



Energa

ORLEN GROUP

**Condensed Interim Financial Statements
prepared in accordance with IAS 34
for the nine-month period ended
30 September 2021**

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CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

	Three-month period ended 30 September 2021 (unaudited)	Nine-month period ended 30 September 2021 (unaudited)	Three-month period ended 30 September 2020 (unaudited)	Nine-month period ended 30 September 2020 (unaudited)
Sales revenues	15	47	16	59
Cost of sales	(11)	(41)	(12)	(43)
Gross profit on sales	4	6	4	16
Other operating income	2	15	2	8
General and administrative expenses	(23)	(70)	(23)	(78)
Other operating expenses	-	(8)	(2)	(15)
Dividend income	-	201	510	510
Other financial income	49	273	42	171
Impairment losses on shares	(52)	(52)	-	(157)
Other financial costs	(53)	(184)	(60)	(602)
Profit or loss before tax	(73)	181	473	(147)
Income tax	10	22	6	16
Net profit or loss for the period	(63)	203	479	(131)
Earnings or loss per share (in PLN)				
Earnings or loss per share (basic and diluted)	(0.15)	0.49	1.16	(0.32)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Three-month period ended 30 September 2021 (unaudited)	Nine-month period ended 30 September 2021 (unaudited)	Three-month period ended 30 September 2020 (unaudited)	Nine-month period ended 30 September 2020 (unaudited)
Net profit or loss for the period		(63)	203	479	(131)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Cash flow hedges	11.6	33	77	21	(83)
Deferred income tax		(7)	(15)	(4)	16
Net other comprehensive income		26	62	17	(67)
Total comprehensive income		(37)	265	496	(198)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2021 (unaudited)	As at 31 December 2020
ASSETS			
Non-current assets			
Intangible assets		15	8
Right-of-use assets		31	40
Shares in subsidiaries, associates and joint ventures	8	6,735	6,539
Bonds	11.4.1	1,135	1,716
Other non-current financial receivables		3,105	2,810
Deferred tax assets		28	44
Derivative financial instruments	11.2	155	68
Other non-current assets		117	201
		11,321	11,426
Current assets			
Cash pooling receivables		584	1,181
Trade receivables and other current financial receivables		401	335
Bonds	11.4.1	9	42
Current tax receivables		-	27
Cash and cash equivalents	9	128	89
Derivative financial instruments	11.2	2	1
Other current assets		95	97
		1,219	1,772
Non-current assets classified as held for sale	14	31	-
TOTAL ASSETS		12,571	13,198

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	As at 30 September 2021 (unaudited)	As at 31 December 2020
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital		4,522	4,522
Reserve capital		821	1,018
Supplementary capital		1,661	1,661
Cash flow hedge reserve	11.6	(34)	(96)
Retained earnings/(non-covered losses)		247	(153)
Total equity		7,217	6,952
Non-current liabilities			
Loans and borrowings	11.4.2	1,938	2,674
Bonds issued	11.4.2	1,139	1,154
Non-current provisions		15	16
Deferred income and non-current grants		36	43
Derivative financial instruments	11.6	-	5
Non-current liabilities on account of leases		23	32
Other non-current financial liabilities		-	2
		3,151	3,926
Current liabilities			
Cash pooling liabilities		360	266
Trade payables and other financial liabilities		21	22
Current liabilities on account of leases		14	13
Derivative financial instruments	11.6	15	12
Current part of loans and borrowings	11.4.2	1,622	1,660
Bonds issued	11.4.2	-	11
Current income tax liability		39	-
Short-term provisions	14	109	221
Deferred income and grants		9	9
Accruals		8	12
Other current liabilities		6	94
		2,203	2,320
Total liabilities		5,354	6,246
TOTAL EQUITY AND LIABILITIES		12,571	13,198

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Reserve capital	Supplementary capital	Cash flow hedge reserve	Retained earnings/ (non-covered losses)	Total equity
As at 1 January 2021		4,522	1,018	1,661	(96)	(153)	6,952
Cash flow hedges	11.6	-	-	-	62	-	62
Net profit for the period		-	-	-	-	203	203
Total comprehensive income for the period		-	-	-	62	203	265
Distribution of retained earnings		-	(197)	-	-	197	-
As at 30 September 2021 (unaudited)		4,522	821	1,661	(34)	247	7,217
As at 1 January 2020		4,522	1,018	2,035	(52)	(330)	7,193
Cash flow hedges	11.6	-	-	-	(67)	-	(67)
Net loss for the period		-	-	-	-	(131)	(131)
Total comprehensive income for the period		-	-	-	(67)	(131)	(198)
Distribution of retained earnings		-	-	(374)	-	374	-
As at 30 September 2020 (unaudited)		4,522	1,018	1,661	(119)	(87)	6,995

Accounting principles (policy) and additional notes to the condensed interim separate financial statements constitute an integral part thereof
(This is translation of the financial statements originally issued in Polish)

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Note	Nine-month period ended 30 September 2021 (unaudited)	Nine-month period ended 30 September 2020 (unaudited)
Cash flows from operating activities			
Profit/(loss) before tax		181	(147)
Adjustments for:			
Foreign currency loss		2	112
Loss on investing activities (incl. impairment losses for shares)		78	166
Amortization and depreciation		11	12
Net interest and dividends		(214)	(310)
Changes in working capital:			
Change in provisions		(113)	233
Change in receivables		61	18
Change in liabilities, excluding loans, borrowings and bonds		204	63
Change in prepayments and accruals		(6)	(15)
		204	132
Income tax paid		(230)	(96)
Net cash from operating activities		(26)	36
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(12)	(17)
Proceeds from bond redemption by subsidiaries		582	2
Purchase of shares in subsidiaries, associates and joint ventures		(276)	-
Sale of shares in subsidiaries		4	-
Cash pooling expenditures		-	(877)
Dividends received		201	510
Interest received		147	168
Receipts on account of loan repayments		233	213
Loans granted		(579)	(180)
Capital contributions		(28)	(20)
Capital contributions returned by subsidiaries		17	-
Other		20	17
		309	(184)
Net cash from investing activities		309	(184)
Cash flows from financing activities			
Repayment of loans and borrowings		(2,438)	(4,394)
Receipts from borrowings		1,650	4,018
Cash pooling proceeds		690	-
Interest paid		(137)	(203)
Repayment of lease liabilities		(9)	(8)
		(244)	(587)
Net cash from financing activities		(244)	(587)
Net increase/(decrease) in cash and cash equivalents		39	(735)
Cash and cash equivalents at the beginning of the period		89	826
Cash and cash equivalents at the end of the period	9	128	91

ACCOUNTING PRINCIPLES (POLICIES) AND OTHER EXPLANATORY INFORMATION

1. General information

The condensed interim separate financial statements of Energa SA ("Company") are as at and for the nine months ended 30 September 2021 and contain relevant comparative data.

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

As at 30 September 2021, PKN ORLEN S.A. is the Company's controlling entity.

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

The core business of the Company is that of a holding company. The Company is the parent entity of the Energa SA Group ("Group"). In order to fully understand the financial position and performance of the Company as the parent entity of the Group, these financial statements should be read in conjunction with the condensed interim consolidated financial statements as at and for the period ended 30 September 2021. These statements are available on the Group's website.

2. Composition of the Company's Management Board

During the three quarters of 2021 and until the date of these financial statements, the composition of the Management Board of Energa SA was as follows:

- 1) in the period from 7 May 2020 to 16 July 2021:
 - Mr Jacek Goliński - President of the Management Board;
 - Mr Marek Kasicki - Vice-President of the Management Board for Financial Matters,
 - Mr Dominik Wadecki - Vice-President of the Management Board for Operational Matters,
 - Ms Adrianna Sikorska - Vice-President of the Management Board for Communication Matters,
 - Ms Iwona Waksmundzka-Olejniczak - Vice-President of the Management Board for Corporate Matters,
- 2) in the period from 16 July 2021 to 27 October 2021:
 - Ms Iwona Waksmundzka-Olejniczak - Vice-President of the Management Board for Corporate Matters, acting President of the Management Board,
 - Mr Marek Kasicki - Vice-President of the Management Board for Financial Matters,
 - Mr Dominik Wadecki - Vice-President of the Management Board for Operational Matters,
 - Ms Adrianna Sikorska - Vice-President of the Management Board for Communication Matters,
- 3) in the period from 27 October 2021 until the date of these financial statements:
 - Ms Iwona Waksmundzka-Olejniczak - President of the Management Board,
 - Mr Marek Kasicki - Vice-President of the Management Board for Financial Matters,
 - Mr Dominik Wadecki - Vice-President of the Management Board for Operational Matters,
 - Ms Adrianna Sikorska - Vice-President of the Management Board for Communication Matters.

3. Approval of the financial statements

These financial statements and the consolidated financial statements of the Group were approved for issue by the Company's Management Board on 9 November 2021.

4. Basis for preparation of the financial statements

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

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

4.1 Statement of compliance

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

4.2 Functional and presentation currency

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

5. Significant accounting policies

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

6. New standards and interpretations

6.1 Standards and interpretations applied for the first time in 2021

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

- Amendments to IFRS 4, Insurance Contracts, titled 'Extension of the Temporary Exemption from Applying IFRS 9', approved by the EU on 16 December 2020 (the date of expiry of the temporary exemption from applying IFRS 9 was extended from 1 January 2021 by annual periods beginning on 1 January 2023 and afterwards),
- Amendments to IFRS 9, Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts, and IFRS 16, Leases – reform of the reference interest rate, stage 2, approved by the EU on 13 January 2021 (effective for annual periods beginning on 1 January 2021 and afterwards),
- Amendments to IFRS 16, Leases – COVID-19-related rent concessions after 30 June 2021.

The Company estimates that the aforementioned changes to the standards should not considerably affect its statements. The impact of the change relating to the reference interest rate is being analysed by the Company.

6.2 Standards and interpretations already published and endorsed in the EU to come into effect after the balance sheet date

- Amendments to IFRS 3, Business Combinations – changes to references to conceptual assumptions together with amendments to IFRS 3 (applicable to annual periods beginning on or after 1 January 2022);
- Amendments to IAS 16, Property, Plant and Equipment – revenues obtained prior to acceptance of an asset for use (applicable to annual periods beginning on or after 1 January 2022);
- Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets – contracts resulting in charges, the cost of fulfilment of a contract (applicable to annual periods beginning on or after 1 January 2022);
- Amendments to various standards "Annual Improvements to IFRS (2018-2020 cycle)" – changes introduced during the annual cycle of improvements to IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) aimed mainly at removing inconsistencies and agreeing the exact wording (amendments to IFRS 1, IFRS 9 and IAS 41 applicable to annual periods beginning on or after 1 January 2022. Amendments to IFRS 16 relate solely to an illustrating example and, therefore, no date has been specified for its entry into force),

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

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

- IFRS 17, Insurance Contracts, with subsequent amendments to IFRS 17 (applicable to annual periods beginning on or after 1 January 2023);
- Amendments to IAS 1, Presentation of Financial Statements – classification of liabilities as current or non-current (applicable to annual periods beginning on or after 1 January 2023);
- Amendments to IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associates and Joint Ventures – sale or contribution of assets between an investor and its associate/joint venture and subsequent amendments (the effective date of the amendments has been deferred until completion of research on the equity method);
- Amendments to IAS 1, Presentation of Financial Statements – amendments require disclosure of material accounting rules (policies) instead of significant accounting rules (policies) (applicable to annual periods beginning on or after 1 January 2023),
- Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors – definition of an accounting estimate and clarification on how to distinguish a change to the accounting policies from changes to accounting estimates (applicable to annual periods beginning on or after 1 January 2023); and
- Amendments to IAS 12 "Income Taxes" - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023).

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

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

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

NOTES TO CONDENSED INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION
8. Shares in subsidiaries, associates and joint ventures

Name and legal form	Registered office	Value of shares in ledgers of Energa SA	Share of Energa SA in the share capital, in all votes and in management (%)
As at 30 September 2021			
Subsidiaries			
Energa-Operator SA	Gdańsk	4,471	100.00
Energa OZE SA	Gdańsk	989	100.00
Energa-Obrót SA	Gdańsk	331	100.00
CCGT Ostrołęka Sp. z o.o.	Ostrołęka	245	100.00
Energa Kogeneracja Sp. z o.o.	Elbląg	234	64.59
Energa Oświetlenie Sp. z o.o.	Sopot	234	100.00
CCGT Grudziądz Sp. z o.o.	Grudziądz	41	100.00
Energa Informatyka i Technologie Sp. z o.o.	Gdańsk	37	100.00
Energa Green Development Sp. z o.o.	Gdańsk	31	100.00
CCGT Gdańsk Sp. z o.o.	Gdańsk	22	100.00
Enspirion Sp. z o.o.	Gdańsk	5	100.00
Energa Logistyka Sp. z o.o.	Płock	-	100.00
Energa Finance AB (publ)	Stockholm	-	100.00
Other companies	-	<1	-
Associates			
Polimex-Mostostal SA	Warsaw	82	16.48
ElectroMobility Poland SA	Warsaw	13	4.33
Joint ventures			
Elektrownia Ostrołęka Sp. z o.o.	Ostrołęka	-	50.00
Total value of shares		6,735	

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

Impairment tests for shares

In Q3 2021, based on an assessment whether there were any internal or external indications of impairment of shares held, no indications of such a decrease were identified. Therefore, it was concluded that no impairment tests were required.

9. Cash and cash equivalents

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

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

	As at 30 September 2021 (unaudited)	As at 30 September 2020 (unaudited)
Cash at bank	128	91
Total cash and cash equivalents presented in the statement of financial position, including:	128	91
Unrealized foreign exchange differences and interest	-	-
Total cash and cash equivalents presented in the statement of cash flows	128	91

10. Dividends and profit distribution/loss coverage

On 14 June 2021, the Annual General Meeting adopted a resolution to offset the entire loss for 2020 against the Company's reserve capital.

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

As at 30 September 2021 (unaudited)	Financial assets measured at fair value through profit or loss	Financial assets and liabilities measured at amortized cost	Hedging derivatives	Financial instruments excluded from the scope of IFRS 9	TOTAL
Assets					
Cash pooling receivables	-	584	-	-	584
Cash and cash equivalents	-	128	-	-	128
Derivative financial instruments	20	-	137	-	157
Shares in subsidiaries, associates and joint ventures	-	-	-	6,735	6,735
Bonds	-	1,144	-	-	1,144
Lease receivables	-	-	-	76	76
Other financial receivables	-	3,470	-	-	3,470
Trade receivables	-	10	-	-	10
Capital contributions	-	58	-	-	58
TOTAL	20	5,394	137	6,811	12,362
Liabilities					
Loans and borrowings	-	3,560	-	-	3,560
Preferential loans and borrowings	-	840	-	-	840
Loans and borrowings	-	2,720	-	-	2,720
Liabilities on account of the issue of debt securities	-	1,139	-	-	1,139
Derivative financial instruments	-	-	15	-	15
Liabilities on account of leases	-	-	-	37	37
Trade liabilities and other financial liabilities	-	15	-	-	15
Trade liabilities	-	12	-	-	12
Liabilities on purchase of property, plant and equipment and intangible assets	-	3	-	-	3
Cash pooling liabilities	-	360	-	-	360
Capital contribution liabilities	-	7	-	-	7
TOTAL	-	5,081	15	37	5,133

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

11.2 Fair value of financial instruments

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

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

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

	As at 30 September 2021 (unaudited) Level 2	As at 31 December 2020 Level 2
Assets		
Hedging derivatives (CCIRS)	137	53
Other derivatives	20	16
Liabilities		
Hedging derivatives (CCIRS/IRS)	15	17

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

Other derivatives include options to purchase shares in Polimex-Mostostal SA. The options were purchased from Towarzystwo Finansowe Silesia Sp. z o.o. under the agreement of 18 January 2017 as subsequently annexed and refer to the purchase, in 21 tranches, a total of approx. 7 million shares of Polimex-Mostostal SA, at the nominal price of PLN 2 per share. The options exercise dates were set between 30 November 2021 and 30 November 2026. The fair value measurement of the call options to purchase shares of Polimex-Mostostal SA was carried out using the Black-Scholes model. The measurement considered the current price and historic volatility of the company's share prices. The risk-free rate was determined on the basis of the yield of treasury bonds with maturities similar to the option expiration date.

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

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

Loan from Energa Finance AB (publ)	Carrying amount	Fair value Level 2
As at 30 September 2021 (unaudited)	1,442	1,489
As at 31 December 2020	1,435	1,506

Hybrid bond issue	Carrying amount	Fair value Level 2
As at 30 September 2021 (unaudited)	1,139	1,154
As at 31 December 2020	1,165	1,144

The fair value measurement of liabilities for loans and the hybrid bond issue was estimated on the basis of an analysis of future cash flows discounted using market interest rates prevailing on 30 September 2021.

11.4 Description of material items in individual categories of financial instruments

11.4.1 Financial assets

Financial assets measured at amortized cost

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

The purchased bonds are presented in the table below, analysed by issuer, as at 30 September 2021 and 31 December 2020:

	As at 30 September 2021 (unaudited)	As at 31 December 2020
Energa-Operator SA	1,068	1,084
Energa OZE SA	72	668
Energa Kogeneracja Sp. z o.o.	4	6
TOTAL, of which:	1,144	1,758
Long-term	1,135	1,716
Short-term	9	42

11.4.2 Financial liabilities

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

Loans and borrowings

Contracted loans and borrowings as at 30 September 2021 and 31 December 2020 are presented in the table below:

	As at 30 September 2021 (unaudited)		As at 31 December 2020	
Currency	PLN	EUR	PLN	EUR
Reference rate	WIBOR	Fixed	WIBOR	Fixed
Loan/borrowing amount				
in currency	2,118	311	2,899	311
in PLN	2,118	1,442	2,899	1,435
of which maturing in:				
up to 1 year (short-term)	1,106	516	1,655	5
1 to 2 years	291	-	299	508
2 to 3 years	292	185	297	92
3 to 5 years	240	371	405	369
over 5 years	189	370	243	461

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

Liabilities under bonds issued

Liabilities for bonds issued, as at 30 September 2021 and 31 December 2020, are presented in the table below:

	As at 30 September 2021 (unaudited)		As at 31 December 2020	
Currency	PLN	EUR	PLN	EUR
Reference rate	WIBOR	Fixed	WIBOR	Fixed
Value of the issue				
in currency	-	246	-	252
in PLN	-	1,139	-	1,165
of which maturing in:				
up to 1 year (short-term)	-	-	-	11
1 to 2 years	-	570	-	-
2 to 3 years	-	-	-	577
over 5 years	-	569	-	577

Detailed information on bonds issued is provided in note 11.5.

11.5 Available external financing

In the current reporting period and as at the day ending the reporting period, there were no events of default on contractual obligations under the terms and conditions of any external funding acquired.

The external financing available as at 30 September 2021 is presented in the table below:

Financing institution	Type of liability	Purpose of financing	Date of the agreement	Financing limit (for the Energa SA Group)	Available financing amount	Nominal debt of Energa SA as at 30 September 2021	Repayment date
European Investment Bank	Loan	Energa-Operator SA investment programme	16-12-2009	1,050	-	313	15-12-2025
European Investment Bank	Loan	Energa-Operator SA investment programme	10-07-2013	1,000	-	517	15-09-2031
European Bank for Reconstruction and Development	Loan	Energa-Operator SA investment programme	29-04-2010	1,076	-	301	18-12-2024
European Bank for Reconstruction and Development	Loan	Energa-Operator SA investment programme	26-06-2013	800	-	123	18-12-2024
Nordic Investment Bank	Loan	Energa-Operator SA investment programme	30-04-2010	200	-	16	15-06-2022
Energa Finance AB (publ)	Borrowing	Current operations	21-03-2013	510 ¹	-	510 ¹	28-02-2022
Energa Finance AB (publ)	Borrowing	Current operations	28-06-2017	926 ²	-	926 ²	28-02-2027
PKO Bank Polski SA	Credit limit	General corporate purposes	20-09-2012	200	137	5 ³	19-09-2022
Nordic Investment Bank	Loan	Construction of Myślino Wind Farm	23-10-2014	68	-	31	15-09-2026
European Investment Bank	Hybrid bonds	Energa-Operator SA investment programme	04-09-2017	1,158 ⁴	-	1,158 ⁴	12-09-2037
Syndicated loan	Revolving loan	Financing of Energa SA corporate objectives, including financing of everyday operations and financing of Energa SA investment programme, excluding capital expenditure on coal-based energy production	17-09-2019	2,000	2,000	-	17-09-2024 ⁵
Bank Gospodarstwa Krajowego	Revolving loan	Financing of Energa SA corporate objectives, including financing of everyday operations, financing of Energa SA investment programme and refinancing of financial debt	03-07-2020	500	100	400	18-08-2023
SMBC	Revolving loan	Financing of Energa SA corporate objectives, including financing of everyday operations and financing of Energa SA investment programme and refinancing of financial debt, excluding capital expenditure on coal-based energy production	28-07-2020	556	556	-	28-07-2025
PKN Orlen	Revolving loan	Financing corporate purposes	31-05-2021	1,000	600	400	30-05-2022
TOTAL				11,044	3,393	4,700	

¹ EUR 110m liability translated at the average NBP exchange rate of 30 September 2021

² EUR 200m liability translated at the average NBP exchange rate of 30 September 2021

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

⁴ EUR 250m liability translated at the average NBP exchange rate of 30 September 2021

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

11.6 Cash flow hedge accounting

All held hedging instruments serve to hedge cash flows and relate to the financial instruments allocated to the same risk category. The presented hedging instruments relate to the liabilities arising under loans between Energa Finance AB and Energa SA, hybrid bonds from the European Investment Bank and credits from the European Investment Bank. A detailed description of the hedge accounting is provided in note 18.5 of the condensed interim consolidated financial statements as at and for the period ended 30 September 2021.

The fair value of hedging instruments is as follows:

	Value (PLN m)	Recognition in the statement of financial position	Change in fair value of the hedging instrument used as the basis for recognizing hedge ineffectiveness for the period	Nominal amounts of hedging instrument in millions of	
	PLN			EUR	PLN
As at 30 September 2021 (unaudited)					
CCIRS III	54 (6)	Assets – Derivative financial instruments Liabilities – Derivative financial instruments	None	200	-
CCIRS IV	83 (5)	Assets – Derivative financial instruments Liabilities – Derivative financial instruments	None	250	-
IRS	(4)	Liabilities – Derivative financial instruments	None	-	350
As at 31 December 2020					
CCIRS III	21 (4)	Assets – Derivative financial instruments Liabilities – Derivative financial instruments	None	200	-
CCIRS IV	32 (1)	Assets – Derivative financial instruments Liabilities – Derivative financial instruments	None	250	-
IRS	(12)	Liabilities – Derivative financial instruments	None	-	350

Under cash flow hedge accounting, the cash flow hedge reserve (the effective portion of changes in the value of the hedge, less deferred tax) increased in the reporting period by PLN 62m. The Company continued hedge accounting under IAS 39, and no ineffectiveness was identified in the period under review.

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

	Nine-month period ended 30 September 2021 (unaudited)	Nine-month period ended 30 September 2020 (unaudited)
At the beginning of the reporting period	(96)	(52)
Amount recognized in the cash flow hedge reserve in the period, equal to the change in the fair value of hedging instruments	86	16
Accrued interest transferred from the reserve to financial income/costs	(1)	(9)
Revaluation of hedging instruments transferred from the reserve to financial income/costs	(8)	(90)
Income tax on other comprehensive income	(15)	16
At the end of the reporting period	(34)	(119)

As at 30 September 2021, no ineffectiveness was identified resulting from the cash flow hedge accounting applied.

OTHER NOTES
12. Information on related entities

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

12.1 Transactions involving parties related to the State Treasury

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

12.2 Related party transactions

	Nine-month period ended 30 September 2021 (unaudited)	Nine-month period ended 30 September 2020 (unaudited)
Net revenue on the sale of products, goods and materials	47	58
Cost of purchase	20	11
Dividend income	201	510
Other financial income	254	149
Financial costs	41	441

	As at 30 September 2021 (unaudited)	As at 31 December 2020
Assets		
Non-current receivables	50	69
Other non-current financial receivables – subsidiaries	3,105	2,810
Cash pooling receivables	584	1,181
Trade receivables	10	22
Other current financial receivables	391	313
Long-term bonds	1,135	1,716
Short-term bonds	9	42
Other current assets	60	56
Equity and liabilities		
Non-current liabilities on account of loans and borrowings	927	1,431
Non-current provision	2	-
Other non-current financial liabilities	-	3
Cash pooling liabilities	360	266
Short-term provision	106	218
Current trade liabilities	4	6
Other current financial liabilities	3	4
Current part of loans and borrowings	916*	5
Other current liabilities	9	89

The tables above present transactions with subsidiaries within the PKN ORLEN Group and joint ventures.

*Transactions with PKN ORLEN S.A. and associates are immaterial, except for a loan from PKN Orlen to Energa SA. Detailed information on the loan is presented in note 11.5. As regards disclosures relating to transactions with parties related to the State Treasury, the Company applies the exemption defined in paragraph 25 of IAS 24.

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

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

	Nine-month period ended 30 September 2021 (unaudited)	Nine-month period ended 30 September 2020 (unaudited)
Management Board	4	5
Supervisory Board	<1	<1
TOTAL	4	5

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

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

The amount of benefits paid or payable to key management in the period from 1 January 2021 to 30 September 2021 was PLN 9m versus PLN 14m in the corresponding prior year period.

12.5 Security for the repayment of liabilities

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

13. Contingent assets and liabilities

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

14. Other information significantly affecting the assessment of assets, financial position and the financial result of the Company

Assets held for sale

Due to the ongoing reorganisation of the Energa Group, which involves disposal of shares in some of the Group's subsidiaries, as at 30 June 2021, an assessment was made to see whether it was necessary to reclassify the shares to assets held for sale, in accordance with IFRS 5. The analysis confirmed that the reclassification was appropriate for the Company's shares in two subsidiaries: Energa Ochrona Sp. z o.o. and Energa Centrum Usług Wspólnych Sp. z o.o. On 31 July 2021 shares of Energa Ochrona Sp. z o.o. were sold. As regards the latter entity, the Group is in advanced talks with a potential buyer of the shares and expects the transaction to be completed within a year. On 30 September 2021 the assessment was made to see whether it was necessary to reclassify of the shares of Energa Invest Sp. z o.o. to assets held for sale. For the above mentioned company, it is assumed that the shares will be sold within 12 months. Therefore, at the end of Q3 2021, shares of Energa Invest Sp. z o.o. held by the Company were reclassified to assets held for sale.

Establishment of new companies

On 11 January 2021, CCGT Ostrołęka Sp. z o.o. was established and subsequently entered in the National Court Register on 29 January 2021. Energa SA acquired all shares in the company's share capital. As at 30 September 2021, the value of the shares was PLN 245m.

On 20 January 2021, Energa Green Development Sp. z o.o. was established and subsequently entered in the National Court Register on 9 February 2021. Energa SA acquired all shares in the company's share capital. As at 30 September 2021, the value of the shares was PLN 31m.

Extension of loan maturities

On 26 February 2021, two agreements governing loans granted to Elektrownia Ostrołęka Sp. z o.o. by Energa SA and Enea SA were annexed. As a result, the maturities of the loans granted under the agreement of 17 July 2019 in the amount of PLN 58m and the agreement of 23 December 2019 in the total amount of PLN 340m were extended. The new maturity of the loans was set at 30 June 2021. The following maturity of the loans were annexed twice. As a result, on 29 October 2021, the new maturity of the loans was set at 29 April 2022.

Provision for settlement of the coal-based project in Ostrołęka

As a result of the decision concerning the change of the power-generating unit's technology from coal- to gas-based for the investment project pursued by Elektrownia Ostrołęka Sp. z o.o. ("SPV"), analyses are underway to account for the costs incurred by the General Contractor ("GC").

The value of the provision for the General Contractor's claims amounted to PLN 218 m in Q4 2020. The amount of the provision is an estimate based, inter alia, on the amounts of claims filed by the GC in the area of settlement of work in progress and suspension costs.

As on 25 June 2021, Elektrownia Ostrołęka Sp. z o.o. ("Ostrołęka Power Plant"), CCGT Ostrołęka Sp. z o.o., the Coal Project Contractor (GE Power Sp. z o.o. and GE Steam Power Systems S.A.S.) and the Gas Project Contractor (General Electric Global Services, GmbH together with GE Power Sp. z o.o.) signed the "Document amending the contract of 12 July 2018 for the construction of the Ostrołęka "C" Power Plant with a capacity of 1,000 MW", this marked the entry into force of the "Settlement Agreement". Calculated on the basis of the above document, the provision for settlement of the coal-based investment project in Ostrołęka is PLN 107m. In this way, on 9 July 2021, the provision raised in 2020 was partially released and reduced to PLN 107m. The cost of settlement of the coal-based project will be covered by Energa and Enea pro-rata to their respective shares in the share capital of the SPV, i.e. 50% each, which follows from the Memorandum of Understanding on cooperation in settlement of Ostrołęka C Power Plant construction project signed on 22 December 2020.

15. Subsequent events

On 4 November 2021 the Supervisory Board of Energa SA adopted a resolution to appoint Mr Janusz Szurski to the Management Board of the Company of the 6th term of office for the position of the Vice-President of the Management Board for Corporate Matters.

Management Board Members

Iwona Waksmundzka-Olejniczak
President of the Management Board

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

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

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

Energa Centrum Usług Wspólnych Sp. z o.o.
Entity responsible for keeping accounting ledgers
and for preparing financial statements
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Gdańsk, 9 November 2021