



Information to the condensed consolidated report of the Energa Group for Q3 2021

Gdańsk, 8 November 2021

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1. SUMMARY

ENERGA GROUP IN 9M 2021



One of the leading energy groups and a reliable supplier of electricity and services for ¼ of Poland, with a 37% share of RES in own production.




Financial data

Revenues	EBITDA	EBITDA margin
PLN 9,986 m	PLN 2,109 m	21.1%

Renewable energy sources

Installed capacity	RES production	
534 MWe	1,098 GWh	





Operating data

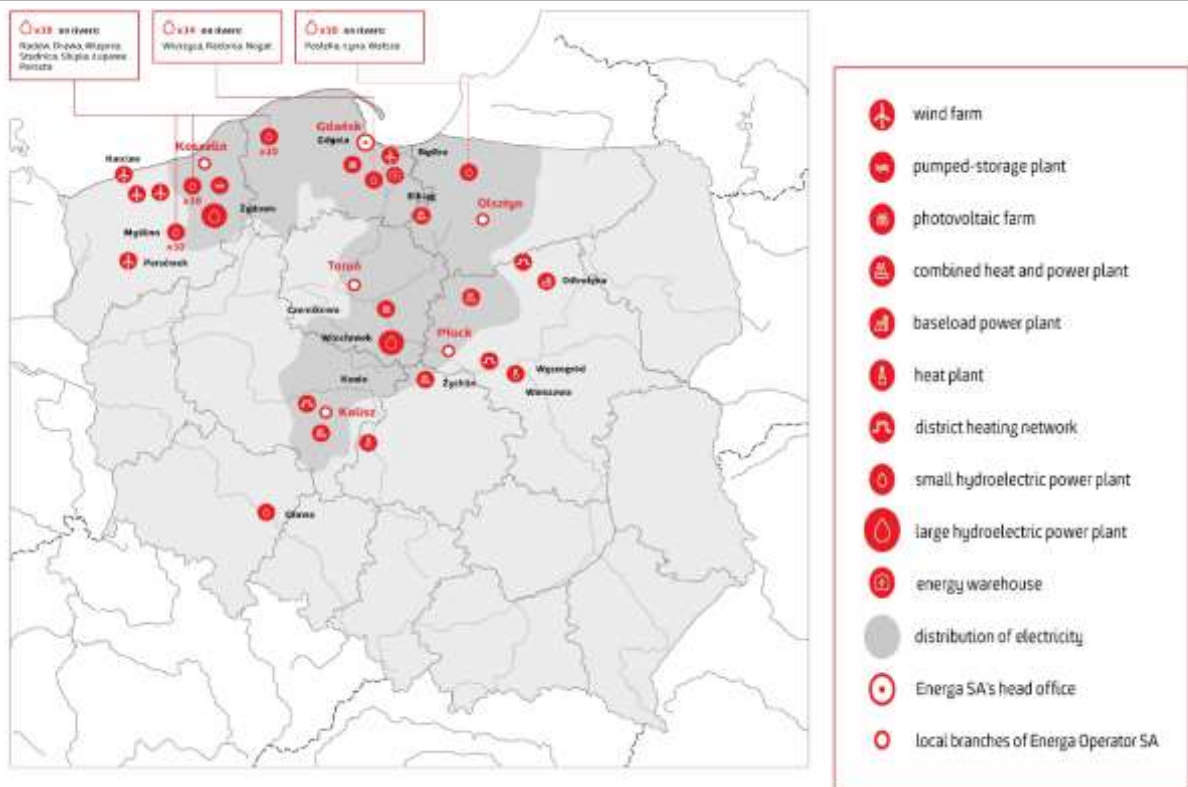
Volume of electricity supplied	Gross electricity production	Retail sales of electricity
 17.2 TWh	 3.0 TWh	 13.7 TWh




Investor's guide*

Capitalization	Share price	Fitch rating of Energa	Moody's rating of Energa
PLN 3.38 billion	PLN 8.16	BBB-	Baa2

* As at 30 September 2021

Key resources			
Distribution grid	Installed capacity	Number of clients	Number of employees
192 k km 	1.38 GWe of which 39% are RES 	Distribution: 3.2 m Sales: 3.2 m 	9.3 k 



Key Business Lines		
Distribution	Generation	Sales
		
EBITDA: PLN 1,503 m	EBITDA: PLN 163 m	EBITDA: PLN 474 m

Investments			
PLN 1,365 m	New customer connections	Modernization of HV, MV and LV lines	New RES
Of which Distribution: PLN 1,022 m	51 k	2,048 km	965 MW



Hydro plant Żelkowo

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") involves the distribution, generation and the sale of electricity and heat. As at 30 September 2021, the Energa Group consisted of 26 companies, including its parent company, Energa SA ("Energa", "Company").

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 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 3.2 million customers, approximately 3.0 million of whom are customers with universal agreements and 177 thousand are TPA (Third Party Access) customers. At the end of September 2021, the total length of the power lines operated by the Group was 192 thousand km and covered almost 75 thousand sq. km, i.e. approximately 24% of the area of Poland.

Generation Business Line. The operation of this Business Line is based on four Generation Areas: the Ostrołęka Power Plant, Hydro, Wind and Other (including cogeneration – CHP). At the end of September 2021, the total installed generation capacity in the Group's power plants was approx. 1.38 GW. The leading entity in this Business Line is Energa OZE SA.

The Energa Group owes its leading position, in terms of the percentage of electricity from renewable energy sources in the total energy generated, primarily to the generation of energy by its hydro power plants and wind power plants. Green energy is produced by 46 hydropower plants, 6 wind farms, as well as biomass-fired installations (as part of Energa Kogeneracja entity) and 2 photovoltaic installations.

Sales Business Line. The Business Line with Energa Obrót SA as the leading entity sells electricity, gas and additional services offered to clients both as separate products and in packages. Products and services are sold to all customer segments, from industry through large, medium and small enterprises, and to households. As at the end of third quarter of 2021, the Energa Group had approx. 3.2 m customers, including over 2.9 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

In Q3 2021, there were changes in the composition of the Group:

Sale of ENERGA OCHRONA sp. z o.o. to ORLEN Ochrona sp. z o.o.

On 30 June 2021, Energa SA signed an agreement with ORLEN Ochrona sp. z o.o. for the sale of 100% of shares in ENERGA OCHRONA sp. z o.o. for PLN 4.1 million. The legal title to the shares passed to ORLEN Ochrona sp. z o.o. with effect from 31 July this year. The transaction was carried out under the Business Integration and Transformation Programme of PKN ORLEN and the Energa Group.

ElectroMobility Poland

On 2 August 2021 the State Treasury signed an investment agreement with ElectroMobility Poland S.A., under which the State Treasury would acquire new shares in the company with the value of PLN 250 million. The existing shareholders will remain in the minority shareholding structure.

On 30 September 2021 the District Court for the Capital City of Warsaw in Warsaw registered in the National Court Register an increase in capital of ElectroMobility Poland S.A. through the issue of new shares acquired by the State Treasury and changes in the by-laws of that company. The current share capital of the company is PLN 302,296,890 and was paid up in full. As a result of these changes, Energa SA holds in ElectroMobility Poland S.A. 2,500 shares with the total nominal value of PLN 13,075,125, which translates to 4.325% of the total number of votes at the general meeting.

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

The key events in the first half of 2021 have been presented in the *Management Board Report on performance of the Energa Capital Group in the first half of 2021*. The material events in Q3 2021 and after the balance sheet date have been presented below.

Partial release of the provision created for the settlement of the Coal Project under the Ostrołęka C Project

As part of the preparation of the consolidated and standalone financial statements for the first half of 2021, on 9 July 2021 it proved possible to partial release of the provision to the level of PLN 107 million created initially in the amount of PLN 218 million to finance Elektrownia Ostrołęka Sp. z o.o. ("SPV") for the purposes of the settlement Coal Project. The Company informed about the creation of the above mentioned provision in the current report No. 60/2020 of 23 July 2020.

The partial release of the provision took place in connection with the planned settlement of the Coal Project on terms specified in current reports No. 24/2021 and No. 25/2021 of 25 June 2021.

The impact of the above event on the consolidated net result of the Energa Group and standalone net result of Energa SA for the first half of 2021 amounted to approx. PLN 111 million. The event was of a non-cash nature increasing the net result without affecting the EBITDA result.

Changes in the Management Board of Energa SA

On 16 July 2021 the Supervisory Board of the Company dismissed Mr. Jacek Goliński performing the function of the President of the Management Board from the Company's Management Board of the 6th term of office. At the same time the Supervisory Board of the Company entrusted on 16 July 2021 the duties of the President of the Company's Management Board to Ms. Iwona Waksmundzka-Olejniczak, the Vice President of the Management Board for Corporate Affairs, until the appointment of a new President of the Management Board.

On 27 October 2021 the Supervisory Board of the Company appointed Ms. Iwona Waksmundzka-Olejniczak to hold as of 27 October 2021 the position of the President of the Company's Management Board of the 6th term of office, in place of the position of the Vice-President of the Management Board for Corporate Affairs held so far.

On 4 November 2021 the Supervisory Board of the Company appointed Mr. Janusz Szurski as of 15 November 2021 to the Company's Management Board of the 6th term of office for the position of the Vice-President of the Management Board for Corporate Affairs.

Cooperation agreement on the spin-off of coal assets and their integration within the NABE

On 23 July 2021 the Company, PGE Polska Grupa Energetyczna S.A. ("PGE"), ENEA S.A., TAURON Polska Energia S.A. (jointly as "Energy Companies") and the State Treasury (jointly as "Parties") signed a cooperation agreement on the spin-off of coal assets and their integration within the National Energy Security Agency ("Narodowa Agencja Bezpieczeństwa Energetycznego") ("Agreement").

The document entitled "The Transformation of the power sector in Poland. Spin-off of coal assets from companies partly owned by the State Treasury" ("Transformacja sektora elektroenergetycznego w Polsce. Wydzielenie aktywów węglowych ze spółek z udziałem Skarbu Państwa") ("Transformation"), prepared by the Ministry of State Assets and then subject to public consultation, presents a concept of the spin-off of assets related to power generation in conventional coal-fired units ("Coal Assets") from the capital groups of particular Energy Companies. The Transformation is expected to consist in the integration of the spin off Coal Assets in a single entity, i.e. PGE Górnictwo i Energetyka Konwencjonalna S.A. - a subsidiary of PGE, which will ultimately operate as National Energy Security Agency ("NABE").

Considering the above, the Parties to the Agreement recognize the need to coordinate their cooperation regarding the spin-off of the Coal Assets and their integration within the NABE. Under the Agreement the Parties declare their intention to mutually exchange the necessary information, including information about their organizational structures, implemented processes and assumptions for the direction of the Transformation, to the extent that any such disclosures are legal. The Agreement will enable effective and efficient execution of the NABE establishment process.

Agreement between Energa SA and PKN ORLEN S.A. on financing of CCGT Grudziądz power plant and update of the Long-Term Strategic Investments Plan of the Energa Group for 2021-2030

On 31 August 2021 the Company concluded with PKN ORLEN S.A. ("PKN ORLEN") an agreement regarding the financing of the construction of a gas and steam power plant in Grudziądz ("Project"). In case of the investment decision regarding the Project, PKN ORLEN committed to finance up to 100% of the capital expenditures related to the implementation of the Project, but not more than PLN 1.8 billion, provided to the conclusion of a capacity contract by the company CCGT Grudziądz Sp. Z o.o. (special purpose vehicle implementing the Project, 100% subsidiary of Energa SA). The indicated capital expenditures will be covered by providing cash to Energa or to the CCGT Grudziądz Sp. z o.o. for equity or foreign capital. The Agreement also defines the rules of supervision over the company CCGT Grudziądz Sp. z o.o. and managing the Project.

Simultaneously on 31 August 2021 the Supervisory Board of Energa SA adopted a resolution to update of the "Long-Term Strategic Investments Plan of the Energa Group for 2021-2030" ("Investment Plan"), about which the Issuer informed in the current report No. 10/2021 of 27 April 2021. According to the current version of the Investment Plan, total outlays on core- and additional investment projects of the Energa Group planned for 2021-2030 amount to approx. PLN 31.5 billion (including approx. PLN 13.6 billion in the Generation Business Line), of which approx. PLN 15.2 billion between 2021 and 2025. The amounts allocated in the years 2021-2030 in the Distribution Business Line (approx. PLN 16.9 billion) and in the Sales Business Line and other companies (approx. PLN 1.1 billion) have not changed.

Affirmation of Energa SA's rating by Moody's

On 23 September 2021 the rating agency Moody's Investors Service ("Agency", "Moody's") issued a credit opinion in which it affirmed the Company's Long-Term Issuer Ratings - Domestic Currency at "Baa2" with a Stable Outlook.

The Agency justifies the rating by low business risk of the Distribution Business Line which has a dominant share in the Group's EBITDA and operates in well-established regulatory framework, and the Company's forecast moderate leverage. Simultaneously, Moody's indicates that the impact of the above factors on awarded rating is balanced by the higher business risk profile of the Generation and Sales Business Lines, and the investment plan for 2021-2030 which, in Agency's opinion, is likely to increasingly weigh on the Company's currently strong financial profile. The Company's rating assessment also includes the credit profile of its strategic shareholder, i.e. PKN ORLEN S.A. The rating was awarded at the request of the Issuer.

2.3. Capital expenditures and execution of key projects

During the first 9 months of 2021, capital expenditures at the Energa Group totalled PLN 1,365 m, up by PLN 175 m, or 15%, from the same period last year. Investments made in the Distribution Business Line accounted for 75% of the total expenditures made by the Group and amounted to PLN 1,022 m.

The investments of the Distribution Business Line included grid expansion aimed at connecting new customers and producers as well as upgrades to improve the reliability of electricity supply. Additionally, expenditure was incurred on innovative technologies and grid solutions, such as the Smart Grid conversion project.

In the Generation Business Line, capital expenditures totalled PLN 120 m, a significant portion of which were outlays for tasks related to the development of heating assets in Elbląg and new PV capacities.

The Sales Business Line, in turn, allocated PLN 35 m to investments, most of which was spent on work related to lighting assets.

Status of the investment program in 9M 2021

Project description	Capital expenditure in 9M 2021 (PLN m)
Distribution Business Line	1,022
Modernisation of the distribution net-work to improve the reliability of supply	245
Grid expansion due to new customer connections	447
Grid expansion in connection with HV flows and connections of electricity sources	101
Expenditures on smart metering and other elements of the smart grids implementation	110
Other capital expenditures, collisions and corrections	119
Generation Business Line	120

Energa Kogeneracja Sp. z o.o. KRS3x38 MWt boilers (Elbląg)	30
Energa Kogeneracja Sp. z o.o. BB20 Optimization	9
Energa OZE Sp. z o.o. Purchase of PV Wielbark	18
ENERGA OZE S.A. Construction of PV Gryf	13
Hydro modernization (MEW i Włocławek)	5
Other investments	45
Sales Business Line	35
Capital expenditures for lighting assets	26
Other capital expenditures	9
Other companies, projects and corrections	188
Total	1,365

Investment programme in the area of heat assets

The key objective of the investment programme is to adapt CHP and heat units to the tightening environmental requirements and to increase the operating efficiency of CHP companies by generating an owner-acceptable rate of return on their operations expressed by EBITDA.

EBITDA maximisation will be achieved by implementing the heat development programme for EC Elbląg and EC Kalisz (as well as at the Ostrołęka location under a separate initiative), which will result in a fuel switch from hard coal to natural gas while maintaining at least the current position in the heat markets in Elbląg and Kalisz.

At the turn of 2020/2021 in Elbląg, the construction of a reserve-peak boiler house was launched (boilers were delivered to the CHP site, installed in the boiler house building, a gas connection was installed and the new boiler house is being commissioned), mobile boilers were contracted to secure heat supplies for the next heating season. As for the Kalisz site, a contract for construction of a reserve-peak boiler house and a water treatment plant was concluded, the Contractor is now commencing work. A tender procedure is being organized to select a Contractor for the co-generation system. A task was launched to migrate two water and coal boilers to comply with the MCP Directive, to secure uninterrupted supplies of heat in Kalisz in the heating season of 2022/2023.

In Q3 2021, development and modernisation investments were also made in the area of district heating networks.

CCGT Grudziądz and CCGT Gdańsk – new gas-fired power plants

Projects concern the construction of new gas-fired power plants. Modern energy infrastructure will enable the development of a low-carbon generation base and the provision of a capacity service and sale of electricity. In the case of CCGT Gdańsk, i.e. unit planned to operate in CHP system, an additional source of revenues will be the sale of heat in the form of process steam for the needs of the Grupa LOTOS S.A. refinery.

The status of the works is as follows:

CCGT Gdańsk -company holds a decision on environmental conditions of approval of an undertaking for the CCGT unit and for a 400 kV power line that would link the CCGT power plant to the Gdańsk Błonia EXV (extra high voltage) electrical substation (power take-off point). Design work is underway leading to the securing of the building permit decision for the aforesaid 400 kV power line. On 30 October 2020, a letter of intent was signed with PKN ORLEN and the LOTOS SA Group. Energa SA, PKN ORLEN and the LOTOS Group committed thereunder to continue their efforts to prepare the ground for joint construction of a gas and steam power plant in Gdańsk. Currently, the conceptual work has reached the stage of advanced arrangements. The arrangements are to be completed and the binding decisions are to be made before the expiry of the term of the letter of intent which was previously set at the end of 2021. The parties to the letter of intent continue to embrace the assumption relating to the scheduling of the project that the CCGT unit will be completed in 2026. According to the decision on environmental conditions, the power of the unit may be derived from the use of a class H gas turbine, i.e. approximately 456-600 MW.

Grudziądz CCGT - design work was carried out and key administrative decisions were obtained for the project to be ready for implementation. In terms of design work, the last key construction project is currently being finalised, which includes updating the documentation of the 400kV power lead line and the reconstruction of the 110kV line. The final planning permission for these scopes of works is expected to be obtained in Q1/Q2 2022. The project implementation schedule assumes that the commissioning of the CCGT unit will take place in 2025 and that the provision of capacity service will commence from 1 January 2026. According to the decision on environmental conditions in Grudziądz, a power plant with a total capacity of up to 1,200 MW may be built, with the assumption of building a unit based on an F-class gas turbine, which would translate into a power plant capacity of approx. 500 MW.

Smart Grid

The Smart Grid project aimed at ensuring stability and flexibility of the distribution system by deploying smart grid solutions is co-financed from EU funds as part of Operational Programme Infrastructure and Environment.

As part of the project, the SCADA electric grid control system will be expanded to include the fault location module, which will shorten duration of disruptions in supply of electricity.

Construction of an energy storage facility designed to stabilise the operation of the distribution system of 4 MW PV farm in Czernikowo is also an element of the project. The storage facility will be based on lithium-ion battery technology and will offer 1 MW rated power with capacity of 2 MWh.

Project of construction of the new power plant in Ostrołęka

In 9M 2021 the project of construction of power plant in Ostrołęka was under conversion due to the change in the fuel source from coal to gas. On 25 June this year, Elektrownia Ostrołęka Sp. z o.o. entered into an agreement with CCGT Ostrołęka Sp. z o.o. for the sale of the enterprise, including assets necessary for the implementation of the gas project. On the same day, CCGT Ostrołęka Sp. z o.o. signed the Gas Annex with the Consortium of GE Group companies (GE Power Sp. z o.o. and General Electric Global Services GmbH) and the Service Agreement with General Electric Global Services GmbH. The subject matter of the Gas Annex is the construction of a 745 MWe net gas-fired combined cycle gas turbine (CCGT) power plant costing an estimated PLN 2.5 billion to be located in Ostrołęka, on a site originally used for the coal-fired unit project. On 21 September 2021 CCGT Ostrołęka Sp. z o.o. began certification for the main auction of the capacity market for the supply period until 2026.

PV Gryf Project

Construction a photovoltaic farm with a capacity of 19.83 MW. According to the RES auction results announced in December, Energa OZE won the ordinary auction for installations on 14 December 2020. On 30 December 2020, the Company issued an NTP. At the present stage, work is being carried out on the paving and installation of the support structures. The anticipated commissioning date for the project is the end of 2021. The farm is being developed in the Przykona commune, on land reclaimed from the Adamów brown coal opencast mine.

PV Mitra Project

The Project involves preparation, construction and commissioning of a photovoltaic installation comprising of a system of photovoltaic power station with the total installed capacity of approx. 100 MW, 50 substations 30/0.8kV, HV 110 kV power service line with an optical fibre link, a 110/30 kV transformer station, MV 30 kV cable lines and telecommunication lines, grounding and the internal road network with the full accessory infrastructure. At this stage, work is underway to obtain the planning permission (in 2. Stages of 50 MW each) for a photovoltaic farm with a capacity of approx. 100 MW (total capacity), including power take-off.



Photovoltaic farm in Bystra

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 2021 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 2021.

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)

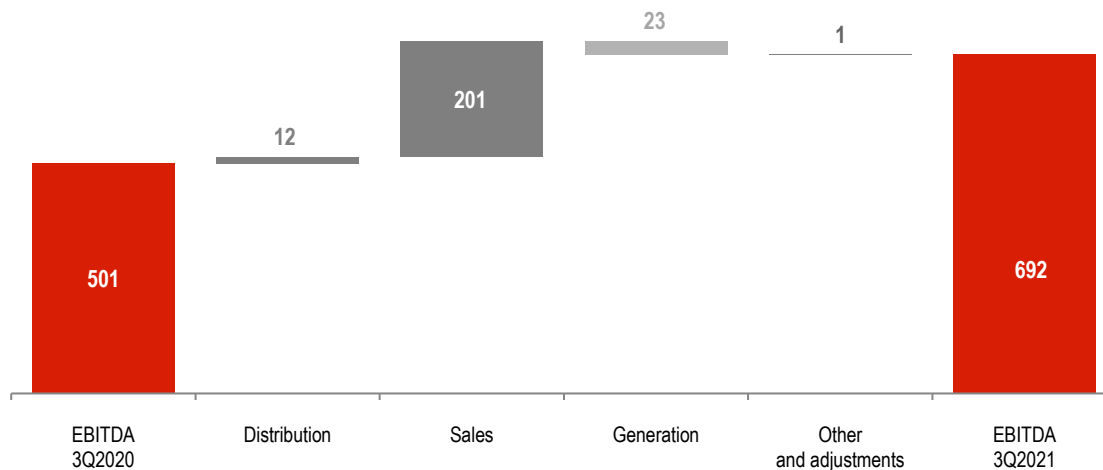
PLN m	Q3 2020*	Q3 2021	Change	Change (%)
Sales revenues	3,013	3,317	304	10%
Revenue from the Price Difference Refund Fund	-	-	-	-
Cost of sales	(2,493)	(2,565)	(72)	3%
Gross profit on sales	520	752	232	45%
Other operating income	66	42	(24)	-36%
Selling and distribution expenses	(223)	(215)	8	-4%
General and administrative expenses	(88)	(91)	(3)	3%
Other operating expenses	(39)	(58)	(19)	49%
Operating profit	236	430	194	82%
Result on financial activity	(105)	(60)	45	-43%
Share in profit/(loss) of the entities measured by the equity method	2	8	6	> 100%
Profit or loss before tax	133	378	245	> 100%
Income tax	(48)	(83)	(35)	73%
Net profit or loss for the period	85	295	210	> 100%
EBITDA	501	692	191	38%

*restated data

PLN m	9M 2020*	9M 2021	Change	Change (%)
Sales revenues	9,105	9,986	881	10%
Revenue from the Price Difference Refund Fund	3	-	(3)	-100%
Cost of sales	(7,538)	(7,745)	(207)	3%
Gross profit on sales	1,570	2,241	671	43%
Other operating income	284	145	(139)	-49%
Selling and distribution expenses	(681)	(670)	11	-2%
General and administrative expenses	(277)	(241)	36	-13%
Other operating expenses	(597)	(238)	359	-60%
Operating profit	299	1,237	938	> 100%
Result on financial activity	(563)	(116)	447	-79%
Share in profit/(loss) of the entities measured by the equity method	(269)	121	390	< -100%
Profit or loss before tax	(533)	1,242	1,775	< -100%
Income tax	(149)	(279)	(130)	87%
Net profit or loss for the period	(682)	963	1 645	< -100%
EBITDA	1,556	2,109	553	36%

* restated data

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



In Q3 2021 Group EBITDA was PLN 692 million and was higher by PLN 191 million, i.e. 38% compared to the corresponding period of 2020. The highest growth was recorded by the Sales Business Line. The reason for the increase was the higher margin on electricity sales. This is mainly due to an overall improvement in the margins of electricity sales to final customers compared to last year. This improvement in margins was influenced, among others, by the positive financial outcome of the sale of surplus energy in August and September (high RES generation in the local market) at high market prices. Moreover, there is also a low base effect. In 2020, there was an unfavourable tariff from the President of the ERO for households billed under this tariff, and also the 2020 results were reduced due to the pandemic - an unplanned loss was then recorded on the sale of surplus energy resulting from a reduction in customer demand for electricity. The reason for the increase in EBITDA in the Distribution Business Line was mainly a higher distribution margin (accounting for grid losses) due to higher distribution volumes, higher revenues from connections with adverse balance of other operating activities in connection with random losses related to the July rainstorm. In turn, the drop in the y/y EBITDA in the Generation Business Line mainly resulted from the

higher cost of purchase of emission allowances, which was not covered with higher revenues from the sale of electricity, the positive impact of free certificates of origin and higher revenues from system services provided to the Transmission System Operator.

In the third quarter of 2021, the Distribution Business Line had the greatest share in the Group's EBITDA (61%). The Sales Business Line and Generation Business Line had a share of 38% and 2%, respectively. Operating profit ("EBIT") in Q3 2021 amounted to PLN 430 million, up by PLN 194 million compared to the same period in 2020. The y/y increase in EBIT was primarily affected by the aforementioned operating factors affecting EBITDA.

In Q3 2021, the Group's sales revenues were PLN 3,317 m, up by 10% (PLN 304 m) compared to the Q3 2020. The increase in revenues is mainly attributable to the Generation Business Line, which is the result of higher revenues from electricity sales in connection with higher energy production by the Ostrołęka power plant and wind and hydro sources, as well as higher electricity sales prices. Higher revenues from system services were also recorded, because at the beginning of 2021 a clearing mechanism in the form of the Capacity Market used by the Group's sources was implemented. In addition, the Sales Business Line recorded a considerable increase in revenues as a result of an increase in energy sales prices in the wholesale market (following an increase in energy prices in the market).

The Energa Group's revenues from the Capacity Market in Q3 2021 amounted to PLN 58 million (PLN 177 million in 9 months of 2021).

During 9 months of 2021, the Group earned EBITDA PLN 2,109 million, i.e. PLN 553 million (36%) more than in the corresponding period of 2020. All Business Lines of the Group generated higher EBITDA figures in year-on-year incremental terms. The highest growth was recorded by the Sales Business Line (with an EBITDA higher by PLN 360 million), which resulted mainly from a margin on the sales of electricity. The higher EBITDA level for the Distribution Business Line for 9 months of 2021 (by PLN 151 million y/y) was mainly caused by the higher margin on the distribution (accounting for grid losses) and revenues from connections and lower operating costs of that Line. The lower balance on other operating activities (the result of favourable base – previous year balance was improved by a major one-off event) deteriorated the result. The increase in EBITDA of the Generation Business Line (by PLN 28 million) was mainly due to higher revenues from electricity sales and higher revenues from system services (the positive impact of these factors was partly reduced by higher costs of consumption of key fuels used for production and higher costs of purchase of emission allowances).

The impact of atypical events affecting the EBITDA result is presented below (the materiality criterion has been set at PLN 25 million).

Table 2: EBITDA after material one-off events* (PLN million)

EBITDA (PLN m)	
Q3 2021	
EBITDA	692
Adjusted EBITDA	690
Q3 2020	
EBITDA	501
Adjusted EBITDA	516
<i>including:</i>	
<i>Provision for contracts resulting in charges</i>	<i>(28)</i>
<i>Revenue loss due to G Tariff</i>	<i>44</i>
EBITDA (PLN m)	
9 months of 2021	

EBITDA	2,109
Adjusted EBITDA	2,064
<i>including:</i>	
Actuarial reserves	(40)
9 months of 2020	
EBITDA	1,556
Adjusted EBITDA	1,632
<i>including:</i>	
Provision for contracts resulting in charges	(95)
Revenue loss due to G Tariff	140
Estimated impact of COVID-19	100
Change of recognising the infrastructure obtained free of charge (alignment of the accounting policy with PKN Orlen Group)	(87)
<i>* The table presents non-recurring items identified on the basis of the criterion of materiality, which was set at PLN 25 million.</i>	

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

	As at 31 December 2020*	As at 30 September 2021	Change	Change (%)
ASSETS				
Non-current assets				
Property, plant and equipment	14,565	14,906	341	2%
Intangible assets	926	1,157	231	25%
Right-of-use assets	907	1,021	114	13%
Goodwill	11	11	-	-
Investments in associated entities and joint ventures measured using the equity method	105	123	18	17%
Deferred tax assets	207	265	58	28%
Other non-current financial assets	77	172	95	> 100%
Other non-current assets	141	226	85	60%
	16,939	17,881	942	6%
Current assets				
Inventories	140	103	(37)	-26%
Current tax receivables	30	7	(23)	-77%
Trade receivables	1,941	1,820	(121)	-6%
Other current financial assets	60	35	(25)	-42%
Cash and cash equivalents	221	331	110	50%
Other current assets	337	217	(120)	-36%
	2,729	2,513	(216)	-8%
Assets classified as held for sale	-	98	98	-
TOTAL ASSETS	19,668	20,492	824	4%

EQUITY AND LIABILITIES

Equity

Share capital	4,522	4,522	-	-
Foreign exchange differences from translation of a foreign entity	5	6	1	20%
Reserve capital	1,018	821	(197)	-19%
Supplementary capital	1,661	1,661	-	-
Cash flow hedge reserve	(96)	(34)	62	65%
Retained earnings	1,669	2,810	1,141	68%
Equity attributable to equity holders of the Parent Company	8,779	9,786	1,007	11%
Non-controlling interest	(36)	(49)	(13)	-36%
	8,743	9,737	994	11%

Non-current liabilities

Loans and borrowings	1,690	1,406	(284)	-17%
Bonds issued	2,520	2,511	(9)	-0%
Non-current provisions	923	907	(16)	-2%
Deferred tax liabilities	777	819	42	5%
Deferred income and non-current grants	214	284	70	33%
Liabilities on account of leases	704	797	93	13%
Other non-current financial liabilities	22	17	(5)	-23%
Contract liabilities	11	10	(1)	-9%
	6,861	6,751	(110)	-2%

Current liabilities

Trade liabilities	792	786	(6)	-1%
Contract liabilities	131	227	96	73%
Current loans and borrowings	1,742	1,198	(544)	-31%
Bonds issued	41	24	(17)	-41%
Current income tax liability	-	41	41	-
Deferred income and grants	187	154	(33)	-18%
Short-term provisions	763	1,170	407	53%
Other financial liabilities	249	212	(37)	-15%
Other current liabilities	159	159	-	-
	4,064	3,971	(93)	-2%
Liabilities directly related to assets classified as held for sale	-	33	33	-
Total liabilities	10,925	10,755	(170)	-2%
TOTAL EQUITY AND LIABILITIES	19,668	20,492	824	4%

* restated data

As at 30 September 2021, the balance sheet total of the Energa Group was PLN 20,492 million, up by PLN 824 million compared to the end of 2020.

In assets, the most significant change was recorded under non-current assets, in particular property, plant and equipment. The increase mainly concerned expenditures less depreciation in the Distribution Business Line (expenditures on expansion and modernisation of the grid) and in Other Activities (transaction of disposal of assets connected with the gas power plant construction process concluded between Elektrownia Ostrołęka Sp. z o.o. and CCGT Ostrołęka Sp. z o.o.). As regards intangible assets, the biggest change was the value of certificates of energy origin.

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

As at 30 September 2021, Energa Group's equity was PLN 9,737m, and financed the Group's assets in 48%.

Compared to the end of 2020, the structure of obtained financing changed. In H1 2021, the financing from PKN ORLEN was activated, while the debt under the syndicated loan and the loan from Bank Gospodarstwa Krajowego was reduced. Additionally, in terms of short-term liabilities, a significant change affected Short-term provisions. The increase in the value of this item was caused in particular by the increase in the provision for gas emission liabilities and the obligation relating to property rights. The increase in this item was partially offset with dissolution of the provision relating to settlement of the coal project in Ostrołęka.

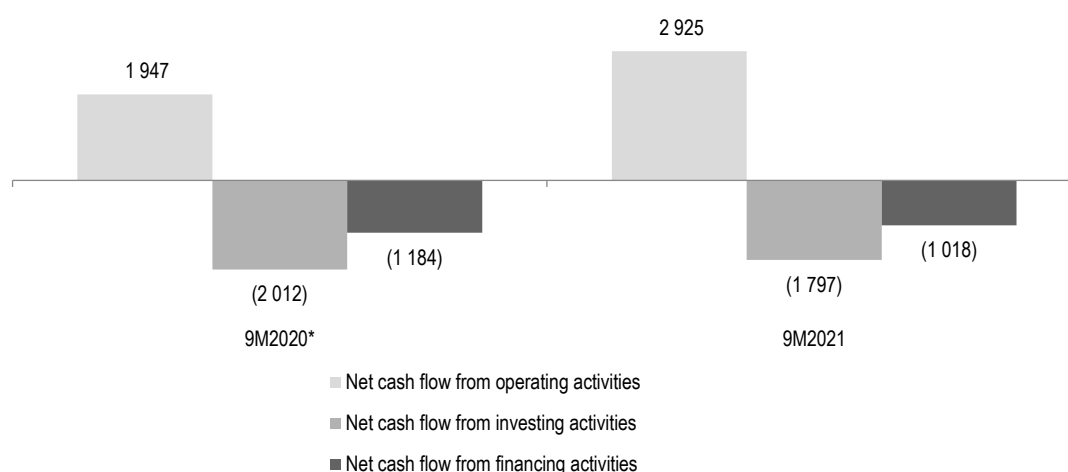
As at 30 September 2021, the following items were identified in the consolidated statement of financial position: Assets classified as held for sale and Liabilities directly related to assets classified as held for sale which is connected with actions taken by the Group to sell shares in subsidiaries Energa Centrum Usług Wspólnych Sp. z o.o. and Energa Invest Sp. z o.o.

Table 4: Consolidated cash flow statement (PLN m)

in PLN million	9 months of 2020*	9 months of 2021	Change	Change (%)
Net cash flow from operating activities	1 947	2,925	978	50%
Net cash flows from investment activities	(2,012)	(1,797)	215	11%
Net cash flows from financial activities	(1,184)	(1,018)	166	14%
Net increase / (decrease) in cash	(1,249)	110	1,359	> 100%

*restated data

Figure 2: Consolidated cash flow statement (PLN m)



Total net cash flows from operating, investment and financing activities of the Group in Q3 2021 were positive and stood at PLN 110 million, compared to negative flows of PLN (1,249) million in the same period of 2020.

Cash flows from operating activities amounted to PLN 2,925 million compared to PLN 1,947 million in Q3 2020. The increase in cash flows from operating activities was mainly due to a profit before tax of PLN 1,242 million compared to a loss of PLN (533) million in Q3 2020 with a decrease in trade receivables, a decrease in inventories and an increase in advance payments received. These items exceeded the other negative flows, the most significant of which concerned the payment of income tax of PLN (237) million compared to PLN (82) million paid in Q3 2020.

Net flows on investment activities in Q3 2021 totalled PLN (1,797) million and were PLN 215 million lower than in Q3 of the previous year, which mainly resulted from extension of a loan to Elektrownia Ostrołęka SA at PLN (180) million in 2020. Expenses on the purchase of property, plant and equipment were comparable during both periods and totalled (1,847) million in Q3 2021 compared to PLN (1,848) million in the corresponding period of 2020.

Cash flows from financing activities amounted to PLN (1,018) million and resulted mainly from the schedule of repayment of current debt instruments at PLN (2,271) million compared to receipts from incurring new financial obligations at PLN 1,434 million, repayment of lease debt at PLN (65) million, current interest payments at PLN (170) million and commission expenses at PLN (9) million. In the same period last year, there was also a negative cash flow from financing activities in the amount of PLN (1,184) million, which resulted mainly from the higher balance of redemption of debt securities as well as repayment of credit and lease debt with interest of PLN (5,275) million against the acquisition of external credit of PLN 4,048 million. Repayments of the debt incurred during the periods under review were made in accordance with the applicable schedules.

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

Figure 3: Structure of assets and liabilities

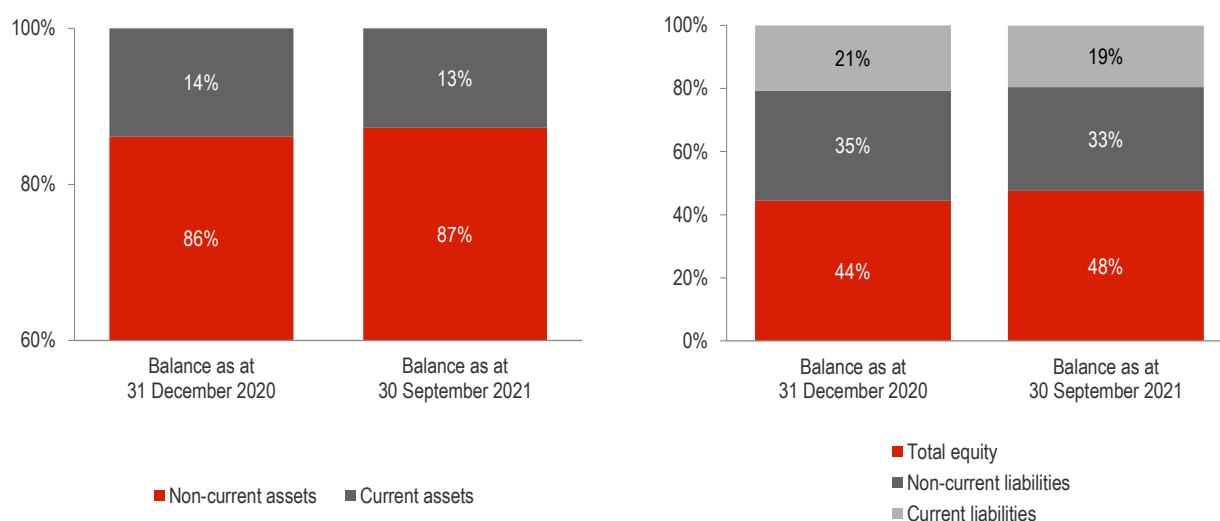


Table 5: Financial ratios of the Energa Group

Ratio	Definition	9M 2020	9M 2021
Profitability			
EBITDA margin	operating result + depreciation and amortization + impairment of non-financial non-current assets/ sales revenues (taking into account the revenue from the Price Difference Payout Fund)	17.1%	21.1%
return on equity (ROE)	net profit for the period*/ equity at the end of the period	-24.0%	12.3%
return on sales (ROS)	net profit for the period / sales revenues (taking into account the revenue from the Price Difference Payout Fund)	-7.5%	9.6%
return on assets (ROA)	net profit for the period*/ total assets at the end of the period	-10.4%	5.9%

* net profit for the last 12 months

Ratio	Definition	As at 31 December 2020	As at 30 September 2021
-------	------------	------------------------	-------------------------

Liquidity			
current liquidity ratio	current assets/current liabilities	0.7	0.6
Debt			
financial liabilities (PLN m)	total liabilities due to loans and borrowings, debt securities and leases (both long- and short-term)	6,736	5,972
net financial liabilities (PLN m)	financial liabilities - cash and cash equivalents	6,515	5,641
net debt**/EBITDA* ratio	net financial liabilities/EBITDA	2.3	1.5

* EBITDA for the last 12 months

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

Both sales revenue and EBITDA recorded an increase in 9 months of 2021 compared to the same period of the previous year (the factors affecting these changes are described in the section on discussion of financial figures). As EBITDA grew at a higher rate than revenues, the EBITDA margin ratio improved. Operational factors improving EBITDA, a positive contribution to profit/loss of equity accounted investees and a higher balance of financing activities also improved net income y/y and therefore improved the profitability ratios.

The current ratio decreased compared to the end of 2020 and was 0.6 at the end of September 2021, a result of a drop in current assets, with a lower drop in short-term liabilities.

The decrease in the net debt/EBITDA ratio was driven by a lower level of financial liabilities and a higher level of cash and cash equivalents at 30 September 2021 compared to 31 December 2020, as well as higher annualised EBITDA at the end of September 2021 compared to EBITDA for 2020.

3.4. Description of significant off-balance sheet items

Information in this respect can be found in the consolidated financial statements - note 21: *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 2021.

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

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

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

Expenditures incurred on the grid so as to meet quality regulation requirements in the Distribution Business Line	Energy prices on the futures, SPOT and balancing markets	Dynamic growth in the number of prosumers and costs related to their functioning
Effects of implementation of ambitious sales plans in the competitive environment on the electricity sales market	Prices of CO ₂ emission allowances	Size of support in the form of the Capacity Market
Must-run production level at the Ostrołęka B Power Plant and progress of implementation of adopted sales strategy	Weather and hydrometeorological conditions	Prolonging COVID-19 pandemic and economic restrictions in 2021



Włocławek Hydroelectric Power Station

Activities of the Energa Group's Business Lines

4. ACTIVITIES OF THE ENERGA GROUP'S BUSINESS LINES

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

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

EBITDA in PLN m	Q3 2020	Q3 2021	Change	Change (%)
DISTRIBUTION	412	424	12	3%
GENERATION	37	14	(23)	-62%
SALES	62	263	201	> 100%
OTHER and consolidation eliminations and adjustments	(10)	(9)	1	10%
Total EBITDA	501	692	191	38%

EBITDA in PLN m	9M 2020	9M 2021	Change	Change (%)
DISTRIBUTION	1,352	1,503	151	11%
GENERATION	135	163	28	21%
SALES	114	474	360	> 100%
OTHER and consolidation eliminations and adjustments	(45)	(31)	14	31%
Total EBITDA	1,556	2,109	553	36%

4.1. Distribution Business Line

4.1.1. Business and operating activities

Table 7: Distribution of electricity by tariff groups (GWh)

Distribution of electricity by tariff groups (billed sales) in GWh	Q3 2020	Q3 2021	Change	Change (%)	9M 2020	9M 2021	Change	Change (%)
Tariff group A (HV)	846	892	46	5%	2,362	2,629	267	11%
Tariff group B (MV)	2,217	2,306	89	4%	6,309	6,766	458	7%
Tariff group C (LV)	976	1,042	67	7%	3,035	3,169	134	4%
Tariff group G (LV)	1,404	1,386	(18)	-1%	4,404	4,630	226	5%
Total distribution of electricity	5,443	5,627	184	3%	16,110	17,194	1,084	7%

During 9 months of 2021, the volume of electricity supplied was 17,194 GWh, up by 7% from the corresponding period of the previous year. A similar trend occurred in Q3 2021, where electricity distribution volumes amounted to 5,627 GWh and were higher by almost 3% y/y. Volume increases were recorded in all tariff groups (only group G recorded a y/y decrease in Q3) and this was primarily the result of the lockdown in the corresponding period of 2020 associated with the COVID-19 pandemic (there was then a y/y decrease in volume in groups A, B and C and a simultaneous increase in volume on tariff G due to increased household consumption resulting from remote working and learning).

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 2020	23.6	6.0	29.7	0.5	0.0	0.5
Q3 2021	103.8	5.7	109.5	0.8	0.0	0.9
Change	80.1	(0.4)	79.8	0.4	(0.0)	0.4
Change (%)	> 100%	-6%	> 100%	82%	-0%	76%
9M 2020	74.1	15.0	89.1	1.3	0.1	1.4
9M 2021	139.8	16.4	156.2	1.6	0.1	1.7
Change 2021/2020	65.7	1.5	67.2	0.3	0.0	0.3
Change 2021/2020 (%)	89%	10%	75%	22%	17%	21%

The SAIDI and SAIFI of Energa Operator for 9 months of 2021 stood at 156.2 min/cust. and 1.7 discr./cust., respectively, i.e. at a level that was higher than the level recorded in the corresponding period of the preceding year. This was the result of a massive rainstorm and the mass failure this July as well as gales this September.

4.1.2. Financial results

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

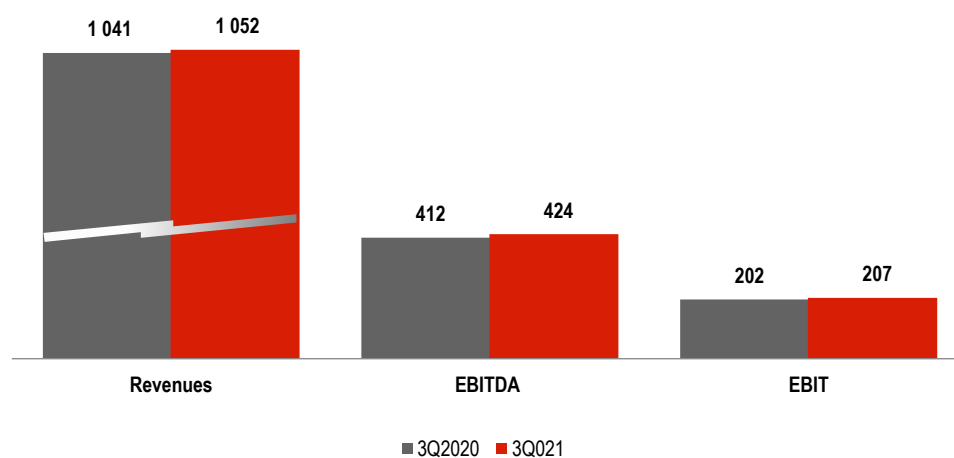
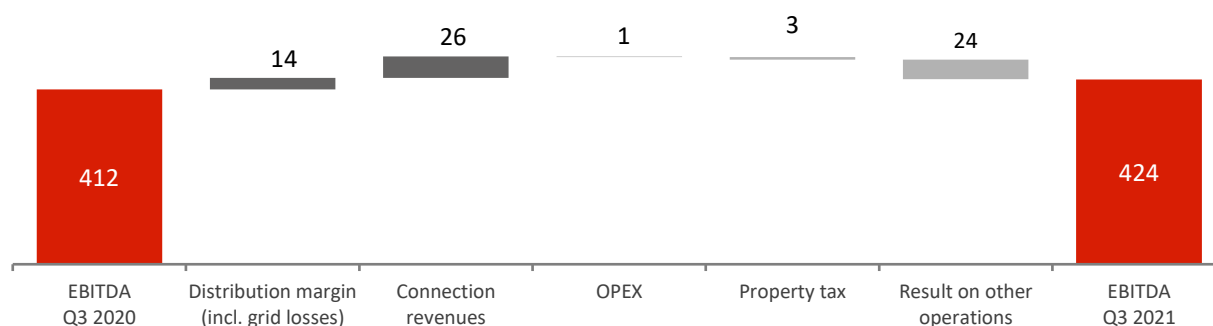


Table 9: Results of the Distribution Business Line (PLN m)

PLN m	Q3 2020	Q3 2021	Change	Change (%)
Revenues	1,041	1 052	11	1%
EBITDA	412	424	12	3%
amortization and depreciation	210	217	7	3%
impairment of non-financial non-current assets	-	-	-	0%
EBIT	202	207	5	2%
Net result	135	132	(3)	-2%

	318	352	34	11%
CAPEX				
PLN m	9M 2020	9M 2021	Change	Change (%)
Revenues	3,189	3,285	96	3%
EBITDA	1,352	1,503	151	11%
amortization and depreciation	628	650	22	4%
impairment of non-financial non-current assets	-	-	-	0%
EBIT	724	853	129	18%
Net result	479	553	74	15%
CAPEX	897	1,022	125	14%

Figure 6: EBITDA Bridge of the Distribution Business Line (PLN million)



In Q3 2021, the Distribution Business Line generated 61% of EBITDA for the Energa Group (vs. 82% in the comparable period of 2020).

In Q3 2021, sales revenue totalled PLN 1,052 million and remained at a similar level to the one reported in the corresponding period of the preceding year. The level of revenues was favourable affected by the volume of the distribution service (increase by 3% y/y) and revenues from connections higher by PLN 26 million. The rate for the distribution service that was lower by 3% (payable to the DSOs) had the opposite effect.

EBITDA of the Line for Q3 2021 was PLN 424 million, i.e. PLN 12 million more than in the corresponding period of the preceding year. A PLN 14 million increase in the distribution margin (with grid losses) had a considerable impact on the EBIT, mainly as a result of a favourable volume of sales of the distribution service. The increase in connection revenues by PLN 26 million was offset by the unfavourable balance on other activities, which was affected by the unexpected losses caused by the July rainstorm. OPEX costs of the Line over the analysed period were at the same level y/y.

In Q3 2021, the Distribution Business line reported net profit of PLN 132 m vs. PLN 135 m in the corresponding period of the previous year.

Capital expenditures for this Line amounted to PLN 352 million and were 11% higher than in Q3 2020.

During 9 months of 2021, EBITDA of the Distribution Business Line amounted to PLN 1,503 million and was PLN 151 million higher than in the same period of the previous year. EBIT, on the other hand, reached PLN 853 million (up 18% y/y). The operating result was significantly impacted by a PLN 115 million higher distribution margin (with network losses), PLN 51 million higher connection revenues and PLN 69 million lower OPEX of the Line. The higher cost of property tax (up by PLN 9 million y/y) and the lower balance on other operating activities (down by PLN 76 million y/y) had a negative impact, despite a favourable settlement reached in the litigation regarding damages on account of the transmission fee. The y/y balance of other operating activities deteriorated other single event in 2020 - in Q2 2020, the recognition of infrastructure received free of charge (previously accounted for through deferred income) was changed in connection with the harmonisation of the accounting policy with the ORLEN Group, which improved the Line's results in that period by PLN 73 million.

4.2. Generation Business Line

4.2.1. Business and operating activities

Table 10: Gross electricity production (GWh)

Gross electricity production (GWh)	Q3 2020	Q3 2021	Change	Change (%)	9M 2020	9M 2021	Change	Change (%)
Power plants – coal-fired	490	710	220	45%	1,075	1,800	724	67%
Power plants - biomass co-fired	11	-	(11)	-100%	105	-	(105)	-100%
CHP plants - coal-fired	4	6	2	51%	66	22	(44)	-66%
CHP plants - biomass-fired	17	16	(1)	-7%	36	60	24	67%
Power plants – hydro	171	212	40	23%	538	721	184	34%
Pumped storage plant	9	11	2	24%	37	45	8	22%
Power plants – wind	78	85	7	9%	346	312	(34)	-10%
Power plants – photovoltaics	2	2	(0)	-11%	5	4	(0)	-4%
Total production of electricity	783	1,042	259	33%	2,207	2,964	757	34%
<i>including from RES</i>	<i>279</i>	<i>314</i>	<i>35</i>	<i>13%</i>	<i>1,029</i>	<i>1,098</i>	<i>68</i>	<i>7%</i>

In Q3 2021, the generating assets in the Energa Group produced approximately 1.0 TWh of electricity vs. 0.8 TWh in the same period last year (up by 33%). The upward trend mainly concerned the Ostrołęka Power Plant and hydroelectric power plants. During that period, 69% of the Group's gross electricity production originated from hard coal, 21% from hydro, 8% from wind and 2% from biomass.

The level of production at the Ostrołęka power plant resulted from the must-run production for the Transmission System Operator in Poland, contracting in the wholesale market, and the availability of these units. Energy production in hydro sources is the effect of hydrological conditions, while the level of production in wind sources resulted from the prevailing weather conditions. Energy production in the Group's CHP plants was connected with the production of heat, which was mainly dependent on the heat demand from the Group's local consumers and the availability of the co-generation units.

In the period of 9 months of 2021 a y/y increase in production volumes of the Ostrołęka power plant and hydro power plants was recorded. The lower production was achieved by CHP plants of the Group, wind power stations and PV.

Table 11: Gross heat production (TJ)

Gross heat production in TJ	Q3 2020	Q3 2021	Change	Change (%)	9M 2020	9M 2021	Change	Change (%)
ENERGA Kogeneracja Sp. z o.o.	228	260	32	14%	1,490	1,626	137	9%
ENERGA Elektrownie Ostrołęka S.A.	141	170	29	21%	801	858	58	7%
Ciepło Kaliskie Sp. z o.o.	4	2	(3)	-63%	162	195	34	21%
Total gross heat production	374	432	58	16%	2,452	2,680	228	9%

In Q3 2021, the Group produced heat energy of 432 TJ (i.e. up by 16%), which was influenced by, e.g. the ambient temperature shaping the demand for heat from the Group's local consumers in the cities of Ostrołęka, Elbląg and Kalisz.

Likewise, higher production of heat was recorded during 9 months of 2021 compared to the same period of the previous year. The Group produced 228 TJ (i.e. 9%) more heat y/y, due to weather conditions.

Table 12: Volume and cost of consumption of key fuels*

Consumption of fuels*	Q3 2020	Q3 2021	Change	Change (%)	9M 2020	9M 2021	Change	Change (%)
Hard coal								
Quantity (k tonnes)	227	331	104	46%	569	875	306	54%
Cost (PLN m)	66	90	24	36%	174	246	73	42%
Biomass								
Quantity (k tonnes)	24	19	(5)	-23%	97	64	(33)	-34%
Cost (PLN m)	12	9	(3)	-29%	48	27	(21)	-43%
Total fuel consumption (PLN m)	79	99	20	26%	222	273	52	23%

* including the cost of transport

In Q3 2021, the Group's generators consumed 104 thousand tonnes more coal and 5 thousand tonnes less biomass than in the corresponding period of the preceding year. The reduction in production from biomass is mainly due to the termination of production from co-firing at the Ostrołęka Power Plant. The higher coal consumption was an effect of higher electricity production, mainly by the Ostrołęka Power Plant. At the same time, lower unit costs of coal and biomass purchase were recorded. Similar y/y trends were also recorded during 9 months of 2021.

4.2.2. Financial results

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

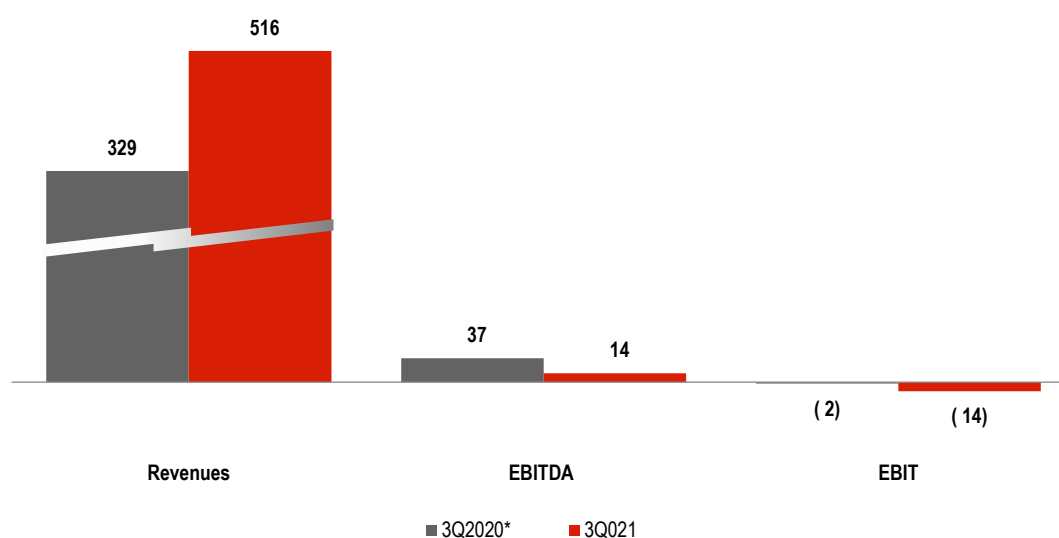


Table 13: Results of the Generation Business Line of the Energa Group (PLN m)

PLN m	Q3 2020*	Q3 2021	Change	Change (%)
Revenues	329	516	187	57%
EBITDA	37	14	(23)	-62%
amortization and depreciation	37	34	(3)	-8%
impairment of non-financial non-current assets	2	(6)	(8)	< -100%

EBIT	(2)	(14)	(12)	< -100%
Net result	(28)	(28)	-	0%
CAPEX	35	50	15	43%

PLN m	9M 2020*	9M 2021	Change	Change (%)
Revenues	828	1,562	734	89%
EBITDA	135	163	28	21%
amortization and depreciation	108	104	(4)	-4%
impairment of non-financial non-current assets	472	66	(406)	-86%
EBIT	(445)	(7)	438	98%
Net result	(504)	(61)	443	88%
CAPEX	232	120	(112)	-48%

* restated data

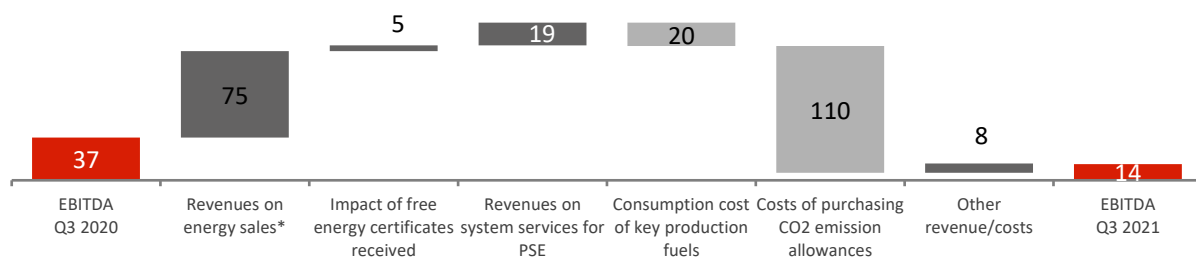
The following table presents EBITDA breakdown of the Generation Business Line into individual Generation Segments. The statement presents unit data with the elimination of mutual transactions among business segments and consolidation adjustments.

Table 14: EBITDA for Generation Business Line broken down to Generation Segments (PLN m)

EBITDA in PLN m	Q3 2020	Q3 2021	Change	Change (%)
Water	31	45	15	48%
Wind	17	28	11	64%
Ostrołęka power plant	(14)	(53)	(39)	< -100%
Other and Adjustments	3	(7)	(10)	< -100%
Generation total	37	14	(23)	-62%

EBITDA in PLN m	9M 2020	9M 2021	Change	Change (%)
Water	91	155	64	70%
Wind	74	88	13	18%
Ostrołęka power plant	(33)	(73)	(40)	< -100%
Other and Adjustments	3	(7)	(10)	< -100%
Generation total	135	163	28	21%

Figure 8: EBITDA bridge of the Generation Business Line (PLN m)



* includes net electricity trading (revenue less cost)

The share of the Generation Business Line in the Group's total EBITDA was 2% in Q3 2021 (7% in the corresponding period of the preceding year).

The lower EBITDA of the Line (by PLN 23 million y/y) was mainly due to the higher cost of purchase of emission allowances, which was not covered by higher revenues from the sale of electricity, the positive impact of certificates of origin obtained free of charge and higher revenues generated by the system services provided to the Transmission System Operator.

The higher revenues from electricity sales are mainly the result of higher energy production by the Ostrołęka power plant and wind and hydro sources, as well as higher electricity sales prices.

The higher impact of certificates of energy origin received free of charge was mainly due to higher market prices of the product despite the lower production volume (e.g. discontinuation of co-firing at the Ostrołęka power plant).

The higher revenues from system services were mainly due to the implementation at the beginning of 2021 of a clearing mechanism in the form of the Capacity Market used by the Group's sources. Total revenues from system services in Q3 2021 amounted to PLN 48 million compared to PLN 29 million in the same period last year.

The cost of key fuel consumption for generation was mainly driven by the higher volume of electricity generation at the Ostrołęka power plant, the lower unit cost of fuel consumption and the efficiency of the generation facilities.

The increase in the cost of purchasing CO2 emission allowances was due to the increase in market prices of emission allowances, the volume of emissions of the Group's sources and the smaller pool of free emission allowances held.

The Line's capital expenditures in Q3 2021 were lower by PLN 15 million y/y, mainly due to the tasks connected with the development of new PV capacity.

The Line's higher EBITDA y/y for 9 months of 2021 (by PLN 28 million) was mainly due to higher revenues from electricity sales and higher revenues from system services. The positive impact of the above factors was only partially mitigated by the higher cost of using key fuels for production and the higher cost of purchasing emission allowances.

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

PLN m	Q3 2020	Q3 2021	Change	Change (%)	9M 2020	9M 2021	Change	Change (%)
Revenues	54	70	16	29%	165	232	67	41%
EBITDA	31	45	15	48%	91	155	64	70%
EBIT	22	37	14	64%	65	129	64	98%
CAPEX	3	5	1	43%	7	6	(1)	-12%

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

PLN m	Q3 2020	Q3 2021	Change	Change (%)	9M 2020	9M 2021	Change	Change (%)
Revenues	26	(11)	(36)	< -100%	101	67	(34)	-33%
EBITDA	17	28	11	64%	74	88	13	18%
EBIT	1	12	11	> 100%	30	38	8	27%
CAPEX	(1)	1	3	> 100%	130	4	(126)	-97%

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

PLN m	Q3 2020	Q3 2021	Change	Change (%)	9M 2020	9M 2021	Change	Change (%)
Revenues	237	381	144	61%	508	1,105	597	> 100%
EBITDA	(14)	(53)	(39)	< -100%	(33)	(73)	(40)	< -100%
EBIT	(16)	(47)	(31)	< -100%	(519)	(126)	393	76%

CAPEX	12	7	(5)	-41%	60	13	(47)	-79%
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Table 18: Results of the Other Generation and Adjustments Division (PLN m)

PLN m	Q3 2020*	Q3 2021	Change	Change (%)	9M 2020*	9M 2021	Change	Change (%)
Revenues	12	76	63	> 100%	54	158	104	> 100%
EBITDA	3	(7)	(10)	< -100%	3	(7)	(10)	< -100%
EBIT	(9)	(16)	(7)	-79%	(21)	(48)	(27)	< -100%
CAPEX	21	38	17	81%	35	98	63	> 100%

* restated data

4.3. Sales Business Line

4.3.1. Business and operating activities

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

Sales of electricity by the Sales Business Line in GWh	Q3 2020	Q3 2021	Change	Change (%)	9M 2020	9M 2021	Change	Change (%)
Retail sales of electricity	4,611	4,407	(204)	-4%	13,886	13,723	(164)	-1%
Sales of electricity in the wholesale market, including:	702	678	(24)	-3%	3,316	2,196	(1,120)	-34%
<i>Sales of energy to the balancing market</i>	242	133	(110)	-45%	947	1,096	149	16%
<i>Sales of energy to cover network losses to Energa Operator</i>	-	-	-	-	-	-	-	-
<i>Other wholesale</i>	460	545	85	19%	2,369	1,099	(1,269)	-54%
Total sales of electricity	5,314	5,085	(228)	-4%	17,203	15,919	(1,284)	-7%

In Q3 2021, the total volume of electricity sold by the Sales Business Line declined by 4% (or, 0.2 TWh) compared to the corresponding period of 2020. This was mainly the result of lower sales on the wholesale market.

The volume of sales in the retail market was 4.4 TWh in Q3 2021, which translates to a decrease by 0.2 TWh, i.e. 4% compared to Q3 2020. As part of retail sales, there was a noticeable decrease in the volume of sales to business customers (by 5%) with the similar level of sales to households. The drop in retail sales is mainly related to weather conditions this August (lower than average temperature), as well as the prevailing COVID pandemic (more remote work), which translated into lower use of among business customers.

As at the end of Q3 2021, the number of end consumers of electricity (Energy Consumption Points) of the Sales Business Line amounted to 3.2m, an increase of approx. 14,000 customers y/y. The customer base increased mainly in the C tariff group (micro and small business).

The volume of energy sales in the wholesale market recorded a slight drop (by 0.02 TWh, i.e. 3%) compared to Q3 2020, which is a different situation than the strong declining trend in incremental terms. This difference resulted from high production of energy from RES sources this August and September as a result of weather conditions (windy conditions) and the rapid increase in prosumer PV systems, which required sales of energy surplus in the wholesale market.

In 2021, as in 2020, there were no sales of energy to cover network losses to Energa Operator SA by Energa Obrót SA - another seller has been selected.

The trend during the first 9 months of 2021 was the same as the trend on a quarterly basis, i.e. the energy sale volume was also lower y/y (by 1.3 TWh, i.e.: 7%). The volume of sales in the retail market was 13.7 TWh during 9 months of this year, and the drop was lower than on a quarterly basis (0.16 TWh, i.e. 1%). There is a considerable difference in terms of the energy sales growth rate in the wholesale market. In incremental terms, the drop in this volume within 9 months of 2021 was 1.1 TWh, i.e. 34%. The reason for the decrease was a reduction in the scale of activities carried out on the energy portfolio, as well as

a lower production of wind farms on the local market, which reduced the phenomenon of having to collect this energy and resell it in case of a surplus. The reasons for the slowdown in the dynamic decline in sales on the wholesale market in Q3 of this year are described above.

4.3.2. Financial results

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

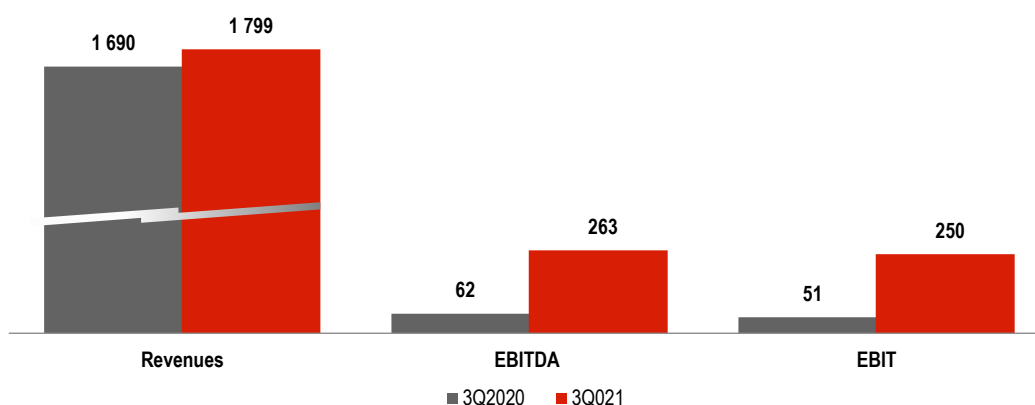
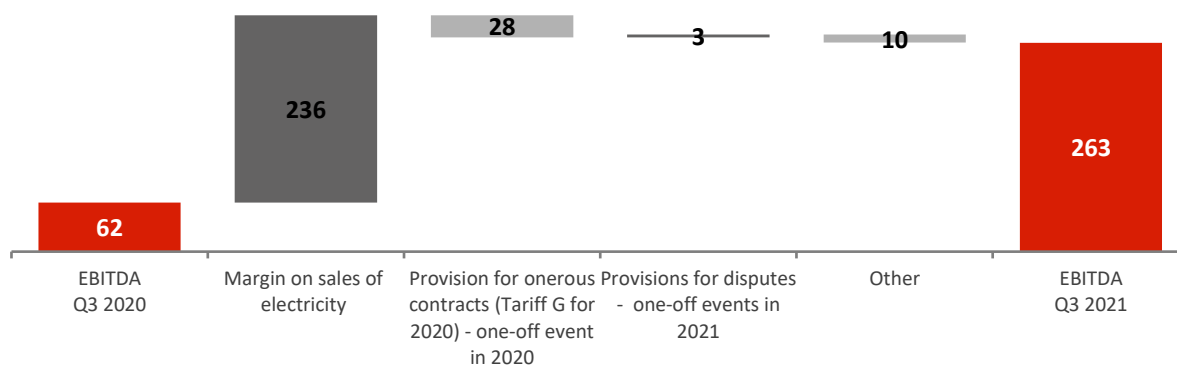


Table 20: Results of the Sales Business Line of the Energa Group (PLN m)

PLN m	Q3 2020	Q3 2021	Change	Change (%)
Revenues	1,690	1,799	109	6%
EBITDA	62	263	201	> 100%
amortization and depreciation	11	13	2	18%
impairment of non-financial non-current assets	-	-	-	0%
EBIT	51	250	199	> 100%
Net result	42	195	153	> 100%
CAPEX	10	12	2	20%

PLN m	9M 2020	9M 2021	Change	Change (%)
Revenues	5,268	5,365	97	2%
EBITDA	114	474	360	> 100%
amortization and depreciation	38	37	(1)	-3%
impairment of non-financial non-current assets	-	-	-	0%
EBIT	76	437	361	> 100%
Net result	54	347	293	> 100%
CAPEX	33	35	2	6%

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



In Q3 2021 the EBITDA of the Sales Business Line totalled PLN 263 million, up by PLN 201 million compared to the result earned in the corresponding period of 2020. The Line's EBITDA in the reported period represented 38% of the Group's EBITDA, compared to 12% a year ago.

Revenues of the Sales Business Line in Q3 2021 amounted to PLN 1,799 million, up by PLN 109 million in comparison to Q3 2020. The increase in revenues mainly resulted from an increase in energy sales prices in the wholesale market (the result of an increase in energy prices in the market).

The dynamic y/y increase in EBITDA of the Sales Business Line was mainly driven by an increase in the margin on electricity sales (by PLN 236 million). This is mainly due to an overall improvement in the margins of electricity sales to final customers compared to last year. This improvement in margins was influenced, among others, by the positive financial outcome of the sale of surplus energy in August and September (high RES generation in the local market) at high market prices. Moreover, there is also a low base effect. In 2020, there was an unfavourable tariff from the President of the ERO for households billed under this tariff, and also the 2020 results were reduced due to the pandemic - an unplanned loss was then recorded on the sale of surplus energy resulting from a reduction in customer demand for electricity – however the scale of this phenomena in Q3 of the previous year was weaker than in previous quarters.

The change of the Business Line's EBITDA was considerably affected by one-off event, namely provision for burdensome tariff G contracts in connection with the approval of the tariff by the President of the Energy Regulatory Office for the year 2020. This provision, created at the end of 2019, was successively dissolved in 2020 due to the materialisation of this event within the energy sales margin (achievement of lower revenues from energy sales from customers billed under the G tariff). Subsequently, in Q3 2020, PLN 28 million of this provision was dissolved, while in the reported period no such an event took place, which generated a negative impact on the y/y change in EBITDA.

In the period of 9 months of 2021 the EBITDA of the Sales Business Line totalled PLN 474m, up by PLN 360m vs. the corresponding period of 2020. The reasons for the y/y incremental change in EBITDA are similar to those presented above in quarterly terms, i.e. the most significant impact on the increase in the result came from a higher margin on electricity sales (by PLN 483 million). The negative impact on the change in EBITDA was mainly due to the one-off events described above (PLN -95 million), and the provision for litigations of 2021 (PLN -11 million).



Przykona Wind Farm

Regulatory and business environment

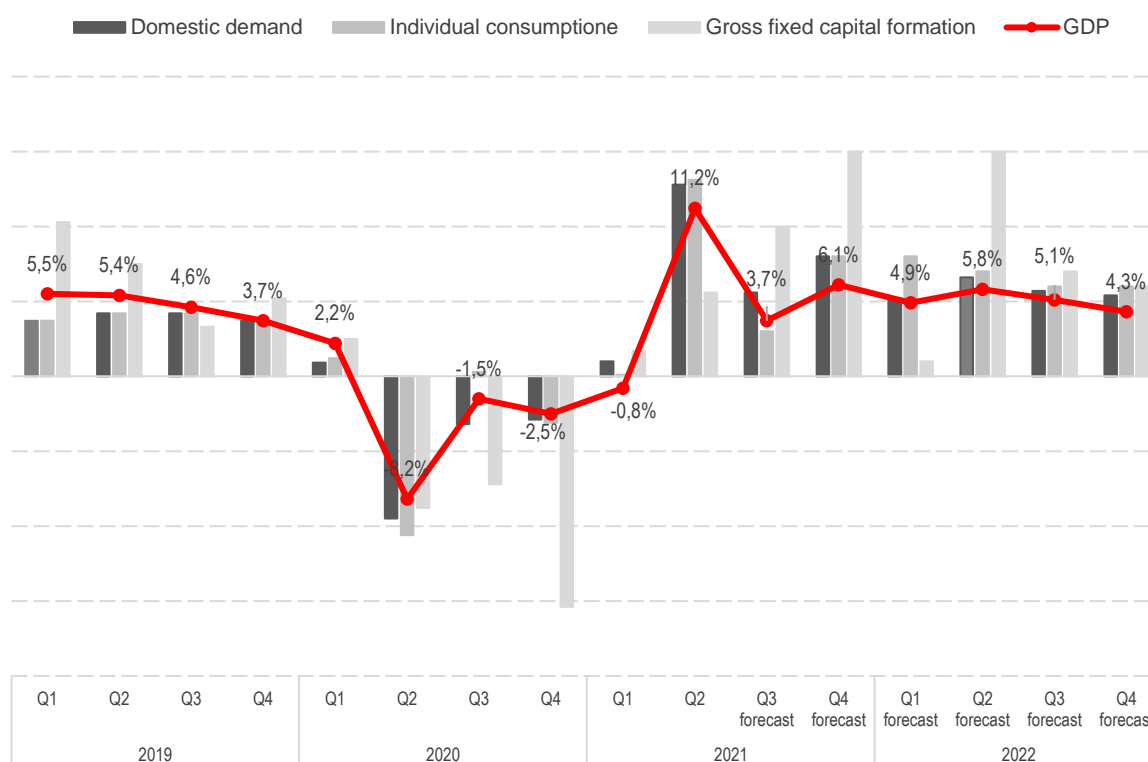
5. REGULATORY AND BUSINESS ENVIRONMENT

5.1. Macroeconomic situation

The primary market for the entities comprising the Energa Group is the domestic market. Hence, economic fluctuations, expressed in terms of the rate of change of the gross domestic product (GDP), inflation or the unemployment rate, are reflected in the prices of electricity, gas and heat and in the shaping of the demand for products supplied to customers.

According to the updated estimate of the Central Statistical Office (GUS), in Q2 2021 GDP in Poland increased in real terms by 11.2% y/y compared to a decrease by 8.2% in the corresponding quarter of 2020. As the macroeconomic data demonstrate, the Polish economy is coping well with recovering from the losses caused by the pandemic, however, such a high GDP result was recorded mainly due to the low reference base from a year ago. As mentioned by Bank Millennium analysts, very high inflation is one of the factors that are the price of a quick recovery of the economy. Risk factors for further improvement of the economic situation in Poland include supply disruptions caused by shortages of goods and raw materials, a further increase in prices, which translates into a reduction in the purchasing power of money, and supply constraints. Concerns about the stability of the global economy, the freezing of money transfers from EU funds, and the next wave of the coronavirus pandemic are also among factors identified. Santander Bank Polska SA analysts estimate that in Q3 this year economic growth slowed down slightly, but further prospects remain optimistic. In line with the October forecast of the World Bank, the projections of GDP growth for Poland for 2021 and 2022 were increased from 3.8% to 4.5% (2021) and from 4.5% to 4.7% (2022). According to experts, a well-diversified economy and a large economic and fiscal package helped to limit the impact of the crisis related to the pandemic, thus the World Bank increased expectations for the growth of the Polish economy.

Figure 11: Annual dynamics of GDP, domestic demand, private consumption and investment



Source: Data from the GUS (October 2021) and forecasts of Santander Bank Polska SA (October 2021)

Slightly different information comes from the PMI index survey (leading index of Polish industry), which at the end of this September year was 53.4 points, declining by 4.2 points over the course of the third quarter. Score above the neutral level of 50 points is a positive signal as it demonstrates an increase in the financial activity of individual market and economic entities, however, it has been the lowest since this February. Based on survey results, disturbances in supply chains and supply delays as well as weak growth in the number of new orders has been observed. To meet demand, companies have been using

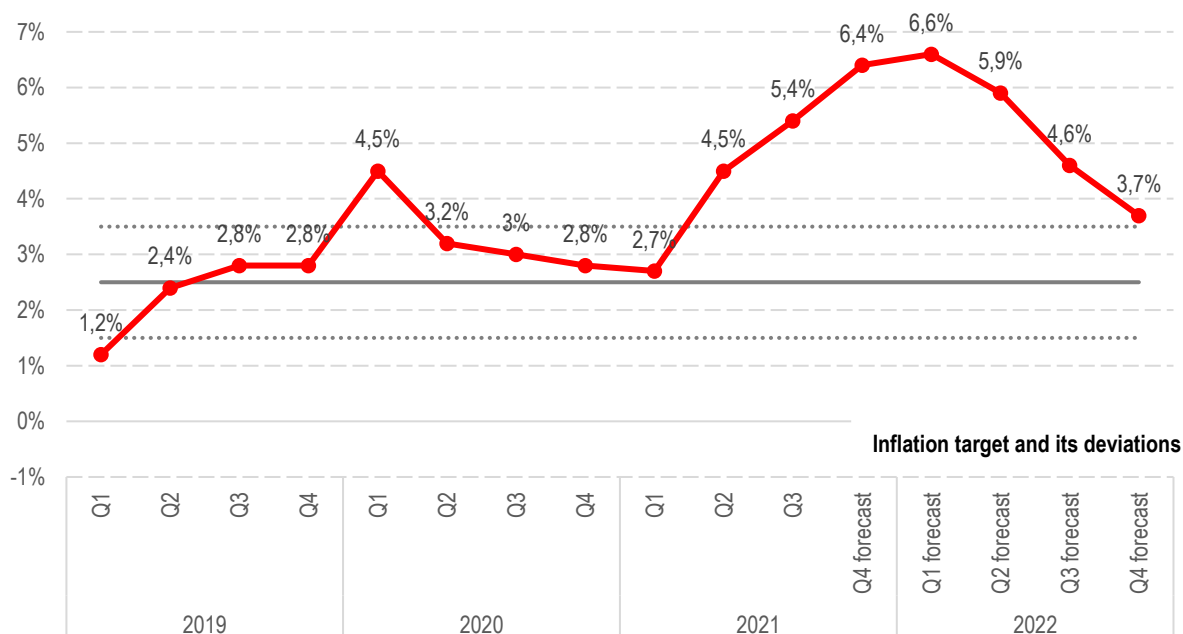
previously accumulated inventories that fell in September - the fastest pace in almost four years. The shortage of means of production at suppliers has also translated into an increase in production costs and has fuelled inflation. According to some respondents to the PMI survey, shortages not only concern raw materials, but also the workforce. Enterprises have reported on difficulties in filling the personnel shortages. The aforementioned factors may slow down the further development of the Polish industry.

In 9 months of this year, average employment in the enterprise sector increased by 0.2% in relation to the corresponding period of 2020, however, when analysing the monthly data – there were minimal declines both in September and August – the employment increased by 0.1% and 0.2% m/m respectively. According to preliminary estimates of the Ministry of Family and Social Policy, the unemployment rate recorded in September 2021 was 5.6%, which means that it was 0.5 percentage point lower compared to the same month last year, and decreased compared to August 2021 by 0.2 percentage points. The year on year unemployment rate has been regularly falling for the fourth month in a row, and the number of job offers per one unemployed person is almost at the pre-pandemic level. The decreasing labour resources will strengthen the demand for foreign employees and will generate pressure to increase wages. In the period from January to September 2021 average monthly (gross) remuneration increased by 8.4% y/y, up to PLN 5,779. Pressure on salary growth has also been the result of the rising inflation. Risk factors for the labour market include uncertainty as to the further development of the COVID-19 disease and limited access to production components, resulting in a reduction in manufacturing capacities.

In Q3 the highest consumer price index in 20 years was recorded. In quarterly terms, inflation increased by 5.4% compared to the corresponding period of the previous year. As Bank Millennium analysts indicate, increased inflation is global in nature, but in Poland consumer inflation readings are among the highest in Europe. Inflation continues to be influenced by rising prices of energy and food, but demand pressure has been also high. The ongoing economic recovery has also had a positive effect on price development, including increase in household income. Prices of energy carriers are one of the components of inflation. The prices of global energy commodities continue to rise, and in addition, the prices of CO2 emission allowances translate into the increase in energy production costs. The high level of inflation is also affected by high prices of services, in particular in the areas of transport, restaurants and hotel industry, as well as leisure and culture. Thus, consumers have strongly experienced inflation, but macroeconomic data as to the further development of inflation expectations are inconsistent.

Since last quarter, the consumer price index has remained above the upper limit for deviations from the inflation target set by the Monetary Policy Council (MPC) at 2.5% +/- 1 pp.

Figure 12: Annual growth rate of the quarterly consumer price index



Source: Data from the GUS (October 2021) and forecasts of Santander Bank Polska SA (October 2021)

Aiming to bring inflation down to the set target in the medium term, at its October meeting, the MPC decided to raise the reference rate of the National Bank of Poland by 0.4 pp, i.e. to 0.5%. The lombard rate was also increased to 1%, the rediscount

rate for bills of exchange to 0.51% and the discount rate for bills of exchange to 0.52%. At the same time, the Council decided to increase the basic rate of the compulsory reserve from 0.5% to 2.0%. In its announcement, the Council indicated that the NBP may continue to intervene in the foreign exchange market and use other instruments provided for in the “Monetary Policy Guidelines”. The dates and the scale of the activities will depend on the further development of market conditions

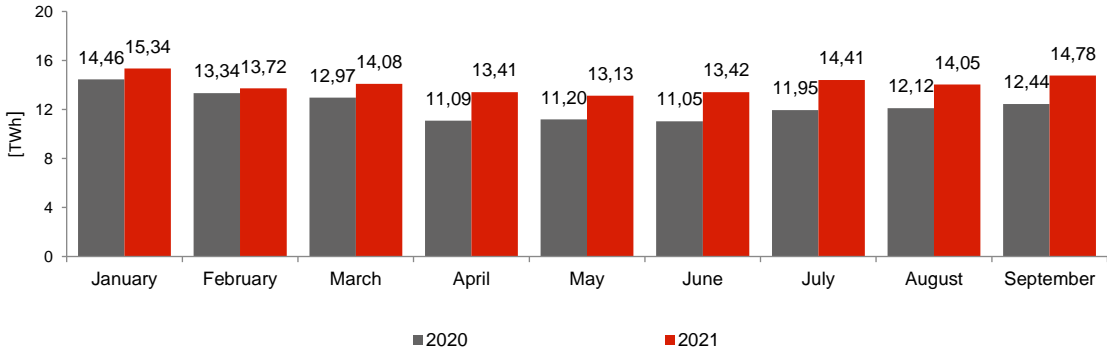
5.2. Electricity market in Poland

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

Domestic production and consumption of electricity

According to data published by Polskie Sieci Elektroenergetyczne (PSE), the production of electricity in Poland totalled 126.33 TWh after three quarters of 2021 and was 15.74 TWh or 14.2% higher compared to the corresponding period of the previous year (110.59 TWh). Higher production was evident in power plants using lignite and hard coal. The increase in production was a response to higher demand for energy in the National Power System (KSE) and an increase in energy prices throughout Europe.

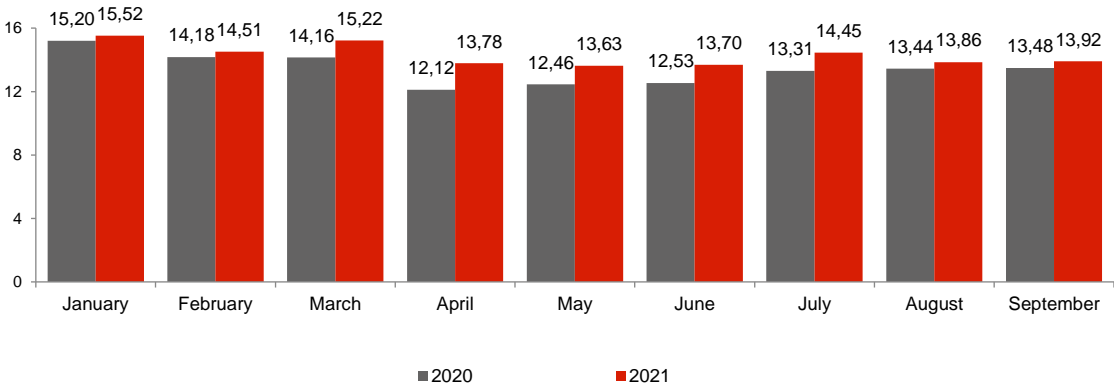
Figure 13: Production of electricity in Poland after three quarters of 2021 (TWh)



Source: PSE

After three quarters of 2021, domestic consumption of electricity totalled 128.58 TWh and was 7.71 TWh or 6.4% higher than in the corresponding period of the previous year (120.87 TWh). The increase in consumption was mainly due to higher demand caused by the recovering economy after another wave of the COVID-19 pandemic compared to the same period last year.

Figure 14: Consumption of electricity in Poland after three quarters of 2021 (TWh)

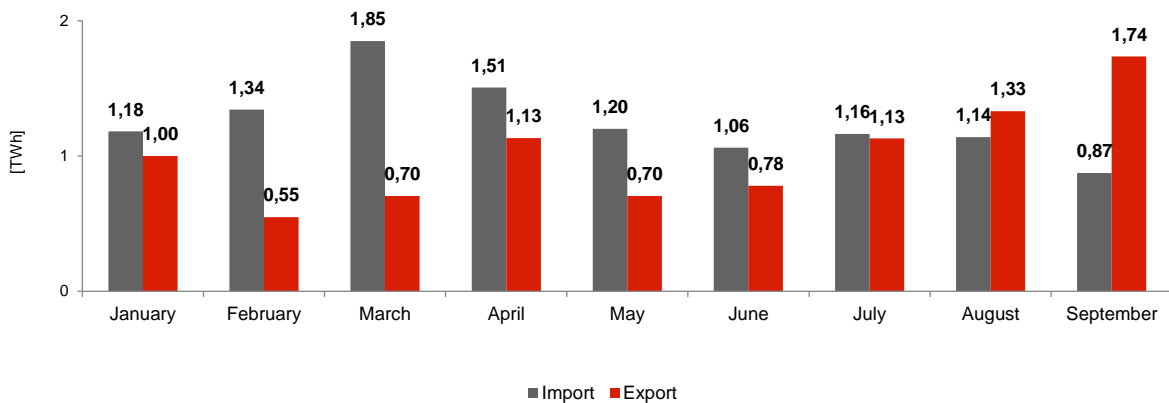


Source: PSE

Poland's cross-border power exchange

In the initial three quarters of 2021, electricity exports were 4.00 TWh higher than in the same period last year. When comparing the two corresponding periods, a fall in electricity imports by 4.02 TWh can be observed, being the main reason for the stable but increasingly lower surplus of net electricity imports in the period under review, at the level of 2.25 TWh, compared to net imports of 10.28 TWh in the corresponding period of the previous year. In Q3 alone, the export of electricity was higher than import by 1.02 TWh. This is attributable to the increased delivery of electricity in parallel exchange due to the considerable increase in energy prices throughout Europe.

Figure 15: Monthly volumes of cross-border power exchange in Poland after three quarters of 2021 (TWh)

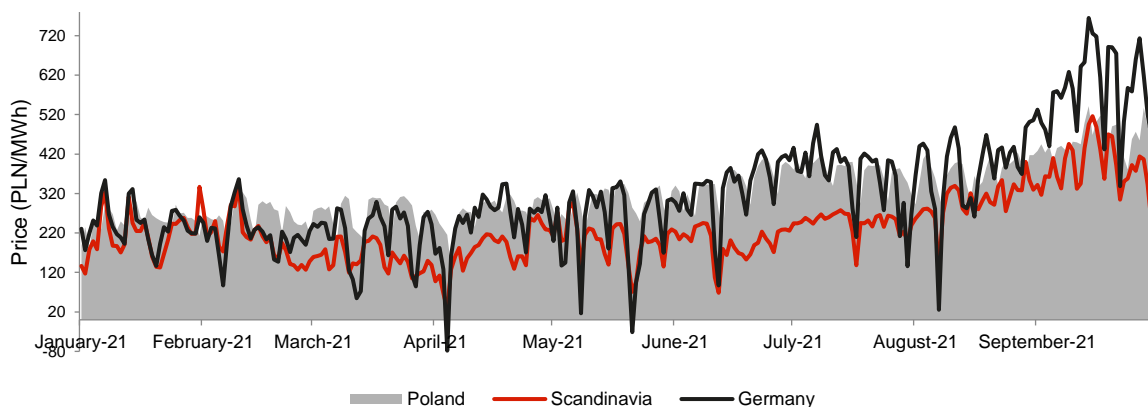


Source: PSE

Energy prices in selected countries neighbouring with Poland

The average prices on the SPOT market in Poland after three quarters of 2021 were higher than in the neighbouring countries. Increased demand for power, together with low temperatures in the first quarter of 2021 and lower generation from wind sources, as well as a rise in EUA quotations to historically highest levels and gas prices, supported by increased system losses, led to price increases in the Polish market as well as in the neighbouring markets. The highest price differences were found in comparison to the Scandinavian market (+40.0%, or PLN 92.67/MWh), and lower differences were identified in comparison to the German market (+2.8%, or PLN 8.92/MWh). In Q3 2021 alone, prices in Poland were on average lower than prices in the German market (-9.1%, i.e. PLN 40.48 per MWh).

Figure 16: Prices of energy in the SPOT market in Poland and in selected neighbouring countries after three quarters of 2021 (price (PLN/MWh))

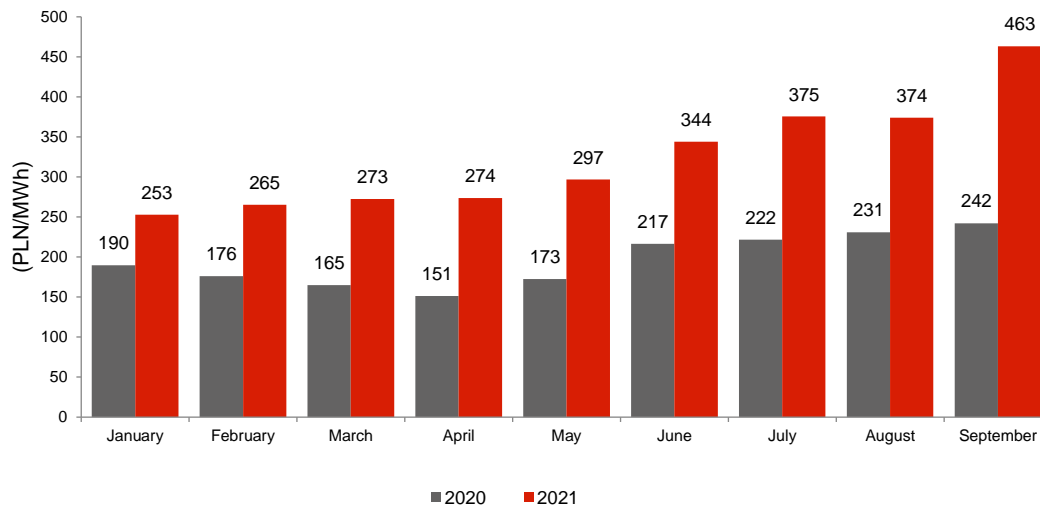


Source: Bloomberg, TGE

Day-Ahead Market of electricity in Poland

After the first three quarters of 2021, the TGeBase index averaged PLN 324.44/MWh, and was higher by PLN 128.13/MWh than in the corresponding period of the previous year (PLN 196.31/MWh). When comparing Q3 2021 to Q3 2020, an increase of the price by PLN 172.08/MWh can be seen. The increase in domestic power demand resulting mainly from the recovering economy was supported by an increase in system losses and a decrease in net energy imports due to an increase in prices in neighbouring countries, which consequently increased prices compared to the same period last year.

Figure 17: TGeBase index after three quarters of 2021 (PLN/MWh)



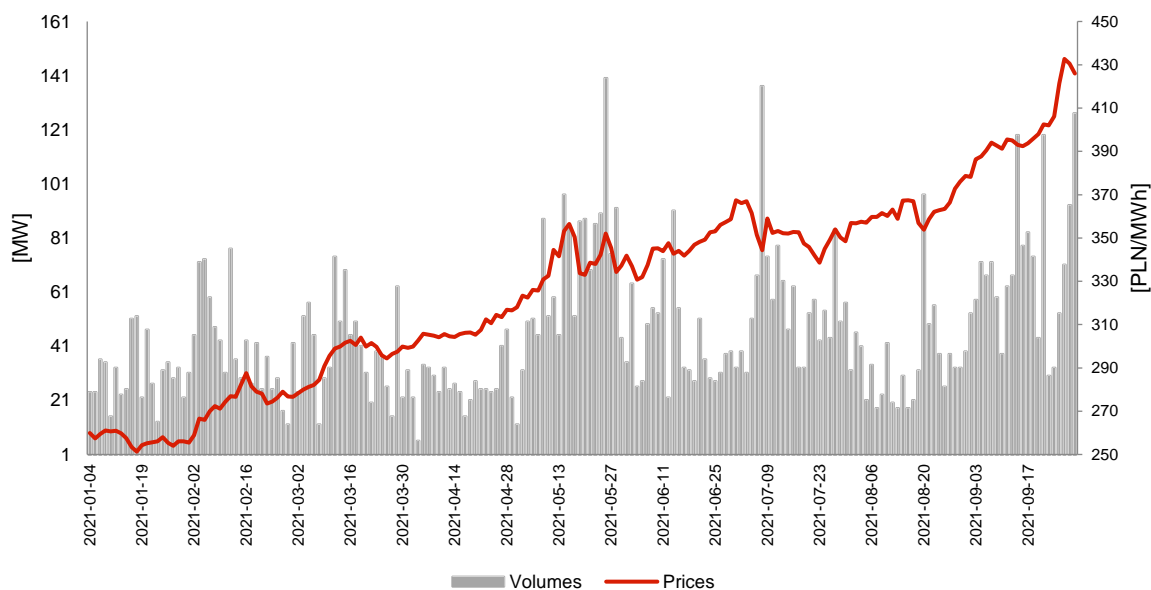
Source: TGE

Electricity futures market in Poland

In the first three quarters of 2021, the electricity futures market was in an upward trend, driving the rate at the end of Q3 2021 much above PLN 400 per MWh (BASE 2022). The main determinants of the energy price increase in Q3 2021 in the futures market were:

- growth in CO₂ emission allowance prices;
- declining windiness;
- an increase in SPOT market prices; and
- increased demand for electricity in the National Power System,
- increase in the prices of energy commodities, mainly gas and coal, in the global markets.

Figure 18: Forward contract price, base with delivery for 2022 after three quarters of 2021

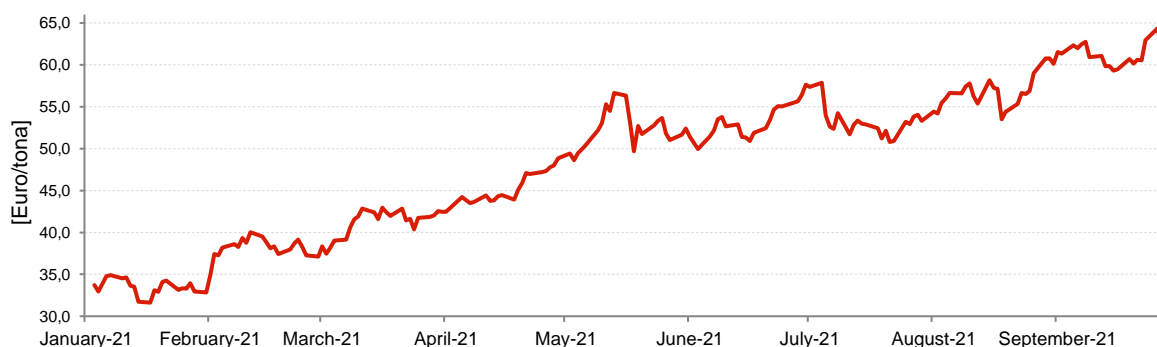


Source: TGE

Emission allowance market

On 12 May 2021, the European Commission reported that more than 1,578 million emission allowances were in circulation at the end of 2020 (an increase in the number of allowances of less than 14% y/y is the result of the pandemic). This value formed the basis for determining the level of the so-called Market Stability Reserve (MSR), operating under the EU Emissions Trading System (EU ETS) from January 2019. Under the rules of the Market Stability Reserve, a total of nearly 379 million allowances will be placed in the Market Stability Reserve over a 12-month period - from 1 September 2021 to 31 August 2022. For the first 5 years of application of the MSR, the number of allowances is to be reduced annually by 24% of the total number of allowances in the auction pool (if the total number of allowances in circulation exceeds the threshold of 833 million allowances). In 2021, there is no available volume of emission allowances sold annually by the UK and no additional volume offered by Poland. The UK, after leaving the European Union, set up its own system, with the first auction, futures and SPOT market quotations taking place on 19 May 2021 on the ICE exchange. The UK government plans to sell 82 million emission allowances (UKA) this year, including to the aviation sector. The key factor that determined the EUA price in the first 3 quarters was speculation and the compromise agreed in April between the EU Council and the European Parliament on the climate package, which was finally approved by the European Parliament at the end of June and announced in July by the European Commission. The legislation aims to increase a reduction of greenhouse gas emissions from 40% to at least 55% in 2030 compared to 1990 levels. As a result, at the end of Q3 2021, the price of EUAs was EUR 61.74 per tonne, up 100% since the end of 2020 and up 129% compared to the end of Q3 2020.

Figure 19: EUA prices after three quarters of 2021 (EUR/ton)



Source: Bloomberg

Market for property rights

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

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

Index (type of certificate)	Index value		Percentage of obligation (%)	Substitution fee (PLN)
	Three quarters of 2020 (PLN/MWh)	Three quarters of 2021 (PLN/MWh)		
OZEX_A (green)	136.29	164.99	19,5*	300,03*

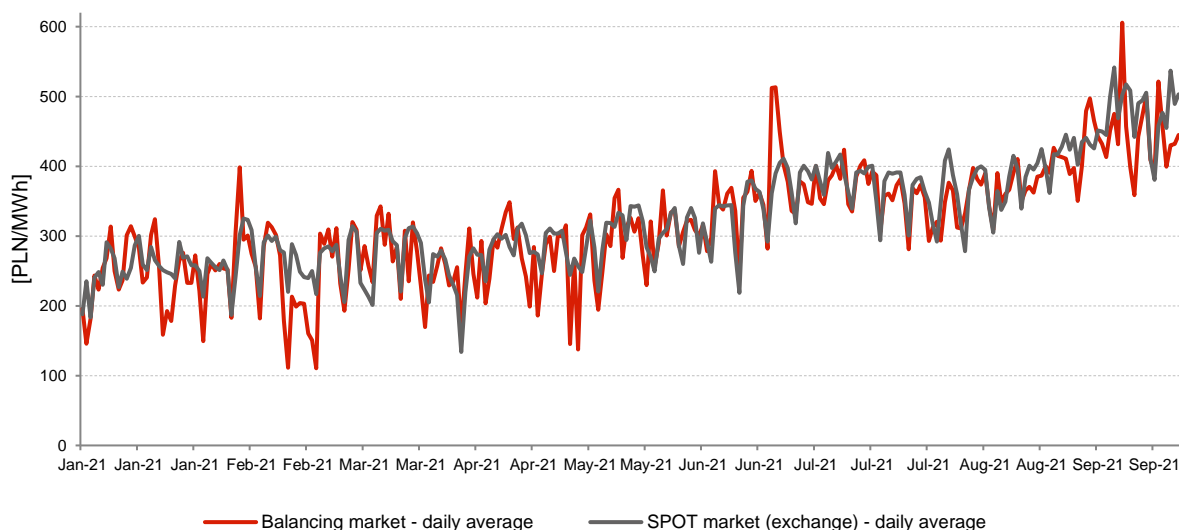
* value of the substitution fee and redemption obligation for 2021

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 RES prices in session transactions remained in the vicinity of PLN 142.00/MWh in the initial two months of the year. There was a strong upward price movement in March, which continued until the end of the third quarter, accelerating significantly towards its end. PM RES prices were quoted at PLN 269.64/MWh at the end of Q3 2021.

Balancing market

On 1 January 2019, the limits for electricity clearing prices on the balancing market changed, ranging currently from PLN -50,000.00/MWh to PLN +50,000.00/MWh. For the most part of the 3 quarters of 2021, prices in the balancing market were close to day-ahead market prices. The situation on 16 September this year marked a clear departure from that rule, when the average daily price on the balancing market was PLN 605.69/MWh, and the peak hour price reached nearly PLN 1,000.00/MWh. The average price on the balancing market in the period under review was PLN 315.04/MWh, compared to PLN 194.50/MWh in the corresponding period of the previous year.

Figure 20: Comparison of prices in the balancing market and SPOT market (exchange) after three quarters of 2021 (PLN/MWh)



Source: TGE, PSE

5.3. Regulatory environment

Key legislative processes completed in Q3 2021

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

<p>Act Amending the Capacity Market Act and Certain Other Acts Journal of Laws 2021 item 1505 Effective from 31 August 2021.</p>	<p>The main objective of the changes is to ensure compliance of the provisions of the Capacity Market Act of 8 December 2017 with the provisions of the so-called EU Market Regulation 943/2019 by introducing the emission standards EPS 550 g CO₂/kWh and EPS 350 kg CO₂/kW/year into the Polish support system.</p> <p>In addition, to support the implementation of new generation sources, including in particular low-carbon sources, and to increase incentives for demand reduction during peak demand times, the Act provides for:</p> <ul style="list-style-type: none"> ✓ the possibility of converting a unit with an existing capacity contract and not meeting the 550g CO₂/kWh emission limit to a unit meeting this limit through a change in electricity generation technology, implemented under an existing contract or through the replacement of an existing contract with new capacity contracts; ✓ the possibility of changing the capacity of a new capacity market unit if the capacity of such a unit after its implementation deviates slightly from the capacity that was assumed at the planning stage, thus avoiding an increase in specific emissions caused by the need to introduce less efficient installations to provide the missing capacity. <p>The act also provides for dedicated solutions for energy-intensive customers. They will be able to pay a lower capacity fee if their consumption profile is sufficiently flat, i.e. the differences between peak and off-peak consumption are correspondingly small. If the difference in consumption by such a consumer at peak and off-peak does not exceed 5%, the capacity fee may be lower by 83%, with a difference of 5-10% the fee may decrease by half, and with a difference of 10-15% - by 17%.</p>
<p>Regulation of the Minister of Climate and Environment on the parameters of the main auction for 2026 supply year and parameters of additional auctions for 2023 supply year Journal of Laws 2021 item 1480 Effective from 13 August 2021.</p>	<p>Key assumptions of the Regulation:</p> <ul style="list-style-type: none"> ✓ demand for capacity in the main auction for the delivery period in 2026 is 7,991 MW; ✓ the market entry price for a new generating unit in the main auction for the delivery period in 2026 is PLN 364/kW; ✓ the ratio used to determine the maximum prices in the main auction for the delivery period in 2026 is 1.1; ✓ the maximum price set for the price taker, determined on the basis of capital and operating fixed costs in the main auction for the delivery period in 2026 is PLN 186 PLN/kW. ✓ the unit level of net capital expenditures in relation to the net generating capacity that provides rights to offer capacity obligations in the main auction for the delivery period in 2026 for no more than: i) 15 delivery periods by the new generating unit in the capacity market is PLN 2,400/kW; ii) 5 delivery periods by the new and modernized generating unit in the capacity market or demand reduction unit of the capacity market is PLN 400/kW. ✓ minimum capacity obligations planned to be acquired at additional auctions for supply year 2026 are as follows: (1) 500 MW – for Q1; (2) 100 MW – for Q2; (3) 100 MW – for Q3; (4) 500 MW – for Q4.

Key legislative processes conducted in Q3 2021

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

<p>Programme of the Ministry of State Assets entitled "Transformation of the electricity sector in Poland."</p>	<p>The Ministry of State Assets officially announced that on 23 July 2021, representatives of Energa SA, ENEA SA, Tauron SA, PGE SA reached an agreement with the Minister of State Assets to begin the next stage of work on the transformation of the power industry in Poland.</p> <ul style="list-style-type: none"> ✓ The agreement defines co-operation in the process of separating coal energy assets and their integration in Narodowa Agencja Bezpieczeństwa Energetycznego S.A. (NABE), as well as supports the process of developing the optimal model of NABE operations; ✓ The concept of transformation of the electricity sector in Poland was presented by the Ministry of State Assets this April. The key assumption of the project is to integrate electricity generation assets in conventional coal units within a single entity, i.e. NABE; ✓ The concluded agreement will support preparation of companies for the separation of coal assets in a uniform manner for all entities, will support selection of one professional adviser for all entities, and will also reduce the costs of the process being carried out. The agreement will also constitute the basis for the development of the target NABE organization, taking into account the final content of the document adopted by the Council of Ministers and arrangements as part of the social accord for energy and lignite.
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<p>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Fit for 55': delivering the EU's 2030 Climate Target on the way to climate neutrality COM/2021/550 final</p>	<p>On 14 July 2021, the European Commission presented a Communication in which it presented legislative proposals to achieve the goal of reducing net emissions (of greenhouse gases) by at least 55% by 2030 compared to 1990 levels - on the way to climate neutrality in 2050.</p> <p>The legislative proposals have been dubbed Fit for 55 (Package). Key proposed changes include:</p> <ul style="list-style-type: none"> ✓ Road transport and construction industry to be subject to the emissions trading system from 2026; ✓ Only zero-emission vehicles can be registered from 2035; ✓ Need to provide a charging points of specific capacity for electric vehicles in the TEN-T network every 60 km and hydrogen refuelling points every 150 km (from 2025/2030/2035 depending on the capacity level and TEN-T area); ✓ End to allocation of free aviation allowances by the end of 2026; ✓ Maritime transport to be subject to the emissions trading system (from 20% in 2023 to 100% in 2026); ✓ Introduction of a border climate tax from 2026; ✓ New energy efficiency target for 2030 - 36%; ✓ New RES target for 2030 - 40%. <p>All these proposals are interrelated and complement each other. While the benefits of the EU's climate policy clearly outweigh the costs of this transition in the medium and long term, there is a risk that this policy will put additional pressure on vulnerable households, micro-enterprises and transport users in the short term. It is proposed to create a new Social Climate Fund that will provide Member States with specific funding to help citizens finance investments in energy efficiency, new heating and cooling systems and cleaner mobility. The Social Climate Fund would be financed from the EU budget with an amount corresponding to 25% of expected revenues from emissions trading with regard to fuels used in the construction industry and road transport. It will provide Member States with €72.2 billion in funding from 2025 to 2032, based on a targeted revision of the Multiannual Financial Framework. With a proposal to use matched Member States funding, the Fund would mobilize €144.4 billion for a socially just transition.</p> <p>Package legislation that is crucial for the energy sector:</p> <ul style="list-style-type: none"> ✓ Directive amending Directive 2003/87/EC (EU ETS); ✓ Directive amending Directive 2018/2001 (RED II); ✓ Alternative Fuels Infrastructure Regulations (AFIR); ✓ Review of the Energy Tax Directive (ETD); ✓ Review of the Energy Efficiency Directive (EED); ✓ Regulation establishing a carbon border adjustment mechanism (CBAM).
<p>Act amending the Act on RES and Certain Other Acts of 17 September 2021.</p>	<p>On 17 September 2021, the Sejm reviewed Senate's amendments to the Act. The most significant changes in the Act:</p> <ul style="list-style-type: none"> ✓ Enabling the National Support Centre for Agriculture (KOWR) to conclude, without a tender, an agreement with state-owned companies (or other entities which own critical infrastructure) for the lease of agricultural real property to build renewable energy generating units; ✓ Limiting the licensing obligations for enterprises which conduct business in the field of small installations, i.e. raising the threshold of the total installed electrical capacity from 0.5 MW to 1 MW or thermal generating capacity in co-generation from 0.9 MW to 3 MW; ✓ Extension of the current auction support scheme for RES energy producers until 31 December 2027; ✓ Defining a long-term schedule of providing support to RES producers for the next six years; ✓ Permitting equipment which generates energy from RES to be situated without the need to be provisioned for in the core strategy document of the municipality, from the currently applicable installed capacity of 100 kW to 500 kW; ✓ Extension of a number of mechanisms for the maximum period of receiving support for the installation until 30 June 2047, including, among others, the obligation to purchase unused electricity at a fixed price or the right to have the electricity market price supplemented in the so-called FIT and FIP systems; the obligation to purchase electricity at a fixed price or the right to a surcharge to the electricity market price in the auction system; ✓ Statutory confirmation of the existing practice of the ERO President regarding the method of determining the total installed electrical capacity of RES installations.



Energa's Wind Farm

Shares and shareholding structure

6. SHARES AND SHAREHOLDING STRUCTURE

6.1. Information on shares and Energa's shareholding structure

Energa SA shares have been listed on the Warsaw Stock Exchange (WSE) since 2013. As at 30 September 2021 and as at the preparation date of this Report, PKN ORLEN 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 2021 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.

Table 25: Shareholding structure of Energa as at 30 September 2021 and the date of this Information

Shareholder's name	Company's shareholding structure			
	Shares	(%)	Votes	(%)
PKN ORLEN	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

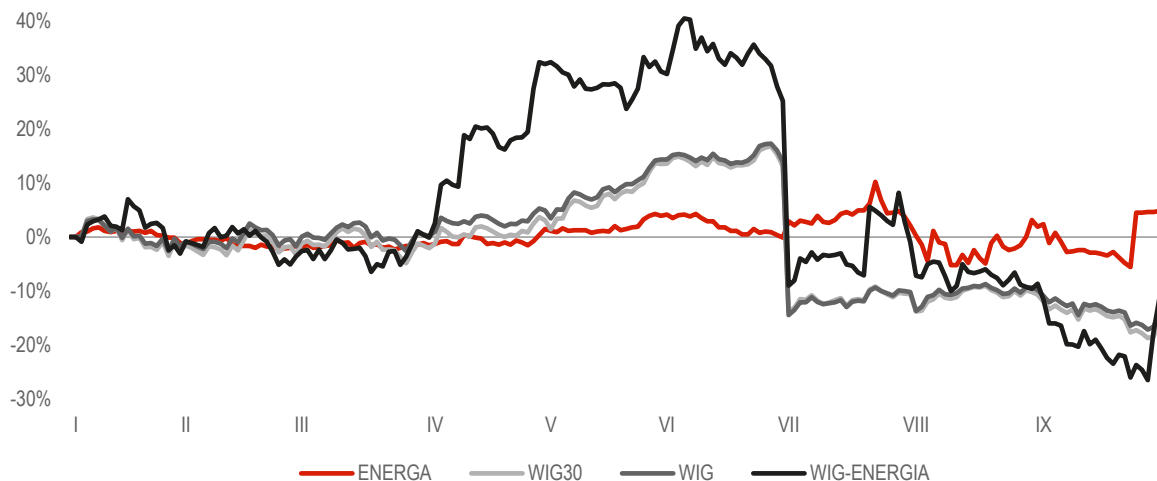
6.2. Prices of the Company's shares and recommendations awarded

Table 26: Data on Energa stock as at 30 September 2021

Data	Value
Issue price	PLN 17.00
Number of shares	414,067,114
Stock price at the end of the period	PLN 8.16
Capitalisation at the end of the period	PLN 3.38 billion
Q3 of the year minimum	PLN 7.75
Q3 of the year maximum	PLN 8.86
Q3 of the year average trading value	PLN 0.23 m
Q3 of the year average trading volume	29 thou.
Q3 of the year average number of trades	0.1 thou.

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

Figure 21: 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 2021 amounted to PLN 8.16, which means that it increased by 0,30% in comparison with the price on the last business day of the year 2020 (i.e. on 30 December). Following a decrease in the number of free-floating Energa shares below 10% (after announcement of results of the delisting tender offer by PKN ORLEN) WSE deleted Energa shares from all of its stock market indices effective after the 3 December 2020 session.

6.3. Ratings

In Q3 2021, the rating for Energa SA was issued by Moody's rating agency. For more information, see section 2.2. of this Information.

6.4. Changes to shares held by executive and supervisory personnel

As at 30 September 2021 and as at the date of this Report, no member of Energa SA's Supervisory Board and no member of Energa SA's Management Board held any Company shares, Company share options or any shares in the Company's related parties.



Włocławek Hydroelectric Power Station

Other information on the Group

7. OTHER INFORMATION ON THE GROUP

7.1. Information on material contracts and agreements

Agreements for loans and borrowings and the domestic bond issue programme

Details on agreements for loans and borrowings and the domestic bond issue programme are presented, inter alia, in Note 18, Financial Instruments, to the Condensed interim consolidated financial statements of the Energa Group for the nine-month period ended on 30 September 2021.

Table 27: Nominal value of bonds subscribed by Energa SA and not redeemed, broken down by issuer, as at 30 September 2021 (PLN m)

No.	Company name	Nominal value of subscribed bonds
1.	Energa Operator SA	1,066
2.	Energa OZE SA	68
3.	Energa Kogeneracja Sp. z o.o.	4
	Total	1,138

Guarantees and sureties granted

As at 30 September 2021, sureties extended by Energa SA to cover the liabilities of the Group companies totaled PLN 5,936 m and included:

- surety for liabilities of Energa Finance AB (publ) under Eurobond issue for PLN 5,791 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 58 m,
- other sureties for liabilities of the Energa Group companies towards other creditors, including: the State Treasury, the National Fund for Environmental Protection and Water Management (NFOŚiGW) and the Provincial Fund for Environmental Protection and Water Management (WFOŚiGW), in the total amount of PLN 87 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 20 to the Condensed interim consolidated financial statements of the Energa Group for the nine-month period ended on 30 September 2021.

7.2. Risk Management

The Energa Group classifies risks into four categories:

- strategic risks – risks involved in the delivery of strategic objectives, including the planning and completion of investment projects or execution of corporate governance;
- legal and regulatory risks – risks concerning compliance with binding laws and regulations;
- operational risks – risks involved in the delivery of operational objectives, including infrastructure, processes or resources;
- financial risks – risks involved in finance management.

A detailed description of the risks involved in the business operations of the Company is presented in the Energa SA's Management Board Report on performance of the Energa Capital Group and Energa SA in the first half of 2021. In the opinion of the Management Board, the risks identified therein are still present.

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

As at 30 September 2021, the Energa Group was a party to 12,009 court proceedings. The Group was a plaintiff in 9,786 cases where the aggregate amount in dispute was approx. PLN 474 m. The Group was a defendant in 1,382 cases where the aggregate amount in dispute was approx. PLN 617 m. Information on the total litigated value does not include proceedings where the claim is non-pecuniary.

As at 30 September 2021, 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 39.1 m in 1,590 cases. 888 court cases with amounts in dispute totalling approx. PLN 84.3 m were pending.

Based on the available data pertaining to the value of pending proceedings, the Company assumes that the actual amount to be paid after the above-mentioned disputes are resolved may reach PLN 70.1 m, which is subject to change if new court cases involving power installations located on third-party properties without a necessary legal title are brought against Energa Operator SA.

The above data do not 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 2021, 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 209 m, of which:

Type of receivables	Balance at the end of Q3 2021 (PLN m)
court and enforcement-based	129.8
bankruptcies	68.9
non-billed	7.5
non-billed – bankruptcies	2.6
TOTAL	208.8

Below are presented the proceedings with the highest value in dispute submitted to or continued before the court in 2021. The Company'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
Energia 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. As at the date of update of the case, two opinions prepared by court experts were received by Energia Operator: one in the field of meteorology and one in the field of metrology. The court plans to commission a supplementary opinion in the field of metrology.</p>
Energia Operator SA (defendant) Arcus SA (plaintiff);	<p>Claim for declaration of annulment of the contract of delivery and commissioning of the metering infrastructure at Stage II</p> <p><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</p> <p><i>Litigated value: approx. PLN 157 million</i></p> <p><i>Regional Court in Gdańsk</i></p> <p>Energia 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 court is looking for experts capable of preparing an opinion in the field of information technology.</p>
Energia Operator SA (defendant) Arcus SA (plaintiff);	<p>Claim for payment of compensation for unlawful acts/unfair competition practices</p> <p><i>Regional Court in Gdańsk</i></p> <p><i>Litigated value: approx. PLN 174 million</i></p> <p>Energia 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. Energia Operator SA appealed against this decision in a complaint, which was dismissed. The proceedings have been stayed.</p>
Energia Operator SA (defendant) Arcus SA (plaintiff);	<p>Claim for payment for additional works under the contract of delivery and commissioning of the metering infrastructure</p> <p><i>Regional Court in Gdańsk</i></p> <p><i>Litigated value: approx. PLN 4.7 million</i></p> <p>Energia 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</p>
Energia Operator SA (party); PRESIDENT OF THE ENERGY REGULATORY OFFICE (authority)	<p>Fine imposed by the authority</p> <p><i>Regional Court in Warsaw</i></p> <p><i>Litigated value: PLN 11 million</i></p> <p>The Company received the decision of 21 December 2016 in which the President of the URE imposed a fine of PLN 11 m on Energia 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. Both parties filed appeals in this case.</p>
Energia Operator SA (party); PRESIDENT OF THE ENERGY REGULATORY OFFICE (authority)	<p>Fine imposed by the authority</p> <p><i>Regional Court in Warsaw</i></p> <p><i>Litigated value: approx. PLN 13.2 million</i></p> <p>Energia 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</p>

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 filed a motion for justification.

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

Claim for payment on account of a contract price reduction

Regional Court in Gdańsk, file No. IX GC 494/17

Litigated value (after expansion of the claim): approx. PLN 114.4 million, with approx. PLN 7.8 million under the counterclaim

Energa Kogeneracja Sp. z o.o. moved to the court to award the amount of approx. PLN 114.4 million from Mostostal Warsaw S.A., which includes: approx. PLN 22.6 million in contractual penalties, approx. PLN 90.3 million in reduced remuneration and approx. PLN 1.5 million in capitalised interest. In its statement of defence of 15 December 2017, Mostostal Warszawa SA moved to the court to dismiss the claims in their entirety and filed a counterclaim to award the amount of approx. PLN 7.8 million from Energa Kogeneracja Sp. z o.o. consisting of: approx. PLN 7.4 million in repayment of bank guarantee unduly withdrawn and approx. PLN 0.4 million in capitalised interest.

There was only one hearing in the case regarding opposition by Mostostal Warszawa S.A. against third-party respondent entering the case, namely the Minister of Energy (whose tasks, after reorganisation, were taken over by the Minister of Climate). Objection by Mostostal Warszawa S.A. to third-party respondent entering the case was dismissed, so the third-party respondent is still present in the case.

The court admitted evidence from the opinion of a scientific and research institute for the purpose of securing evidence. So far, the opinion has not been drawn up because none of the institutes which the court asked about the possibility of drawing up an opinion has confirmed such a possibility (both in Poland and abroad).

Currently, the parties are waiting for a response from institutes in Stockholm, Hamburg and Vienna. Negotiations between the parties aimed at reaching the settlement have been unsuccessful yet. The information portal states that in the first days of June 2021 the expert delivered his opinion to the court. It should be sent to the parties soon.

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

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.

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

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.

	<p>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.</p> <p>On 24 February 2021, Plaintiffs filed a reply to the statement of defence. With an order of 21 September 2021, the Court set a deadline of 21 days for the defendant to submit the pleading. The deadline is 25 October 2021.</p> <p>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. As at 7 October 2021, there was no information about the deposit.</p> <p>On 28 April 2021, the Plaintiffs' attorney filed a motion for the grounds for the 12 April 2021 order. On 11 May 2021, the grounds for the order of 12 April 2021 were prepared.</p>
<p>shareholders of the Company (plaintiffs) Energa SA (defendant)</p>	<p>appeal against Resolution No 3 of the Extraordinary General Meeting of the Company of 29 October 2020</p> <p><i>Regional Court in Gdańsk, file No. IX GC 1164/20</i></p> <p><i>The claim is financial and non-pecuniary.</i></p> <p>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. In the case, a motion was filed by the Company for the Court's permission to file a pleading - a rejoinder to the statement of defence. The motion is pending before the Court.</p> <p>On 14 April 2021, Energa SA obtained the decision concerning the appeal filed in the case. The decision on the securing of claims of 10 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 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.</p>
<p>Energa SA (applicant)</p>	<p><i>Komisja Nadzoru Finansowego (Polish Financial Supervision Authority)</i></p> <p>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).</p> <p>On 19 January 2021 the Company learned that on 15 January 2021 the Polish Financial Supervision Authority decided to stay the procedure.</p>
<p>Energa Obrót SA (party); PRESIDENT OF THE ENERGY REGULATORY OFFICE (authority)</p>	<p>Appeal against the decision refusing to approve the 2020 tariff change for electricity for customers in the G tariff group</p> <p><i>Court of Competition and Consumer Protection; file No. AmE 229/20</i></p> <p><i>Litigated value: approx. PLN 152.5 million</i></p> <p>Energa Obrót SA appealed against the decision of the President of the Energy Regulatory Office ("ERO") of 8 July 2020 refusing to approve the amendment pursuant to Art. 155 of the Code of Civil Procedure decision of the President of the ERO of 30 December 2019 published in the Industry Bulletin of the Energy Regulatory Office - Electricity No. 319 (2954). In September 2020, the President of the ERO submitted an appeal to the Court of Competition and Consumer Protection ("SOKiK"). In November 2020, the President of ERO submitted to SOKiK his position on the appeal.</p>

<p>Eco dla firm (reason) Energa Obrót SA (defendant)</p>	<p>Action for payment of remuneration in connection with Agency Agreement No. 1/2012, concerning the sale of electricity and gas products to Energa Obrót SA. <i>Regional Court in Gdańsk, 9th Commercial Division; file reference number IX GC 319/21</i> <i>The value of the claim is approx: PLN 5.4 million</i></p> <p>On 30 June 2021 Energa Obrót SA was served with a suit for the payment of PLN 5,440,904.06 with interest on account of remuneration in connection with the concluded Agency Agreement No. 1/2012 for the sale of energy and gas products to Energa Obrót SA. Energa Obrót SA prepared responses to the claim within the required deadline. Subsequently, pleadings were exchanged. In August 2021, the claimant received a letter requesting the suspension of the proceedings. The case has been suspended until the case brought by Energa Obrót SA against Eco dla Firm has been examined.</p>
<p>Action 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”)</p>	<p><i>Court of Arbitration at the Polish Chamber of Commerce in Warsaw, file No. SA 128/17</i> <i>Second instance file No: I Aga 35/19</i> <i>Litigated value: approx. PLN 23.3 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. The parties filed a response to the counterclaim. On 5 December 2017, MEGAWATT BALTICA filed a statement of defence accompanied by a counterclaim, among others for payment of contractual penalties. On 29 January 2018, a court session with Megawatt Baltica SA’s participation was held with respect to the summons for a settlement attempt. No settlement was signed. On 16 January 2018 the Court determined it was not competent with regard to the action against Powszechna Kasa Oszczędności Bank Polski SA.</p> <p>On 27 December 2018, the final judgment was issued whereby contractual penalties were awarded from Energa Obrót SA in favour of Megawatt Baltica SA. The amount of the contractual penalties awarded was reduced by 10% (i.e. approx. PLN 15.3 m).</p> <p>On 26 September 2019, hearings were held regarding Energa Obrót SA’s complaints for reversing the partial and final judgment. On 10 October 2019 the Court issued judgments dismissing complaints filed by Energa Obrót SA to repeal the partial and final judgment. On 11 October 2019, Energa Obrót SA filed a request for the statements of grounds for the judgments. The company decided not to file the cassation appeal in the case of the appeal to reverse the partial judgment. On the other hand, the cassation appeal relating to the appeal to reverse the final judgment was filed on 17 February 2020. By a decision of 17 July 2020, the Supreme Court accepted the cassation appeal for examination.</p>
<p>Boryszewo Wind Invest Sp. z o.o. (plaintiff), Energa Obrót SA (defendant)</p>	<p>Claim for payment of damages for the failure by Energa Obrót SA to perform part of the agreement to purchase property rights in certificates of origin for renewable electricity. <i>Regional Court in Gdańsk, file No. IX GC 701/17</i> <i>Litigated value: approx. PLN 31,8 million (amount appealed: approx. PLN 17,8 million)</i></p> <p>On 25 August 2017, Boryszewo Wind Invest filed a statement of claim against Energa Obrót SA for payment of approx. PLN 31.9 m plus interest as damages for a failure to perform part of the Framework Agreement for the Sale of Property Rights under Certificates of Origin No. W/HH/210/2010/1, which consisted in making a representation about partial termination of the</p>

	<p>agreement and refusal to acquire property rights in the Certificates of Origin. The amount claimed comprises the "losses" incurred by the plaintiff due to the necessity to sell the property rights at the TGE exchange plus statutory interest (approx. PLN 25.7 m) and incidental costs relating to debt service under a credit facility agreement (approx. PLN 6.3 m).</p> <p>The case was concluded in the first instance with a judgment awarding approx. PLN 17.8 m plus statutory interest accruing from 26 July 2017 in favour of Boryszewo Wind Invest and dismissing the remaining part of the claim. Energa Obrót SA filed an appeal. Judgment of the Court of second instance announced on 28 October 2019, appeal by Energa Obrót SA was dismissed. On 22 July 2020, Energa Obrót SA filed a cassation appeal, and on 7 September 2020 Boryszewo Wind Invest filed a response to the cassation appeal. By the decision of December 16, 2020, the Supreme Court accepted the cassation appeal for examination.</p>
<p>Energa Obrót SA (plaintiff) BORYSZEWO WIND INVEST Sp. z o.o. (defendant 1), mBank SA (defendant 2)</p>	<p><i>Regional Court in Warsaw, file No. XVI GC 799/17</i> <i>Second instance file No VII AGa 8/19</i> <i>Litigated value: approx. PLN 10.8 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. The defendants filed statements of defence.</p> <p>In September 2018, the Court dismissed the action with its judgment. On 2 November 2018, Energa Obrót SA filed an appeal.</p> <p>.</p> <p>.</p> <p>On March 10, 2021, the Court of Appeal in Warsaw dismissed the appeal of Energi Obrót SA. Energa Obrót SA submitted an application for delivery of the judgment with justification.</p>
<p>Energa Obrót SA (plaintiff) JEŻYCZKI WIND INVEST sp. z o.o. (defendant 1), mBank SA (defendant 2)</p>	<p><i>Regional Court in Warsaw, file No. XVI GC 805/17</i> <i>Second instance file No VII AGa 1998/18</i> <i>Litigated value: approx. PLN 15.3 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. The parties submitted a response to the counterclaim. On 6 June 2018 the court issued a judgment dismissing the statement of claim. On 13 July 2018 Energa Obrót SA submitted an appeal, which was subsequently dismissed with judgment of the court of the second instance. On 29 March 2021, Energa Obrót SA filed a cassation appeal. The Defendants filed a response to the cassation appeal.</p>
<p>Energa Obrót SA (plaintiff) WIND INVEST sp. z o.o. (defendant 1), mBank SA (defendant 2)</p>	<p><i>Regional Court in Warsaw, file No. XVI GC 798/17</i> <i>Second instance file No VII AGa 1004/19</i> <i>Litigated value: approx. PLN 15.2 million</i></p> <p>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.</p>
<p>Energa Obrót SA (plaintiff) STARY JAROSŁAW WIND INVEST sp. z o.o. (defendant 1), mBank SA (defendant 2)</p>	<p><i>Regional Court in Warsaw, file No. XVI GC 802/17</i> <i>Second instance file No.: VII AGa 61/20</i> <i>Litigated value: approx. PLN 13.8 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. On 17 November 2017, the defendants filed statements of defence</p> <p>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.</p> <p>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.</p>

Energa Obrót SA (plaintiff) KRUPY WIND INVEST sp. z o.o. (defendant 1), mBank SA (defendant 2)	<p><i>Regional Court in Warsaw, file No. XVI GC 803/17</i> <i>Second instance file No.: VII AGa 572/19</i> <i>Litigated value: approx. PLN 5.6 million</i></p> <p>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.</p>
Energa Obrót SA (plaintiff/counter-defendant) EW CZYŻEWO sp. z o.o. (defendant 1/counter-plaintiff), BANK BGŻ BNP PARIBAS SA (defendant 2)	<p><i>Regional Court in Gdańsk, file No. IX GC 736/17</i> <i>Second instance file No I AGa 56/19</i> <i>Litigated value: approx. PLN 3.9 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. On 22 December 2018 statements of defence were submitted. EW 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 – awaiting the decision to be delivered.</p>
Energa Obrót SA (plaintiff), ELEKTROWNIA WIATROWA EOL sp. z o.o. (defendant 1), BANK ZACHODNI WBK SA (defendant 2)	<p><i>Regional Court in Warsaw, file No. XXVI GC 712/17</i> <i>Litigated value: approx. PLN 3 million</i></p> <p>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.</p> <p>On 30 September 2021 Energa Obrót SA received the judgment with the reasons for judgment.</p>
Energa Obrót SA (plaintiff), WIELKOPOLSKIE ELEKTROWNIE WIATROWE sp. z o.o. (defendant 1), BANK BGŻ BNP PARIBAS SA (defendant 2)	<p><i>Regional Court in Gdańsk, file No. IX GC 735/17</i> <i>Second instance file No I AGa 74/19</i> <i>Litigated value: approx. PLN 3 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. On 15 and 19 December 2017 statements of defence were filed.</p> <p>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.</p>
Energa Obrót SA (plaintiff) EW KOŹMIN sp. z o.o. (defendant 1), BANK BGŻ BNP PARIBAS SA (defendant 2)	<p><i>Regional Court in Gdańsk, file No. IX GC 738/17</i> <i>Second instance file No I AGa 21/19</i> <i>Litigated value: approx. PLN 2.8 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. On 22 December 2018 statements of defence were submitted. EW KOŹMIN sp. z o.o. also submitted a counterclaim for payment of contractual penalties.</p> <p>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 – awaiting the decision to be delivered.</p>

Wielkopolskie Elektrownie Wiatrowe sp. z o.o. (plaintiff), Energia Obrót SA (defendant)	<p><i>Regional Court in Gdańsk, file No. IX GC 719/19</i></p> <p><i>Litigated value: approx. PLN 6.1 million</i></p> <p>On 17 October 2019, Energia Obrót SA filed a statement of defence. On 4 March 2021, the Court of First Instance issued a judgment upholding part of the claim, i.e. adjudging the amount of PLN 2,449,632.93 from Energia Obrót SA to WEW, together with statutory interest and legal costs (PLN 35,435.09). The remainder of the claim, i.e. more than half of the claimed amount, was dismissed. In the grounds, the court indicated that the claim for contractual penalties for non-performance of the CPA was justified, but that the penalties should nevertheless be subject to substantial mitigation, up to the amount of the actual damage suffered.</p> <p>The judgment is not final. On 5 March 2021, a motions was filed for drawing up written grounds for the judgment. Energia Obrót SA has not appeal against the judgment. On 20 May 2021, Wielkopolskie Elektrownie Wiatrowe Sp. z o.o. filed an appeal contesting the judgment in part (demanding that the contractual penalties be awarded up to 75% of their amount, together with statutory interest for delay on the respective amounts).</p>
Elektrownia Wiatrowa Zonda sp. z o.o (plaintiff), Energia Obrót SA (defendant)	<p><i>Regional Court in Gdańsk, file No. IX GC 735/19</i></p> <p><i>Litigated value: approx. PLN 2.1 million</i></p> <p>Energia Obrót SA filed a statement of defence. A preparatory hearing was held on 31 January 2020, followed by hearings on 13-14 July 2020. On 17 August 2020, the court issued a judgment allowing the claim of Zonda Sp. z o.o. On 18 August 2020, Energia Obrót SA filed a request for service of the judgment with grounds, and subsequently filed an appeal on 29 October 2020. The statement of defence was received on 4 January 2021. A hearing date was set for 28 April 2021. On 17 May 2021, the court issued a judgment dismissing Energia Obrót SA's appeal.</p> <p>On 21 May 2021, Energia Obrót SA filed a request for service of the grounds for the judgment. On 29 June 2021, the judgment with grounds was served.</p>
Elektrownia Wiatrowa EOL sp. z o.o. (plaintiff), Energia Obrót SA (defendant)	<p><i>Regional Court in Gdańsk, file No. IX GC 740/19</i></p> <p><i>Litigated value: approx. PLN 6.8 million</i></p> <p>On 20 August 2019, Elektrownia Wiatrowa EOL filed a statement of claim for payment by Energia Obrót SA of contractual penalties on account of Energia 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. Energia Obrót SA filed a statement of defence. The proceedings are now stayed.</p>
Jeżyczki Wind Invest ("JWI"), Wind Invest ("WI"), Stary Jarosław Wind Invest ("SJWI"), Krupy Wind Invest ("Krupy Wind Invest"), Boryszewo Wind Invest ("BWI") (plaintiffs), Energia Obrót SA (defendant)	<p>Claim for payment of damages on account of Energia Obrót SA failure to perform the contracts for the sale of property rights derived from certificates of origin ("CPA")</p> <p><i>Regional Court in Gdańsk, 9th Commercial Department</i></p> <p><i>Case reference no. IX GC 1263/20</i></p> <p><i>Value of the object of litigation: approx. PLN 56.6m</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.</p> <p>On 31 May 2021 and then again on 25 June 2021 Energia Obrót SA filed a motion regarding an obligation to submit a preparatory writ.</p> <p>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 Energia Obrót SA to grant a consent to submit a preparatory writ would be taken after the mediation proceedings end.</p> <p>On 12 August 2021 a pleading from plaintiffs was received refusing the consent to mediation.</p>
Wind Invest Group companies: Boryszewo Wind Invest, Dobiesław Wind Invest, Gorzyca Wind Invest, Krupy Wind Invest, Nowy Jarosław Wind Invest, Pękanino Wind Invest (plaintiffs) Energia Obrót SA (defendant)	<p>Actions for payment of damages for the loss incurred by the companies due to Energia 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 Energia Obrót SA was obliged to pay.</p> <p><i>Regional Court in Gdańsk, 9th Civil Law Department</i></p> <p><i>Case reference no. IX GC 1/21</i></p> <p><i>Value of the object of litigation: approx. PLN 6.9m in total</i></p>

On 13 April 2021, a statement of defence to the action of 30 December 2020 (delivered to the Company on 11 February 2021) was filed together with a request for a stay of proceedings. On 24 May 2021, the Plaintiffs filed a preparatory writ upholding their position.

The hearing was scheduled for 11 March 2022.

7.4. HR and payroll situation

Employment

As at 30 September 2021, the Energa Group employed the total of 9,270 persons compared to 9,731 as at the end of last year. The main reasons for change in the level of employment (down by 461 people) were the sale of Energa Ochrona Sp. z o.o. (-272 people), natural rotation, including retirement, and postponement of scheduled recruitments.

7.5. Collective disputes and dismissals

Collective dismissals

In 9M 2021, 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 2021 in the companies of the Energa Group 33 trade unions were engaged in trade union activities. The union membership rate in the Energa Group as at 30 September 2021 amounted to 61.6%. Trade unions had approx. 5,900 employees.

At the end of September 2021, there were three collective disputes pending at the Group:

1. Collective dispute at the employer ENERGA Logistyka Sp. z o.o. concerning the dispute demands submitted by the trade union on 24 September 2020 (demands of trade union MOZ NSZZ Solidarność at EOP Branch in Płock) and on 30 September 2020 (demands of trade union Międzyzakładowy Związek Zawodowy Pracowników Energetyki Płockiej). The demands concerned:
 - a. concluding a new agreement, whereby this agreement would guarantee the rights of employees at a level no worse than currently in force,
 - b. or reaching an agreement with the trade unions on the withdrawal of the notice provisions of the agreement.

This dispute is in collective negotiations.

2. Collective dispute at the employer of ENERGA-OPEATOR SA Branch in Płock regarding dispute demands submitted on 30 September 2020 by trade union Międzyzakładowy Związek Zawodowy Pracowników Energetyki Płockiej and demands submitted in October 2020 by trade unions MOZ NSZZ Solidarność at EOP Branch in Płock and NSZZ ENERGETYK. The demands concerned:
 - a. concluding a new agreement, whereby this agreement would guarantee the rights of employees at a level no worse than currently in force,
 - b. reaching an agreement with the trade unions on the withdrawal of the notice provisions of the agreement.

This dispute is in collective negotiations.

3. Collective dispute at employer ENERGA-OPEATOR SA Branch in Płock regarding demands filed in the dispute on 23 July 2021 by MOZ NSZZ Solidarność Trade Union at EOP Branch in Płock. The Trade Union demanded:
 - a. that fixed level of personnel be guaranteed by means of overlapped employment,

- b. an increase in basic pay by PLN 400 gross for all employees of ENERGA-OPERATOR SA Branch in Płock, which raised their qualifications starting 2018 while their pay grade was not raised,
- c. respecting P18/9 provisions regarding coverage of legal costs in connection with arrangements of the bargaining agreement and concluding a contract for such service with a selected law firm.

This dispute is in collective negotiations.

Gdańsk, 9 November 2021

Signatures of Energa SA Management Board Members

Iwona Waksmundzka-Olejniczak
President of the Energa SA Management Board

Marek Kasicki
Vice-President of the Energa SA Management Board for Finance

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

Dominik Wadecki
Vice-President of the Energa SA Management Board for Operations

Magdalena Kamińska
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