company.

Management Board Members

Jacek Goliński
President of the Management Board

Marek Kasicki
Vice-President of the Management Board for Financial Matters

Dominik Wadecki
Vice-President of the Management Board for Operational Matters

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

Iwona Waksmundzka-Olejniczak
Vice-President of the Management Board for Corporate Matters

Energa Centrum Usług Wspólnych Sp. z o.o.
Entity responsible for keeping accounting ledgers
and for preparing financial statements
Energa Centrum Usług Wspólnych Sp. z o.o.
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Gdańsk, 12 May 2021