



# Information to the condensed consolidated report of the Energa Group for Q1 2022

Gdańsk, 11 May 2022

**Table of contents:**

<b>1. SUMMARY .....</b>	<b>3</b>
<b>2. KEY INFORMATION ABOUT THE ENERGA GROUP .....</b>	<b>6</b>
2.1. Activities and structure of the Group .....	6
2.2. Material events in the reporting period and after the balance sheet date .....	6
2.3. Capital expenditures and execution of key projects .....	9
<b>3. FINANCIAL AND ASSETS SITUATION .....</b>	<b>13</b>
3.1. Principles used in the preparation of the quarterly consolidated financial statements .....	13
3.2. Explanation of the economic and financial data disclosed in the condensed consolidated financial statements .....	13
3.3. Structure of assets and liabilities in the consolidated statement of financial position .....	18
3.4. Description of significant off-balance sheet items .....	19
3.5. Projected financial results .....	19
3.6. Factors affecting the Energa Group's performance within at least the next quarter .....	19
<b>4. ACTIVITIES OF THE ENERGA GROUP'S BUSINESS LINES .....</b>	<b>21</b>
4.1. Distribution Business Line .....	21
4.2. Generation Business Line .....	23
4.3. Sales Business Line .....	27
<b>5. REGULATORY AND BUSINESS ENVIRONMENT .....</b>	<b>31</b>
5.1. Macroeconomic situation .....	31
5.2. Electricity market in Poland .....	33
5.3. Regulatory environment .....	37
<b>6. SHARES AND SHAREHOLDING STRUCTURE .....</b>	<b>42</b>
6.1. Information on shares and Energa's shareholding structure .....	42
6.2. Prices of the Company's shares and recommendations awarded .....	42
6.3. Ratings .....	43
6.4. Changes to shares held by executive and supervisory personnel .....	43
<b>7. OTHER INFORMATION ON THE GROUP .....</b>	<b>45</b>
7.1. Information on material contracts and agreements .....	45
7.2. Risk Management .....	45
7.3. Proceedings pending before courts, arbitration or public administration bodies .....	45
7.4. Employment .....	55
7.5. Collective disputes and dismissals .....	55
List of tables .....	57
List of figures .....	57
Glossary of terms and abbreviations .....	58

## 1. SUMMARY

### ENERGA GROUP IN 3M 2022



One of the leading energy groups and a reliable supplier of electricity and services for ¼ of Poland, with a 39% share of RES in own production.



#### Financial data

Revenues	EBITDA	EBITDA margin
PLN 4,938 m	PLN 1,077 m	21.8%

#### Renewable energy sources

Installed capacity	RES production	
540 MWe	498 GWh	<p>Wind 45% Run-of-the-river plants 38% Biomass 15% PV 2%</p>





#### Operating data

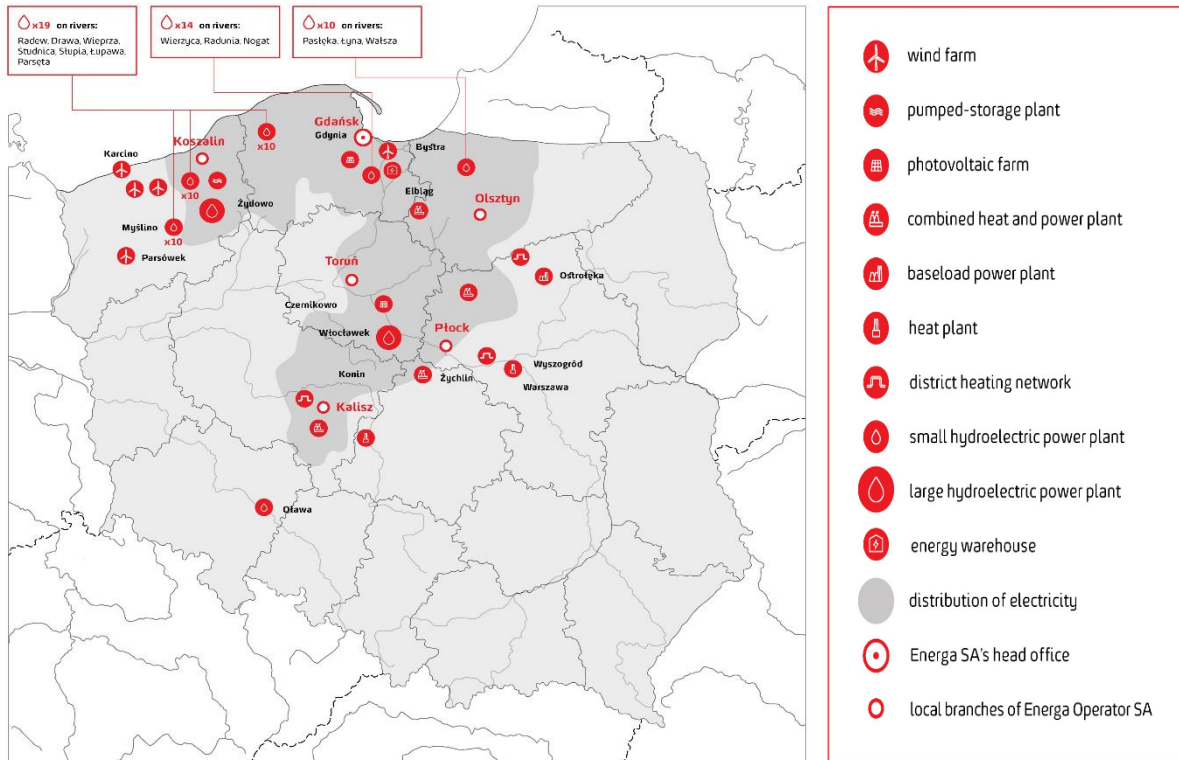
Volume of electricity supplied	Gross electricity production	Retail sales of electricity
 <b>6.2 TWh</b>	 <b>1.3 TWh</b>	 <b>4.7 TWh</b>




#### Investor's guide\*

Capitalization	Share price	Fitch rating of Energa	Moody's rating of Energa
PLN 3 billion	PLN 7.26	BBB-	Baa2

\* As at 31 March 2022

Key resources			
Distribution grid	Installed capacity	Number of clients	Number of employees
193 k km 	<b>1.39 GWe</b> of which 39% are RES 	Distribution: 3.3 m Sales: 3.2 m 	8.9 k 



Key Business Lines		
Distribution	Generation	Sales
		
EBITDA: PLN 712 m	EBITDA: PLN 306 m	EBITDA: PLN 59 m

Investments			
PLN 316 m	New customer connections	Modernization of HV, MV and LV lines	New RES
of which Distribution: PLN 276 m	14 k	641 km	366 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 and concentrates on the following business lines:

**Distribution Business Line.** This is the Business Line of key importance to the Group's profitability, involved in the distribution of electricity (which is a regulated activity in Poland) conducted on the basis of tariffs approved by the President of the Energy Regulatory Office ("ERO"). Energa Operator SA acts as the leading entity in this Line. Energa Group has a natural monopoly position in the northern and central part of Poland which hosts the Group's distribution assets through which the Group supplies electricity to 3.3 million customers, approximately 3.1 million of whom are customers with universal agreements and 179 thousand are TPA (Third Party Access) customers. At the end of March 2022, the total length of the power lines operated by the Group was more than 193 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 March 2022, the total installed generation capacity in the Group's power plants was approx. 1.4 GW. The leading entity in this Business Line is Energa OZE SA.

In Q1 2022 the Group generated 1.3 TWh of gross electricity, relying on a mix of sources such as coal, hydro, biomass, wind and photovoltaic energy. In this period, 59% of the Group's gross electricity production originated from coal, 25% from hydro, 15% from wind and 1% from biomass.

The Energa Group owes its leading position, in terms of the percentage of electricity from renewable energy sources in the total energy generated, primarily to the generation of energy by its hydro power plants and wind power plants. Green energy is produced by 46 hydropower plants, 6 wind farms, as well as biomass-fired installations (i.a. as part of Energa Kogeneracja entity) and 3 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 first quarter of 2022, the Energa Group had approx. 3.2 m customers, including 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 Q1 2022 there were no changes in the composition of the Group.

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

#### Changes in the Supervisory Board of Energa SA

On 20 January 2022 the majority shareholder of Energa SA ("Energa", "Company", "Issuer"), PKN ORLEN S.A ("PKN ORLEN"), submitted a statement informing that as of 1 February 2022 it appointed Mr. Jarosław Piotr Dybowski to the Company's Supervisory Board of the 6th joint term of office.

On 24 February 2022 the majority shareholder of the Company, PKN ORLEN, submitted a statement informing that as of 1 March 2022 it appointed Ms. Barbara Hajdas to the Company's Supervisory Board of the 6th joint term of office.

Ms. Barbara Hajdas submitted a statement of resignation as of the end of 27 March 2022 from the position of Member of the Supervisory Board of the Company.

On 19 April 2022 the majority shareholder of the Company, PKN ORLEN, submitted a statement informing that as of 20 April 2022 it appointed Mr. Daniel Obajtek to the Company's Supervisory Board of the 6th joint term of office. Mr. Daniel Obajtek performs a function in the Company's Supervisory Board without remuneration.

On 20 April 2022 Ms. Agnieszka Żyro submitted a statement of resignation from the position of Member of the Supervisory Board of the Company, effective as of the end of 21 April 2022. The statement was submitted without giving a reason for the resignation.

On 22 April 2022 the majority shareholder of the Company, PKN ORLEN, submitted a statement informing that as of 26 April 2022 it appointed Ms. Iwona Waksmundzka-Olejniczak to the Company's Supervisory Board of the 6th joint term of office.

### **Maintaining the rating of Energa SA by Fitch Ratings**

On 20 January 2022 Fitch Ratings ("Agency", "Fitch") maintained the Company's long-term foreign and local currency Issuer Default Ratings (IDRs) at 'BBB-' with a Rating Watch Positive, rating for the bonds issued by the Company's subsidiary Energa Finance AB (publ) at 'BBB-', and rating for Energa SA's hybrid bonds at 'BB' (more information is presented in section 6.3. *Ratings*).

### **Termination of the capacity contract entered into by Elektrownia Ostrołęka Sp. z o.o.**

On 31 January 2022 the Issuer received the information from Elektrownia Ostrołęka Sp. z o.o. ("subsidiary Company") about the termination by the subsidiary Company, as of the same day, of the contract to fulfil the capacity obligation contracted by the subsidiary Company as a result of the outcome of the capacity market auction for 2023. Under Article 47b(3) of the Capacity Market Act of 8 December 2017 ("Act"), a capacity contract is terminated upon identifying capacity contracts which meet the criteria laid down in the Act to the operator, Polskie Sieci Elektroenergetyczne S.A. ("PSE"). The subsidiary Company has identified to PSE two capacity contracts meeting the criteria laid down in the Act, entered into by CCGT Ostrołęka Sp. z o.o. and CCGT Grudziądz Sp. z o.o., as contracts referred to in Article 47b(3)(1) and (2) of the Act. As a result of the identification of the above-mentioned capacity contracts, the financial security provided by the subsidiary Company in the amount of PLN 36.6 million is released and contractual penalties, if any, are forgiven. As at the date of termination of the above mentioned capacity contract no contractual penalties had been charged on its basis and the Issuer had not recognized any provisions for such potential penalties. The termination of the capacity contract is the consequence of changing the power source from coal to gas in the project to build and operate a new power plant in Ostrołęka.

### **Issue of a notice to proceed related to the construction of CCGT power plant in Ostrołęka**

On 24 March 2022 the company CCGT Ostrołęka Sp. z o.o. had issued the Commencement Order (a notice to proceed - NTP) related to the construction of a 745 MWe net gas-fired combined cycle gas turbine (CCGT) power plant in Ostrołęka for the general contractor - GE Power Sp. z o.o. with its registered office in Warsaw together with General Electric Global Services, GmbH with its registered office in Baden, Switzerland (operating through a branch in Poland).

### **Changes in the Management Board of Energa SA**

On 30 March 2022 the Supervisory Board of the Company adopted a resolution on appointment the following persons to the Company's Management Board for the new common 7th term of office:

- Ms. Iwona Waksmundzka-Olejniczak to the position of the President of the Management Board,
- Mr. Michał Perlik to the position of the Vice-President of the Management Board for Finance,
- Ms. Adrianna Sikorska to the position of the Vice-President of the Management Board for Communication,
- Mr. Janusz Szurski to the position of the Vice-President of the Management Board for Corporate Affairs,
- Mr. Dominik Wadecki to the position of the Vice-President of the Management Board for Operations.

The appointment of the above mentioned persons to the Management Board of the Company of the 7th term of office will become effective on the day following the day the General Meeting of the Company approving the Company's financial statements for the financial year 2021.

On 7 April 2022, Ms. Iwona Waksmundzka-Olejniczak submitted her resignation from the functions of the President of the Company's Management Board and the Member of the Company's Management Board, effective as of the end of 8 April 2022. The reason for the resignation is appointing Ms. Iwona Waksmundzka-Olejniczak for the function of the President of the Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A.

On 19 April 2022 Mr. Marek Kasicki submitted his resignation from the functions of the Vice-President of the Company's Management Board for Finance and the Member of the Company's Management Board, effective as of the end of 22 April 2022.

On 21 April 2022 the Company's Supervisory Board decided to delegate a Member of the Supervisory Board of the Company, Mr. Daniel Obajtek, to temporarily perform the duties of the President of the Management Board of the 6th current and 7th term of office (which will commence on the day following the day the General Meeting of Energa SA approving the Company's financial statements for the financial year 2021) for the period from 21 April 2022 to 21 July 2022. Mr. Daniel Obajtek performs the duties of the Company's Management Board President without remuneration.

On 25 April 2022 the Supervisory Board of the Company adopted the resolution to appoint as of 26 April 2022 Mr. Michał Perlik to the Management Board of the current 6th term of office for the function of Vice-President of the Management Board for Finance.

### **Completion of the settlement process of the Coal Project with the General Contractor under the contract for the construction of the Ostrołęka "C" Power Plant**

On 1 April 2022 the Management Board of Energa SA received the information from the company Elektrownia Ostrołęka Sp. z o.o. ('EO') on the completion of the settlement on 31 March 2022, in accordance with the concluded agreement of the Coal Project under the contract for the construction of the Ostrołęka "C" Power Plant with the General Contractor - consortium GE Power sp. z o.o. based in Warsaw and GE Steam Power Systems S.A.S. based in Boulogne-Billancourt, France. The final value of the receivables resulting from the settlement was PLN 958 million net and therefore the amount due to the General Contractor, resulting from the difference between the above value and the total amounts already paid, was already paid in full by EO. Thus, the process of settlement of the Coal Project with the General Contractor was completed. The costs incurred by the Issuer in connection with the settlement of the works of the General Contractor amounted to 50% of the above mentioned amount, i.e. PLN 479 million net (the same amount of costs was incurred by Enea S.A.).

In relation to the above the Issuer identified the possibility of further release of the provision - to the level of approx. PLN 16 million - created initially in 2020 in the amount of PLN 218 million to finance EO for the purposes of the settlement of the Coal Project. The impact of the above event on the consolidated net result of the Energa Group and standalone net result of Energa SA for 2022 amounted to approx. PLN 30 million (as a result of decreasing of the above mentioned provision from the level of PLN 46 million at the end of 2021). The event is of a non-cash nature increasing the net result without affecting the EBITDA.

### **Energa SA Management Board's recommendation on distribution of the Company's net profit for 2021**

On 8 April 2022 the Management Board of Company decided to recommend to the General Meeting of Energa SA ('GM') to transfer the entire Company's net profit for 2021 in the amount of PLN 210 m to the reserve capital. On 21 April 2022 the Supervisory Board of Company positively assessed the Company Management Board's motion to the GM on transferring the entire Company's net profit for 2021 to the reserve capital. The Management Board's motion along with the assessment of the Supervisory Board will be submitted to the GM, which will make the final decision on distribution of the Company's net profit for 2021.

### **Dismissal of legal action to repeal the resolution of the Energa SA's Extraordinary General Meeting on the withdrawal of the Company's shares from trading on the regulated market**

On 11 May 2022 the Company received information that the same day the Regional Court in Gdańsk, 9th Commercial Division issued a judgement dismissing the legal action brought by the shareholders of the Company (about which the Company informed in current report No. 82/2020 of 9 December 2020) to repeal the 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 the Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) of 269,139,114 series AA ordinary bearer shares of the Company and marked in Krajowy Depozyt Papierów Wartościowych S.A. with ISIN PLENERG00022 code. The judgment is not final non-appealable.

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

Russia's attack on Ukraine undoubtedly has a significant impact on Poland's and international economy.

The Group keeps monitoring the situation in Ukraine on an ongoing basis in terms of its effects on the Group's business operations, however, the situation is highly volatile, and therefore forecasting of further economic effects of the war is subject



to a high risk of making erroneous assumptions. Given the high dynamism of changes in the geopolitical and economic conditions as well as the difficulties in developing or obtaining unambiguous and highly probable economic and financial forecasts, the accurate potential implications of the conflict for the Group's operations and financial results cannot be reliably estimated at this time.

Of key relevance to a full assessment of the implications of the current situation for the future financial results of the Group will be further military actions, the scope of sanctions imposed on Russia and Belarus and the response from central banks and other financial institutions to the crisis. Bearing in mind the above, the Group has identified the following market risks:

- the risk of further PLN decline versus major currencies, including in particular PLN/EUR. The Group hedges currency risk to liabilities held in foreign currencies and takes measures aimed at hedging this risk with respect to planned investment projects,
- the risk of an increase in the price of energy resources (coal and gas) as a result of their limited accessibility due to the embargo imposed on Russia. It should be noted that the does not purchase fuels from operators based in Russia, Belarus or Ukraine,
- the Group takes into account that the current situation may have a significant impact on hard coal availability and prices, therefore the Group identifies the risk of a negative impact of this factor on its operations and financial results. The Group constantly monitors the availability and price behavior of this fuel in relation to subsequent periods and takes steps to secure supplies and prices enabling uninterrupted and profitable operations of the Generation Business Line,
- the existing production sources of the Group hardly rely on gaseous fuel in their operations (currently, only peak load and reserve boilers in Elbląg, which is scheduled to be completed in 2022, will be exposed to this risk),
- the risk of increase in the price of electrical engineering materials being purchased as well as other components. Price increase in this area can lead to higher costs of ongoing repairs and higher expenditure on ongoing investment projects of distribution and generation infrastructure,
- increased risk of attacks on IT, generation and distribution infrastructure which is required to achieve the main Group's business goals, which results in higher costs of protection of IT systems and construction facilities, as well as the need to use more advanced tools, equipment and security systems,
- the risk of further increase in inflation and interest rates. This may result in an increase of cost of financing and, as a consequence, a deterioration of the financial standing of the Group's companies and other enterprises and customers in Poland what, may lead to a decrease of payment discipline of customers.,
- the risk of limited access to external financing sources or the deterioration of their conditions.

On the contrary, the Group has not identified any direct impact of the Ukraine war on financial results in Q1 2022.

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

### **2.3. Capital expenditures and execution of key projects**

In the first 3 months of 2022, capital expenditures in the Energa Group amounted to PLN 316 million and were lower by PLN 29 million, i.e. 8%, than in the corresponding period of the previous year. The Distribution Business Line investments accounted for 87% of all expenditures incurred by the Group and amounted to PLN 276 million.

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

In the Generation Business Line, capital expenditures totalled PLN 20 million, a significant portion of which were tasks associated with development of district heating assets and new capacity in photovoltaic energy sources.

In the Sales Business Line PLN 9 million was allocated to investments, the most of which were for work related to lighting assets.

Status of implementation of the investment programme in 3M 2022

Project description	Capital expenditure in 3M 2022 (PLN m)
<b>Distribution Business Line</b>	<b>276</b>
Connecting electricity customers and sources and the associated construction of new grids	160
Upgrading and reconstruction of the existing assets, associated with improvement in service quality and increased power demand	87
Other capital expenditures, collisions and corrections	29
<b>Generation Business Line</b>	<b>20</b>
ENERGA OZE S.A   Construction of PV Gryf	5
Energa Kogeneracja Sp. z o.o.   KRS 2x20 MWt + 1x10MWt + SUW (Kalisz)	4
ENERGA Elektrownie Ostrołęka   Upgrading of the cooling water system	2
Other investments	9
<b>Sales Business Line</b>	<b>9</b>
Capital expenditures for lighting assets	9
Other capital expenditures	0
<b>Other companies, projects and corrections</b>	<b>11</b>
<b>Total</b>	<b>316</b>

### 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 district heating development programme for EC Elbląg and EC Kalisz (as well as at the Ostrołęka location under a separate initiative), resulting 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.

Construction of a reserve-peak boiler house with a capacity of 3 x 38 MWt is at the final stage in Elbląg. The test run of the boilers had been completed and the installation was ready for the acceptance procedure toward the end of March 2022 and in April it was put into operation. The work and acceptance of subsequent stages of construction works were also underway. Rental of the mobile boilers was also extended to secure heat supplies for the subsequent heating season, i.e. until 31 March 2023. At the Kalisz site, a contract for construction of a reserve-peak boiler house and a water treatment plant is being implemented. The contractor has commenced disassembly of the existing installations and construction work associated with laying the foundations for the boilers. The tender procedure for the selection of a contractor for construction of a co-generation system in Kalisz was completed. Support was also secured for the installation as part of CHP auction with a price of PLN 179.50. The task was implemented foreseeing migration of two water and coal boilers to comply with the MCP Directive in order to secure uninterrupted supply of heat in Kalisz during the heating season of 2022/2023.

In Q1 2022, development and modernisation investments were also made in the area of district heating networks.

### CCGT Grudziądz and CCGT Gdańsk - new combined cycle gas turbines

The projects involve construction of new gas-steam power stations. Modern energy infrastructure will enable the development of a low-carbon generation base and the provision of a capacity service and sale of electricity.

The status of the work is as follows:

CCGT Gdańsk - the company has obtained an environmental permit for a CCGT unit and for a 400 kV line which is to connect the CCGT plant with the Gdańsk Blonia EHV (extra high voltage) system station (power evacuation). Design work is underway with a view to securing a planning permission for the construction of the 400 kV cable line. On 29 December 2021,

Energa and PKN ORLEN and LOTOS SA Group signed an annex to the letter of intent concerning an analysis of feasibility and potential conditions for a joint investment to build a gas and steam power plant in Gdańsk. According to the provisions of the annex, the aforesaid letter of intent binds the parties until respective agreements are concluded, however no later than until 31 December 2022. The parties to the signed letter of intent continue to uphold the assumption relating to the project's schedule, namely that the CCGT power unit shall be completed by 2026. Currently, concept work has reached the stage of advanced arrangements. According to the secured conditions for connection to the power grid, the capacity of the unit may amount to approx. 450 MW.

CCGT Grudziądz - design work was carried out and key administrative decisions were obtained to achieve project readiness 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 at the turn of Q1 and Q2 2022. The project implementation schedule assumes that the CCGT unit will be handed over to operation in 2025 and that the provision of power service will commence from 1 January 2026. In December 2021, as a result of a capacity market main auction, CCGT Grudziądz sp. z o.o. acquired a capacity obligation of 518,370 MW for a period of 17 years. 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 approximately 550 MW. In the first quarter of 2022, work associated with selection of GRI was continued.

### **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 in the area of connection of the 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. Assembly of the battery system is being finalized before its handover for testing.

### **Project for the construction of a new power plant in Ostrołęka**

On 24 March 2022 the company CCGT Ostrołęka Sp. z o.o. had issued the Commencement Order (a notice to proceed - NTP) for the general contractor - GE Power Sp. z o.o. with its registered office in Warsaw together with General Electric Global Services, GmbH with its registered office in Baden, Switzerland (operating through a branch in Poland) - related to the construction of a 745 MWe net gas-fired combined cycle gas turbine (CCGT) power plant in Ostrołęka. In case there is a risk that Issuer would breach the requirements of contracts for financing, PKN ORLEN will provide financing to the Issuer in the amount not higher than PLN 1,55 bn, necessary to finance the project.

### **PV Gryf Project**

The objective of the project is construction a photovoltaic farm with a capacity of 19.83 MW. According to the RES auction results announced on 14 December 2020, Energa OZE won the ordinary auction for the installations. The company issued the notice to proceed (NTP) on 30 December 2020. The project is under implementation. The anticipated commissioning date for the project is the first quarter of 2022. The farm is being built in the Przykona municipality on land that has been reclaimed after the mining operations of Adamów brown coal mine.

### **PV Mitra Project**

The Project involves preparation, construction and commissioning of a photovoltaic installation comprising the 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. A planning permission for an installation with installed capacity of up to 65 MW was issued on 17 December 2021. The conditions for connection have been secured.

### **5xPV**

The purpose of the project is to build five PV farms (PV Czernikowo+, PV Samolubie 1, PV Samolubie 2, PV Przykona, PV Pierzchały) of capacity up to 1 MW each, together with power offtake points. 5 PV are scheduled for completion in the third quarter of 2022. The development of new capacities will increase the share of renewable electricity in the total generation mix of Energa Group's entire fleet.



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 3 month period ended 31 March 2022 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 3 month period ended 31 March 2022.

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

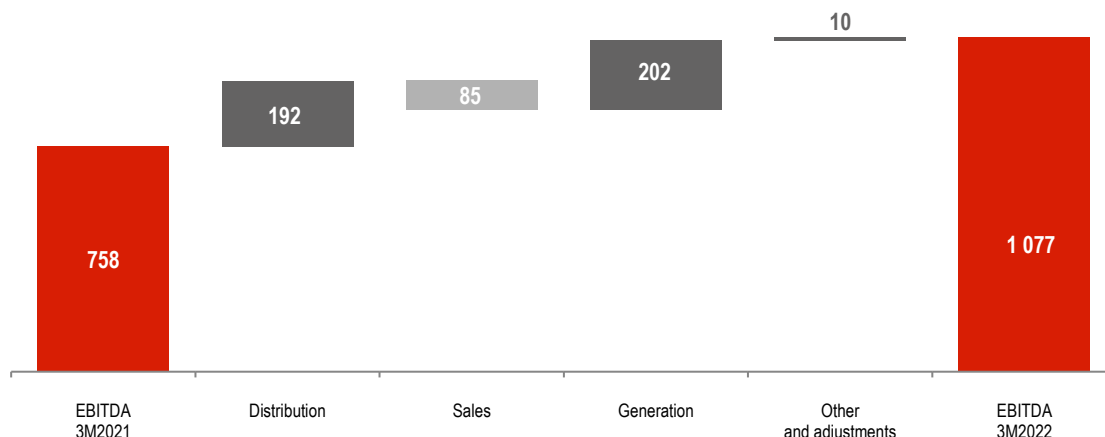
Table 1: Consolidated statement of profit or loss (PLN million)

PLN m	Q1 2021*	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
<b>Sales revenues</b>	<b>3,441</b>	<b>4,938</b>	<b>1,497</b>	<b>44%</b>
Cost of sales	(2,645)	(3,794)	(1,149)	43%
<b>Gross profit on sales</b>	<b>796</b>	<b>1,144</b>	<b>348</b>	<b>44%</b>
Other operating income	67	131	64	96%
Selling and distribution expenses	(248)	(247)	1	-0%
General and administrative expenses	(62)	(79)	(17)	27%
Other operating expenses	(69)	(143)	(74)	> 100%
<b>Operating profit</b>	<b>484</b>	<b>806</b>	<b>322</b>	<b>67%</b>
Result on financial activity	(12)	(70)	(58)	> 100%
Share in profit/(loss) of the entities measured by the equity method	-	33	33	-
<b>Profit or loss before tax</b>	<b>472</b>	<b>769</b>	<b>297</b>	<b>63%</b>
Income tax	(88)	(158)	(70)	80%
<b>Net profit or loss for the period</b>	<b>384</b>	<b>611</b>	<b>227</b>	<b>59%</b>
<b>EBITDA</b>	<b>758</b>	<b>1,077</b>	<b>319</b>	<b>42%</b>

\*restated data



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



The Group's EBITDA in Q1 2022 was PLN 1,077 m vs. PLN 758 m in the same period last year.

The greatest rise in EBITDA by PLN 202 m up to PLN 306 m was seen by the Generation Business Line. The primary factors determining the Line's EBITDA in Q1 2022 were higher revenues from energy sales and free certificates of origin as a result of higher electricity selling prices and higher energy production. The positive effect was partially offset by higher costs of consumption of key production fuels and higher costs of purchase of CO<sub>2</sub> emission allowances.

A major improvement in EBITDA by PLN 192 million up to PLN 712 million was reported by the Distribution Business Line. That was mainly related to an increase in the margin on distribution of electricity (with grid losses), attributable to higher volumes of sale of distribution services as well as lower volumes of grid losses and advantageous valuation of the estimated non-invoiced grid losses. On the other hand, the results were adversely impacted by recognition of the consequences of removal of mass breakdowns that were reported in January and February 2022.

Meanwhile, a decline in EBITDA by PLN 85 million in the Sales Business Line was due primarily to the lower margin on electricity sales, which was the effect of shrinking average unit margin as well as lower sales volume. The margin on gas sales was also lower. This was due to shrinking unit margins in connection with the Company's inability to shift the entire rise in the cost of purchase of gas onto end consumers in selling prices.

The Distribution Business Line was the greatest contributor to the Group's EBITDA in Q1 2022 (66%), while the contributions of the Generation Business Line and the Sales Business Line were, respectively, at 28% and 5%.

In the first quarter of 2022, the Group's operating profit ("EBIT") was PLN 806 m compared to PLN 484 m in the corresponding period of 2021. The yoy change in EBIT was primarily affected by the operating factors described above.

In Q1 2022, a share in results of associates and joint ventures was recognized at PLN 33 m, whereas it amounted to PLN 0 m in the corresponding period of the previous year. Provision for settlement of the coal-based project in Ostrołęka Power Plant C was released in the current year (the positive impact on the net profit in the amount of ca. PLN 30 m).

The result on financial activities in 2022 was lower by PLN 58 m yoy. The lower balance was the effect of high base as interest income had been recognized in Q1 2021 in connection with the settlement agreement concluded with PKN ORLEN. The impairment loss on the shares in Polimex-Mostostal SA had also been reversed.

As a result, the Group's net result in Q1 2022 amounted to PLN 611 m as compared to PLN 384 m in the corresponding period of 2021.

In Q1 2022, the Group's sales revenues were PLN 4,938 m, up by 44%, i.e. PLN 1,497 m, compared to the first quarter of 2021. The primary factor contributing to the improved revenues yoy were increased revenues in the Sales Business Line which were attributable to higher selling prices of electricity and gas reflecting their dynamic growth in the market. The Energa Group's total revenues from the Capacity Market in Q1 2022 amounted to PLN 65 million (PLN 63 million in Q1 2021).

The effect of material non-recurring events (assuming a materiality threshold of PLN 25 m) burdening the EBITDA has been presented below.

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

EBITDA (PLN m)	
<b>Q1 2022</b>	
EBITDA	1,077
Adjusted EBITDA	1,060
<b>Q1 2021</b>	
EBITDA	758
Adjusted EBITDA	716
<i>including:</i>	
Actuarial reserves	(34)

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

	As at 31 December 2021	As at 31 March 2022	Change 2022/2021	Change 2022/2021 (%)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	15,281	15,337	56	0%
Intangible assets	974	1,040	66	7%
Right-of-use assets	1,063	1,065	2	0%
Goodwill	-	-	-	-
Investments in associates and joint ventures measured using the equity method	128	133	5	4%
Deferred tax assets	237	230	(7)	-3%
Other non-current financial assets	254	275	21	8%
Other non-current assets	289	462	173	60%
	<b>18,226</b>	<b>18,542</b>	<b>316</b>	<b>2%</b>
<b>Current assets</b>				
Inventories	111	136	25	23%
Current tax receivables	102	71	(31)	-30%
Trade receivables	2,074	2,680	606	29%
Other current financial assets	105	118	13	12%
Cash and cash equivalents	340	440	100	29%
Other current assets	231	414	183	79%
	<b>2,963</b>	<b>3,859</b>	<b>896</b>	<b>30%</b>
Assets classified as held for sale	49	56	7	14%
<b>TOTAL ASSETS</b>	<b>21,238</b>	<b>22,457</b>	<b>1,219</b>	<b>6%</b>

**EQUITY AND LIABILITIES**

**Information to the condensed consolidated report  
of the Energa Group for Q1 2022**

<b>Equity</b>				
Share capital	4,522	4,522	-	-
Foreign exchange differences from translation of a foreign entity	5	6	1	20%
Reserve capital	821	821	-	-
Supplementary capital	1,661	1,661	-	-
Cash flow hedge reserve	87	113	26	30%
Retained earnings	2,912	3,545	633	22%
<b>Equity attributable to equity holders of the parent company</b>	<b>10,008</b>	<b>10,668</b>	<b>660</b>	<b>7%</b>
<b>Non-controlling interest</b>	<b>(66)</b>	<b>138</b>	<b>204</b>	<b>&gt; 100%</b>
	<b>9,942</b>	<b>10,806</b>	<b>864</b>	<b>9%</b>
<b>Non-current liabilities</b>				
Loans and borrowings	1,309	1,386	77	6%
Bonds issued	2,501	2,539	38	2%
Non-current provisions	734	679	(55)	-7%
Deferred tax liabilities	910	899	(11)	-1%
Deferred income and non-current grants	301	308	7	2%
Liabilities on account of leases	838	805	(33)	-4%
Other non-current financial liabilities	9	11	2	22%
Contract liabilities	9	9	-	-
	<b>6,611</b>	<b>6,636</b>	<b>25</b>	<b>0%</b>
<b>Current liabilities</b>				
Trade liabilities	1,067	1,417	350	33%
Contract liabilities	297	266	(31)	-10%
Current credits and loans	1,395	1,109	(286)	-21%
Bonds issued	31	10	(21)	-68%
Current income tax liability	13	34	21	> 100%
Deferred income and grants	180	161	(19)	-11%
Short-term provisions	1,073	1,447	374	35%
Other financial liabilities	448	325	(123)	-27%
Other current liabilities	161	230	69	43%
	<b>4,665</b>	<b>4,999</b>	<b>334</b>	<b>7%</b>
Liabilities directly related to assets classified as held for sale	20	16	(4)	-20%
<b>Total liabilities</b>	<b>11,296</b>	<b>11,651</b>	<b>355</b>	<b>3%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21,238</b>	<b>22,457</b>	<b>1,219</b>	<b>6%</b>

As at 31 March 2022, the balance sheet total of the Energa Group was PLN 22,457 m, up by PLN 1,219 m compared to the end of 2021.

In non-current assets, the greatest change was recorded in the following line items: Other non-current assets and involved primarily advance payments made in connection with the process of construction of the gas-fired power plant.

In terms of current assets, the most significant change involved trade receivables, in particular in Energa Obrót SA. Increased receivables were the result of a rise in receivables associated with sale of electricity to end consumers as a result of dynamic energy price growth.

As at 31 March 2022, Energa Group's equity was PLN 10,806 m and financed the Group's assets in 48%.

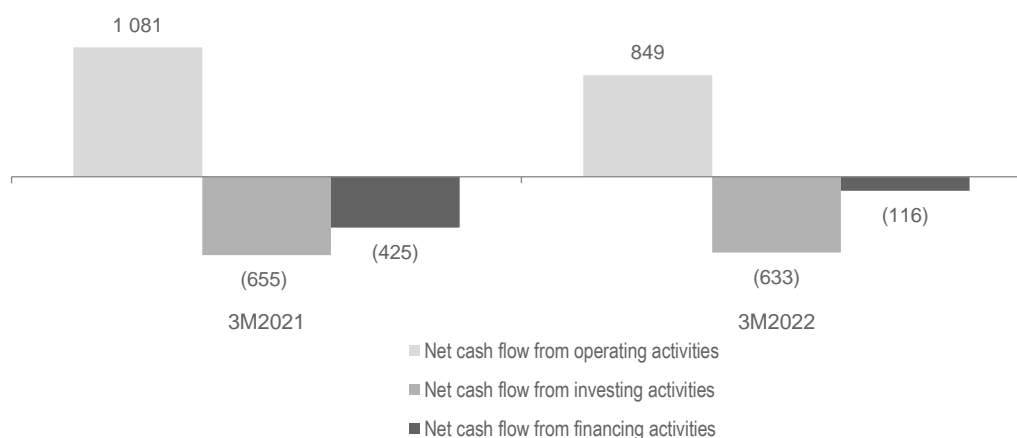
In liabilities, the greatest increases involved trade payables (energy purchase price growth) and short-term provisions (increased provisions for gas emission liabilities and on account of the obligation relating to certificates partially compensated for by a partial release of the provision on account of settlement of the coal project in Ostrołęka). On the other hand, the decline in liabilities related specifically to the shrinking to the current portion of loans and borrowings and was associated with a partial repayment of the loan granted to the Group by PKN ORLEN.

As at 31 March 2022, the following line items were identified in the consolidated statement of financial position: Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale, which is connected with the actions taken by the Group to sell shares in Energa Invest Sp. z o.o.,

**Table 4: Consolidated cash flow statement (PLN million)**

in PLN million	3 months of 2021	3 months of 2022	Change	Change (%)
Net cash flow from operating activities	1,081	849	(232)	-21%
Net cash flows from investment activities	(655)	(633)	22	3%
Net cash flows from financial activities	(425)	(116)	309	73%
Net increase / (decrease) in cash	1	100	99	> 100%

**Figure 2: Consolidated cash flow statement (PLN m)**



Total net cash flows from operating, investment and financing activities of the Group in Q1 2022 were positive and stood at PLN 100 million, compared to PLN 1 million in the same period of 2021.

Cash flows from operating activities amounted to PLN 849 million compared to PLN 1,081 million in the same period of 2021. Positive cash flows from operating activities was mainly due to a profit before tax of PLN 769 million compared to PLN 472 million achieved in the same period of 2021 with an increase in advance payments received in the total amount of PLN 395 million compared to PLN 55 million in Q1 2021. These listed items exceeded the other negative flows, the most significant of which were related to the increase in receivables of PLN (684) million compared to a decrease of PLN 135 million in the Q1 2021 and payment of income tax of PLN (123) million compared to PLN (7) million paid in the considered period of 2021.

Net flows on investment activities in Q1 2022 totalled PLN (633) million and were comparable to the same period in 2021, in which they amounted to PLN (655) million, which mainly resulted from expenses on the purchase of property, plant and equipment in the amount of PLN (647) million in 2022 compared to PLN (655) million in the corresponding period of 2021.

Cash flows from financing activities amounted to PLN (116) million and resulted mainly from the schedule of repayment of current debt instruments at PLN (751) million compared to receipts from incurring new financial obligations at PLN 550 million and proceeds from the issue of shares in the company CCGT Ostrołęka Sp. z o.o. in the amount of PLN 193 million, repayment of lease debt at PLN (51) million, current interest payments at PLN (58) million and commission expenses at PLN

(4) million. In Q1 2021, there was also a negative cash flow from financing activities in the amount of PLN (425) 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 (446) million against the acquisition of external financing of PLN 16 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

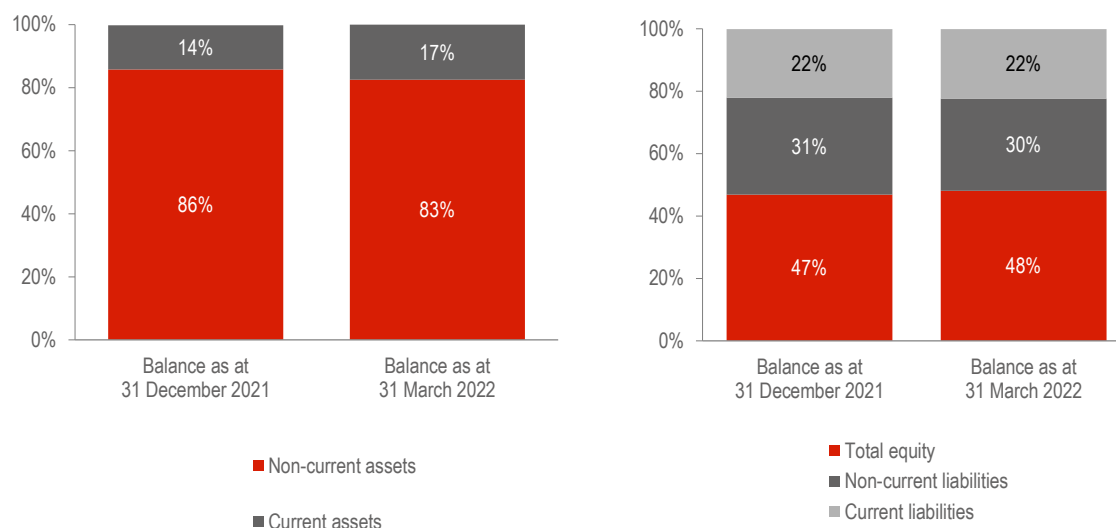


Table 5: Financial ratios of the Energa Group

Ratio	Definition	Q1 2021	Q1 2022
<b>Profitability</b>			
EBITDA margin	operating result + depreciation and amortization + impairment losses on non-financial non-current assets / sales revenues	22.0%	21.8%
return on equity (ROE)	net profit for the period* / equity at the end of the period	-1.9%	10.8%
return on sales (ROS)	net profit for the period / sales revenues	11.2%	12.4%
return on assets (ROA)	net profit for the period* / total assets at the end of the period	-0.9%	5.2%

\* net profit for the last 12 months

Ratio	Definition	As at 31 December 2021	As at 31 March 2022
<b>Liquidity</b>			
current liquidity ratio	current assets/current liabilities	0.6	0.8
<b>Debt</b>			
financial liabilities (PLN m)*	total liabilities due to loans and borrowings, debt securities and leases (both long- and short-term)	6,113	5,890
net financial liabilities (PLN m)	financial liabilities - cash and cash equivalents	5,773	5,450
net debt**/EBITDA* ratio	net financial liabilities/EBITDA	1.6	1.3

\* 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 Q1 2022 compared to the same period of the previous year (the factors contributing to these changes have been described in the section discussing financial figures). As a result of greater



revenue growth, the EBITDA margin ratio deteriorated slightly. On the other hand, the improvement in the annualized net result, and hence the profitability ratios, was influenced by the level of impairment losses for the last 12 months being lower compared to the corresponding period of the previous year, as well as the higher balance on financial activities and a positive share in the result of the entities recognized using the equity method.

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

The net debt/EBITDA ratio improved as a result of both a decrease in net financial liabilities as at 31 March 2022 compared to 31 December 2021 and higher EBITDA.

### 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.

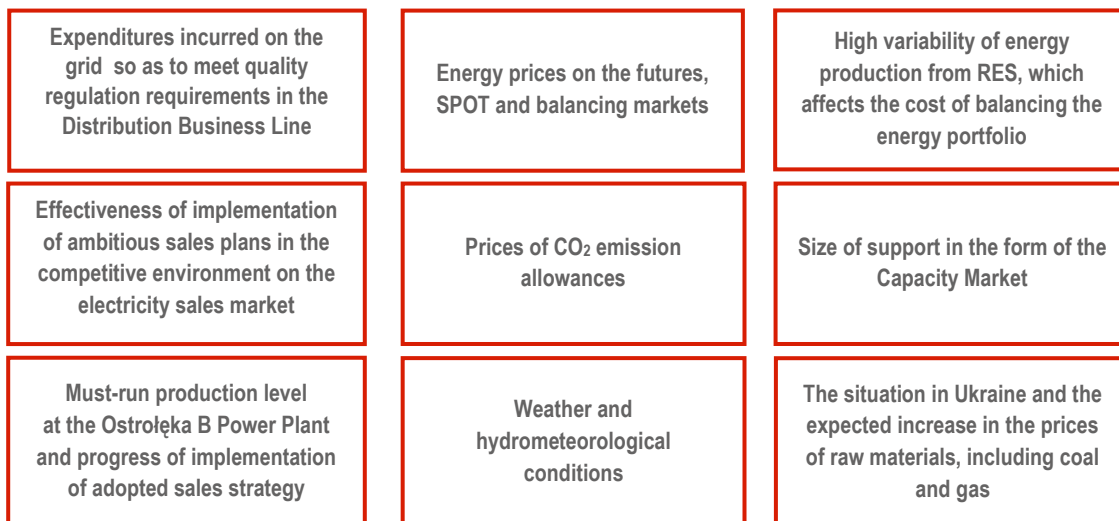
### 3.5. Projected financial results

The Management Board of the Company has not yet published projections for separate and consolidated financial results for the financial year of 2022.

### 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





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 million)**

EBITDA in PLN m	Q1 2021	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
DISTRIBUTION	520	712	192	37%
GENERATION	104	306	202	> 100%
SALES	144	59	(85)	-59%
OTHER and consolidation eliminations and adjustments	(10)	-	10	100%
<b>Total EBITDA</b>	<b>758</b>	<b>1,077</b>	<b>319</b>	<b>42%</b>

### 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	Q1 2021	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
Tariff group A (HV)	852	920	68	8%
Tariff group B (MV)	2,261	2,430	169	7%
Tariff group C (LV)	1,046	1,168	122	12%
Tariff group G (LV)	1,647	1,693	46	3%
<b>Total distribution of electricity</b>	<b>5,806</b>	<b>6,211</b>	<b>404</b>	<b>7%</b>

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

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

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

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

In Q1 2022, the volume of electricity supplied was on average 7% higher than in the same period of the previous year. The largest volume increases were reported in B and C groups but all tariff groups recorded growth. Those changes were related to the restrictions resulting from the COVID-19 pandemic, namely the partial lockdown of the economy and an increase in the scope of remote work and learning in households in 2021. Restrictions were in place in Q1 2022 to a much smaller extent. Furthermore, there was an increase in the number of customers in all tariff groups.

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		
Q1 2021	18.2	5.0	23.1	0.3	0.0	0.4
<b>Q1 2022</b>	<b>303.7</b>	<b>4.9</b>	<b>308.6</b>	<b>1.7</b>	<b>0.0</b>	<b>1.7</b>
Change	285.5	(0.0)	285.5	1.3	(0.0)	1.3
Change (%)	> 100%	-1%	> 100%	> 100%	-9%	> 100%

In Q1 2022, the Energa Group's SAIDI (planned and unplanned incl. catastrophic) was high at 308.6 minutes per consumer compared to 23.1 minutes per consumer in the corresponding period of 2021. The value of SAIFI index also deteriorated. The combined values of SAIDI and SAIFI supply reliability indices obtained in 2022 are the effect of three major mass breakdowns caused by hurricanes in January and February 2022. No such significant events were reported in Q1 2021.

Excluding mass interruptions (for HV and MV) the above mentioned indicators of the Energa Group were as follows:

- SAIDI (minutes per customer) – 30.4 in Q1 2022 vs. 18.8 Q1 2021,
- SAIFI (disruptions per customer) – 0.6 in Q1 2022 vs. 0.3 Q1 2021.

#### 4.1.2. Financial results

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

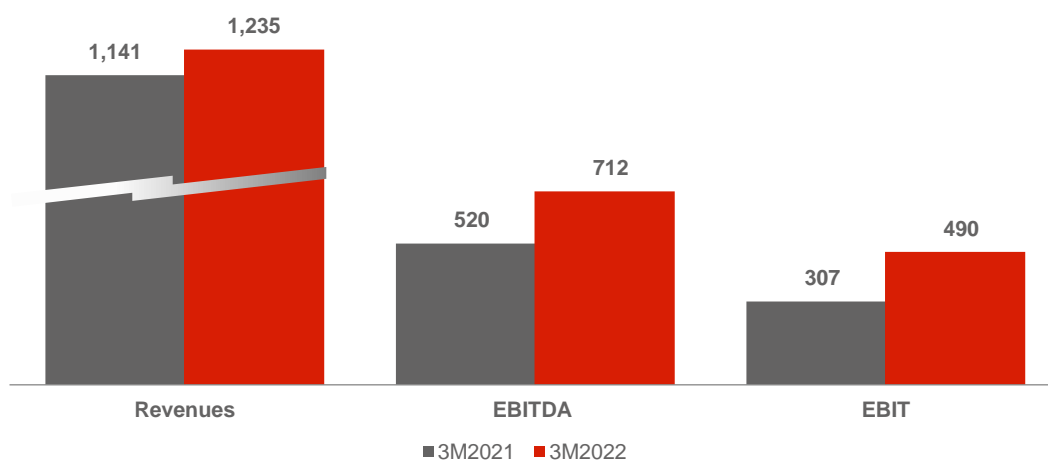


Table 9: Results of the Distribution Business Line (PLN million)

PLN m	Q1 2021	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
Revenues	1,141	1,235	94	8%
<b>EBITDA</b>	<b>520</b>	<b>712</b>	<b>192</b>	<b>37%</b>
amortization and depreciation	213	222	9	4%
impairment of non-financial non-current assets	-	-	-	0%
EBIT	307	490	183	60%
Net result	229	353	124	54%
CAPEX	300	276	(24)	-8%

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



In Q1 2022, the Distribution Business Line generated 66% of the EBITDA for the Energa Group (vs. nearly 69% in 2021).

Sales revenues of the Distribution Business Line in Q1 2022 totaled PLN 1,235 m, a 8% increase year on year, resulting primarily from an increase in revenues from sales of distribution services in connection with the higher sales volume.

EBITDA for this Line amounted to PLN 712 m and was higher than in the same period of the previous year by approx. 37%.

An increase in the distribution margin by PLN 267 m (taking into account grid losses) had a significant impact on the increase in the EBIT operating result by 60% yoy (up to PLN 490 m). That was primarily the effect of the distribution service sales volume being higher by approx. 7%. The lower volume of energy for coverage of grid losses and the valuation of estimated non-invoiced grid losses also made a beneficial contribution.

The remaining factors contributing to the change in the level of EBIT operating result include a substantial unfavorable balance of random losses in connection with mass breakdowns reported in January and February 2022 as well as absence of an advantageous non-recurring event that improved the Line's results in 2021. At the time, it was recognition of the settlement agreement with PKN ORLEN.

In Q1 2022, the Distribution Business Line reported net profit of PLN 353 m, or 54% higher yoy. The improvement was mainly the result of the change in EBIT.

Capital expenditure of the Line totaled PLN 276 m and was lower (by 8%) than in 2021.

## 4.2. Generation Business Line

### 4.2.1. Business and operating activities

Table 10: Gross electricity production (GWh)

Gross electricity production (GWh)	Q1 2021	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
Power plants – coal-fired	592	752	159	27%
Power plants - biomass co-fired	-	-	-	-
CHP plants - coal-fired	9	5	(4)	-44%
CHP plants - biomass-fired	22	13	(9)	-41%
Power plants – hydro	259	295	35	14%
Pumped storage plant	19	23	3	18%
Power plants – wind	124	189	65	53%
Power plants – photovoltaics	1	1	0	57%
<b>Total production of electricity</b>	<b>1,027</b>	<b>1,278</b>	<b>250</b>	<b>24%</b>
<i>including from RES</i>	406	498	92	23%



**Information to the condensed consolidated report  
of the Energa Group for Q1 2022**

The generating assets of the Energa Group produced 1.3 TWh of electricity in Q1 2022 compared to 1.0 TWh in 2021, or 24% more y/y. The growth trend related mainly to the Ostrołęka power plant, wind power plants and hydro power plants. In Q1 2022, 59% of the Group's gross electricity production originated from coal, 25% from hydro, 15% from wind and 1% from biomass.

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

**Table 11: Gross heat production (TJ)**

Gross heat production in TJ	Q1 2021	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
ENERGA Kogeneracja Sp. z o.o.	946	719	(227)	-24%
ENERGA Elektrownie Ostrołęka S.A.	472	443	(29)	-6%
Ciepło Kaliskie Sp. z o.o.	147	130	(18)	-12%
<b>Total gross heat production</b>	<b>1,566</b>	<b>1,292</b>	<b>(274)</b>	<b>-18%</b>

In 2022, the Group produced 1,292 TJ of heat energy, down by 18% compared to the previous year, which was influenced, among others, by the ambient temperature shaping the demand for heat from the Group's consumers in local markets in the cities of Ostrołęka, Elbląg and Kalisz.

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

Consumption of fuels*	Q1 2021	Q1 2022	Change	Change (%)
Hard coal				
Quantity (k tonnes)	301	365	64	21%
Cost (PLN m)	88	132	44	50%
Biomass				
Quantity (k tonnes)	25	13	(12)	-47%
Cost (PLN m)	10	11	1	10%
<b>Total fuel consumption (PLN m)</b>	<b>98</b>	<b>143</b>	<b>45</b>	<b>46%</b>

\* including the cost of transport

In Q1 2022, the Group's producers consumed 64 thousand tons more hard coal and 12 thousand tons less biomass compared to the same period of 2021. Higher consumption of coal was an effect of higher electricity production, mainly by the Ostrołęka power plant, whereas lower consumption of biomass was dependent, among other things, upon the raw material's availability for the co-generation unit in Elbląg. At the same time, higher unit costs of coal and biomass purchase were recorded.

#### 4.2.2. Financial results

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

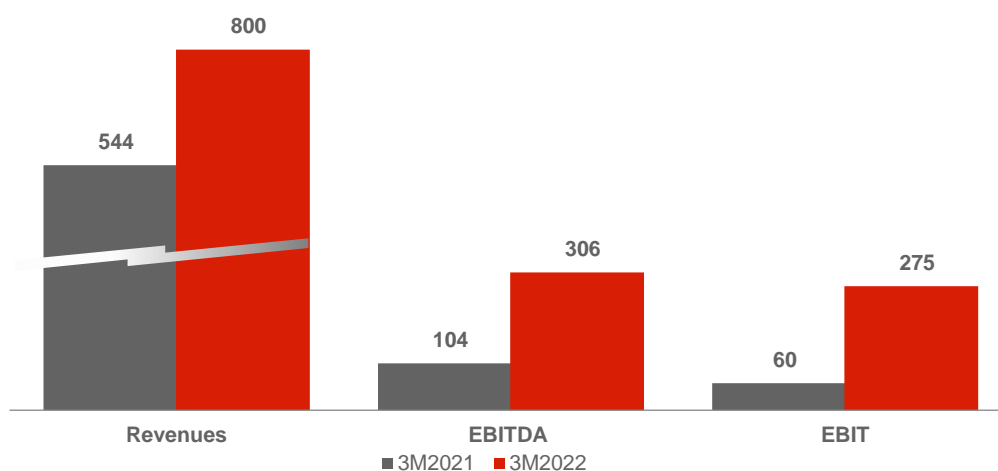


Table 13: Results of the Generation Business Line of the Energa Group (PLN million)

PLN m	Q1 2021*	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
Revenues	544	800	256	47%
<b>EBITDA</b>	<b>104</b>	<b>306</b>	<b>202</b>	<b>&gt; 100%</b>
amortization and depreciation	34	37	3	9%
impairment of non-financial non-current assets	10	(6)	(16)	< -100%
EBIT	60	275	215	> 100%
Net result	41	198	157	> 100%
CAPEX	29	20	(9)	-31%

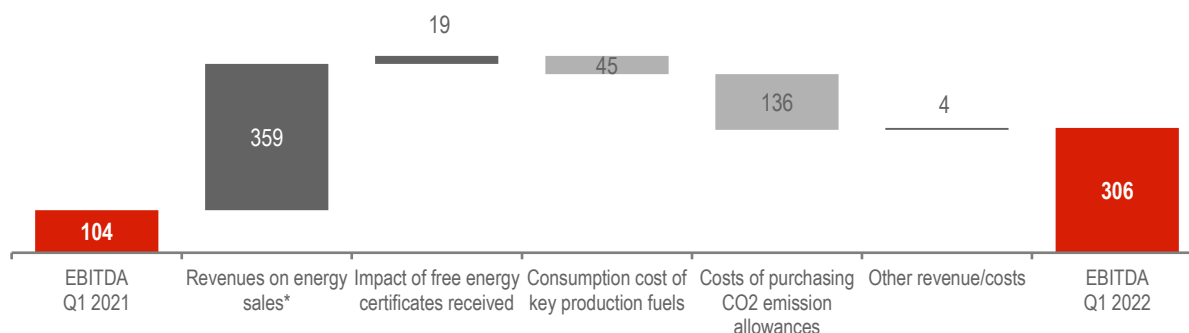
\* restated data

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 million)

EBITDA in PLN m	Q1 2021	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
Water	55	114	59	> 100%
Wind	34	91	57	> 100%
Ostrołęka power plant	18	136	118	> 100%
Other and Adjustments	(2)	(35)	(33)	< -100%
<b>Generation total</b>	<b>104</b>	<b>306</b>	<b>202</b>	<b>&gt; 100%</b>

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



\* includes net electricity trading (revenue less cost)

The EBITDA of the Generation Business Line in Q1 2022 amounted to PLN 306 m (PLN 202 m more yoy) accounting for 28% of the Group's total EBITDA (compared to 14% in 2021). The key factors driving the Line's EBITDA in Q1 2022 included, among other things, the revenue from the sale of electricity, the impact of received certificates of origin, the costs of consumption of key fuels for production and the costs of purchase of emission allowances.

The higher revenues from electricity sales are mainly the result of higher levels of electricity selling prices and higher energy production (by the Ostrołęka power plant as well as hydro and wind sources). Additionally, the valuation of the open selling position on electricity at Energa Elektrownie Ostrołęka impacted the results of Q1 2022 (its impact being reported at PLN 38 m).

The higher impact of obtained free certificates of origin was attributable to the volumes of the Group's RES production and the product's pricing.

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

Higher costs of purchasing CO<sub>2</sub> emission allowances were driven by an increase in the market prices of emission allowances, increased production from conventional sources (mainly the Ostrołęka power plant) and a relatively low number of awarded free emission allowances.

The Line's capital expenditures in Q1 2022 were lower by PLN 9 m y/y, mainly due to the development of district heating assets and the efforts associated with securing new capacities at PV sources within the Group

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

PLN m	Q1 2021	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
Revenues	85	150	65	77%
<b>EBITDA</b>	<b>55</b>	<b>114</b>	<b>59</b>	<b>&gt; 100%</b>
EBIT	46	105	59	> 100%
CAPEX	(0)	1	2	> 100%

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

PLN m	Q1 2021	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
Revenues	42	82	39	93%
<b>EBITDA</b>	<b>34</b>	<b>91</b>	<b>57</b>	<b>&gt; 100%</b>
EBIT	17	75	58	> 100%
CAPEX	2	0	(1)	-82%

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

PLN m	Q1 2021	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
Revenues	369	508	140	38%
<b>EBITDA</b>	<b>18</b>	<b>136</b>	<b>118</b>	<b>&gt; 100%</b>
EBIT	22	142	120	> 100%
CAPEX	3	3	0	3%

Table 18: Results of the Other Generation and Adjustments Division (PLN million)

PLN m	Q1 2021*	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
Revenues	49	60	12	24%
<b>EBITDA</b>	<b>(2)</b>	<b>(35)</b>	<b>(33)</b>	<b>&lt; -100%</b>
EBIT	(25)	(47)	(22)	-86%
CAPEX	25	16	(9)	-37%

\*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	Q1 2021	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
<b>Retail sales of electricity</b>	<b>4,917</b>	<b>4,717</b>	<b>(200)</b>	<b>-4%</b>
<b>Sales of electricity in the wholesale market, including:</b>	<b>787</b>	<b>1,047</b>	<b>260</b>	<b>33%</b>
<i>Sales of energy to the balancing market</i>	567	399	(167)	-30%
<i>Other wholesale</i>	221	648	427	> 100%
<b>Total sales of electricity</b>	<b>5,704</b>	<b>5,764</b>	<b>60</b>	<b>1%</b>

In Q1 2022, the total volume of electricity sold by the Sales Business Line increased by 1%, i.e. 60 GWh, compared to Q1 2021. This is the outcome of higher sales in the wholesale market and lower sales in the retail market.

In Q1 2022, the sales volume in the retail market dropped by 4%, i.e. 200 GWh yoy. Within retail sales, a decrease was noted in the volume of sales to business customers (down by 6%) with simultaneous maintenance of the volume of sales to households at a similar level. The falling sales to business customers are due to the lower 2022 contracting volume as compared to the previous year.

At the end of Q1 2022, the number of end consumers of electricity (Energy Consumption Points) of the Sales Business Line amounted to 3.2 m, an increase of approx. 43,000 customers yoy. The customer base increased mainly in the G tariff group (households).

Meanwhile, electricity sales to the wholesale market rose in Q1 2022 by 260 TWh, or 33%, compared to Q1 2021. That rise was attributable to a significantly greater scale of the sellout of surpluses of electricity originating from RES sources (primarily wind farms whose output was very high in Q1 2022) in the wholesale market.

### 4.3.2. Financial results

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

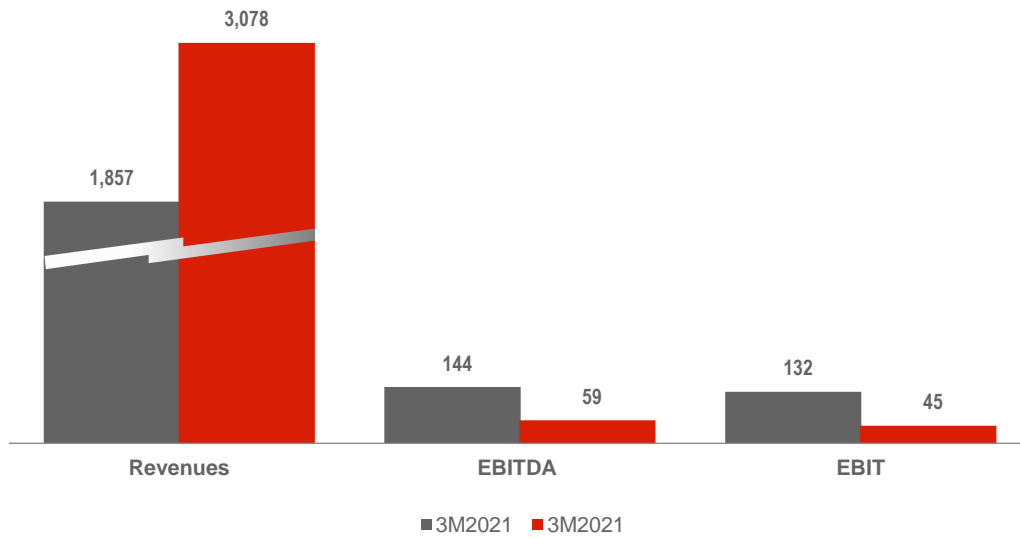
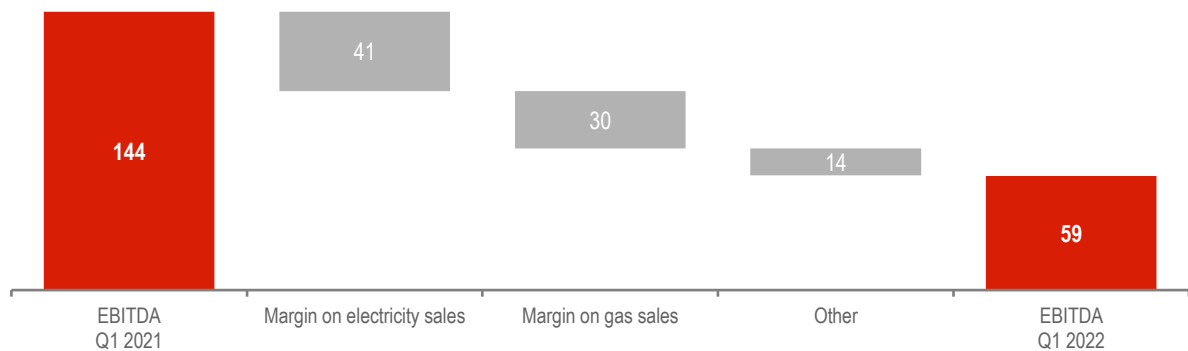


Table 20: Results of the Sales Business Line of the Energa Group (PLN million)

PLN m	Q1 2021	Q1 2022	Change 2022/2021	Change 2022/2021 (%)
Revenues	1,857	3,078	1,221	66%
<b>EBITDA</b>	<b>144</b>	<b>59</b>	<b>(85)</b>	<b>-59%</b>
amortization and depreciation	12	14	2	17%
impairment of non-financial non-current assets	-	-	-	0%
EBIT	132	45	(87)	-66%
Net result	107	34	(73)	-68%
CAPEX	12	9	(3)	-25%

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



## Information to the condensed consolidated report of the Energa Group for Q1 2022

In Q1 2022, the EBITDA of the Sales Business Line totaled PLN 59 m, down by PLN 85 m, or 59%, compared to the result achieved in the corresponding period of 2021 (EBITDA of PLN 144 m). The Line's EBITDA in Q1 2022 represented 5% of the Group's EBITDA whereas in Q1 2021 that share amounted to 19%.

The revenues of the Sales Business Line in Q1 2022 amounted to PLN 3,078 m, up by PLN 1,221 m (66%) compared to Q1 2021. The increased revenues were attributable mainly to higher selling prices of electricity and gas, reflecting their dynamic growth in the market.

The decline of margin on electricity sale (down by PLN 41 m) had key impact on the yoy decrease in EBITDA of the Sales Business Line. The change was driven by the shrinking average unit margin and a lower sales volume. The unit margin shrank basically as a result of the Company's inability to shift the entire rise in the unit cost of purchase of energy onto end consumers in selling prices. High energy prices in the SPOT market and in the balancing market raising the balancing cost as well as the recorded unfavorable financial result on the sellout of RES energy surpluses originating from the local market that were generated mainly due to high energy production by wind farms owing to high windiness in Q1 2022 also negatively affected the margins.

Another element negatively impacting EBITDA change yoy was the margin on gas sales which in Q1 2022 proved lower by PLN 30 m than last year. Similarly to electricity, this was due to shrinking unit margins in connection with the Company's inability to shift the entire rise in the cost of purchase of gas onto end consumers in selling prices. Dynamic growth of gas fuel prices in the SPOT market after the outbreak of war in Ukraine also affected margin levels.





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.

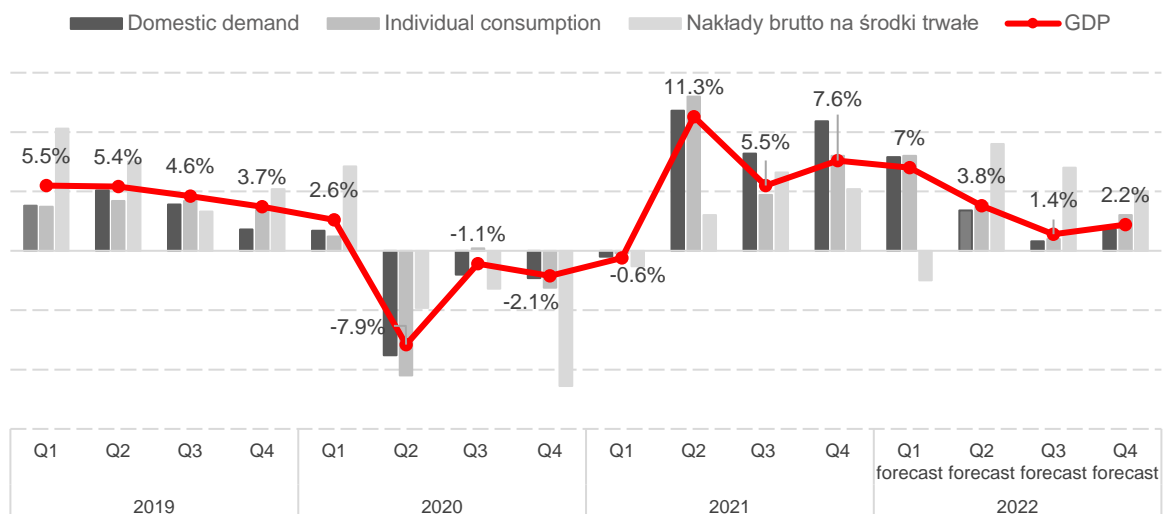
The ongoing war in Ukraine generates uncertainty with respect to economic forecasts and impairs economic activity. As indicated by the National Bank of Poland (NBP) in its March inflation report, in the coming quarters of 2022 the domestic business climate shall be under the influence of an adverse supply shock triggered by combination of the consequences of Russia's armed aggression against Ukraine with the earlier price growth of energy inputs and CO2 emission allowances in international markets as well as disruptions within supply chains. The forecast GDP growth rate was revised downward from 4.9% yoy down to 4.4% yoy in 2022 and down to 3% yoy in 2023 owing to the observed rapid rate of price growth in the economy. The higher inflation rate clearly impairs growth of disposable household income in real terms, translating into lower dynamic of private consumption. The enterprises' rising operating expenses result in shrinking margins, limiting their propensity to carry out new investment projects. Neither does uncertainty as to duration of the war encourage investment. Supply chain disruptions that force businesses to make use of their accumulated inventories represent another obstacle. NBP's decision to hike interest rates which limits dynamic of private consumption and raises the costs of securing capital, for instance, for investment purposes, also contributes to the lowering of GDP path.

Compared to the NBP, the World Bank revised Poland's projected GDP growth in 2022 to a greater extent. It anticipates that the country's economic growth in the current year shall amount to 3.9% yoy due to the impact of the war in the territory of Ukraine on the economies of the countries of Europe and Central Asia in the form, for instance, of influx of refugees, rising prices of energy inputs and food, limited demand from key trade partners and deteriorating business climate.

In the face of Russia's ongoing war against Ukraine, the coronavirus pandemic faded into the background. However, the rising number of new cases in China suggests that this factor continues to pose threat to the global economy, causing increasing problems with supply chains.

The central path of GDP projection developed in the Economic Analysis and Research Department of the National Bank of Poland in March 2022 foresees GDP growth in Q1 2022 at 6.8% yoy which is set to decline in subsequent quarters of 2022 down to 2.7% yoy in Q4 2022. Santander Bank Polska SA analysts draw attention to the fact that at the beginning of 2022, until the outbreak of the war in Ukraine, Poland was one of the European economies most rapidly returning to the growth path after the coronavirus pandemic. Accordingly, GDP growth in Q1 2022 is projected at 7% yoy. Positive data on economic activity published in the second half of April indicate that GDP growth estimates for Q1 2022 should be revised upward up to approx. 8% yoy. However, the situation in subsequent quarters may border on stagnation and remind of a technical economic downturn.

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



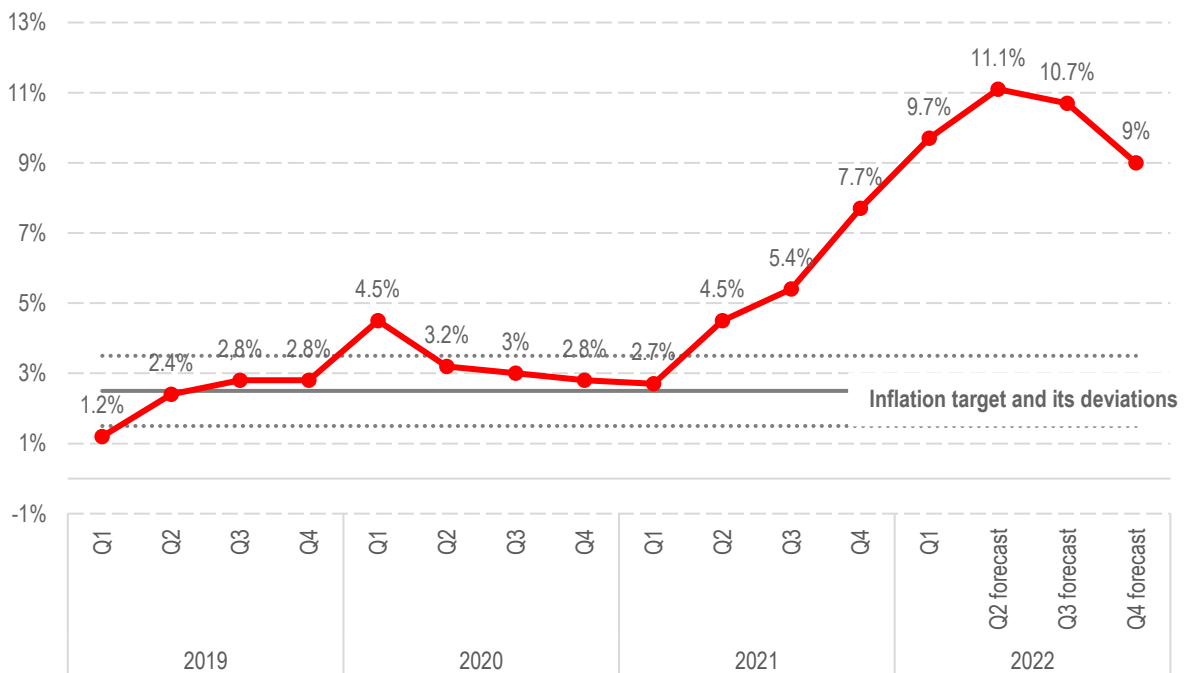
Source: GUS (the Central Statistical Office) data (February 2022) and forecasts of Santander Bank Polska SA (April 2022)

The contribution of the war in Ukraine to the slowdown of growth in the Polish manufacturing sector is reflected in the March results of the PMI index (the forward-looking index of the Polish industry). Although the index remained above the neutral threshold of 50 points, it recorded a decline from the February level of 54.7 points down to 52.7 points. According to S&P Global communique, the decline affected production and new purchase orders. Employment and purchasing growth rates also slowed down. Meanwhile, supply shortages of raw materials expanded and inflation of production costs and prices of finished goods accelerated. Business optimism of the Polish manufacturers hit its lowest point in 16 months in March 2022. The war interrupted Poland's trade with Russia and Ukraine and exacerbated supply chain disruptions previously caused by the pandemic. In order to mitigate the risk associated with limited supply and rising prices, entrepreneurs built up their inventories as far as possible although at a slower rate than in the preceding months.

Based on the preliminary data, the Ministry of Family and Social Policy informed that the unemployment rate in March 2022 amounted to 5.4%, thus declining by 0.1% compared to the preceding month. The outbreak of the war had brought an outflux of Ukrainian men, previously working in Poland, back to their home country but the scale of that outflux was not significant compared to the scale of business operations. According to Santander Bank Polska SA analysts, potential arrival of additional workforce (refugees) is estimated at approx. 800,000 and should compensate for the earlier outflux, although in different branches of the economy. Given the gender structure, departure of the workforce originating from Ukraine was recorded in industry and construction, whereas employment rise is expected in services and trade. The average (gross) monthly salary in the enterprise sector rose by 12.4% y/y in March 2022, reaching PLN 6,665.64. The rising inflation rate justifies pressure on remuneration growth, which is partially accepted by enterprises in the context of a shallow labor market.

Consumer price index in Q1 2022 grew by 9.7% compared to the corresponding period of the previous year and by 3.8% compared to Q4 2021. The inflation prospects in the subsequent months remain unfavorable due to the present demand-side factors such as rising prices of energy inputs and food, weakening of the Polish currency, which results in price growth in the international market, influx of Ukrainian refugees or disruptions within supply chains. According to Bank Millennium analysts, bringing the inflation rate down to the level of the set inflation target over the next three years shall require limiting consumer demand in the economy and pressures on remuneration growth. According to the NBP projection, the currently observed high inflation rate is likely to rise in the coming quarters, reaching 12.1% yoy in Q3 2022. Thereafter, the index growth rate shall fall along with the slowdown of GDP dynamic. On the other hand, Santander Bank Polska SA analysts expect the inflation rate to peak in Q2 2022 and to decline gradually thereafter, with a temporary hike in early 2023 when temporary reductions of indirect taxes are set to expire.

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



Source: GUS (the Central Statistical Office) data (March and April 2022) and forecasts of Santander Bank Polska SA (April 2022)

In an attempt to reduce the inflation rate down to the set target over the medium term, the Monetary Policy Council (RPP) raised interest rates four times during the period from January to April 2022. As a result, the NBP reference rate rose from 2.25% up to 4.5%. The lombard rate was also increased to 5%, the deposit rate to 4%, the rediscount rate for bills of exchange to 4.55% and the discount rate for bills of exchange to 4.6%. In its communique, the Council stressed that the increase of NBP interest rates was meant to limit inflationary expectations and that the Council's further decisions over the subsequent months would be based on the incoming reports on inflation prospects and economic activity, including the impact of Russia's armed aggression against Ukraine on the Polish economy.

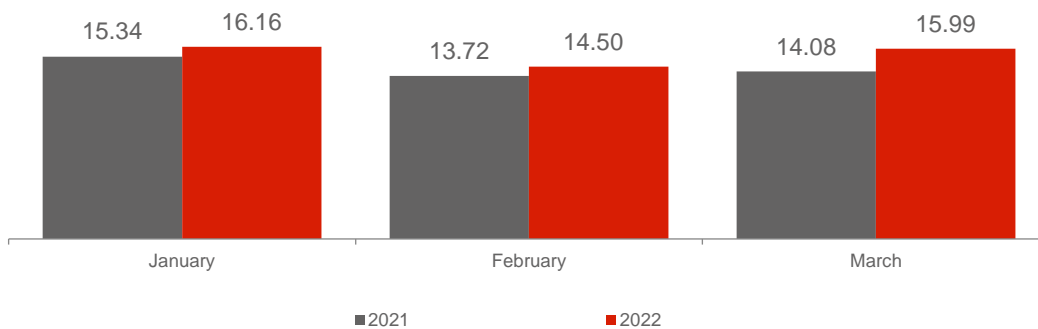
## 5.2. Electricity market in Poland

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

### Domestic production and consumption of electricity

According to data published by Polskie Sieci Elektroenergetyczne ("PSE"), in the first quarter of 2022 production of electricity in Poland totaled 46.64 TWh and was 3.50 TWh, or 8.1%, higher compared to the corresponding period of the previous year (43.14 TWh). Higher production was noticeable in power plants using lignite as well as in wind sources. The increase in production came in response to higher demand for energy in the National Power System (KSE).

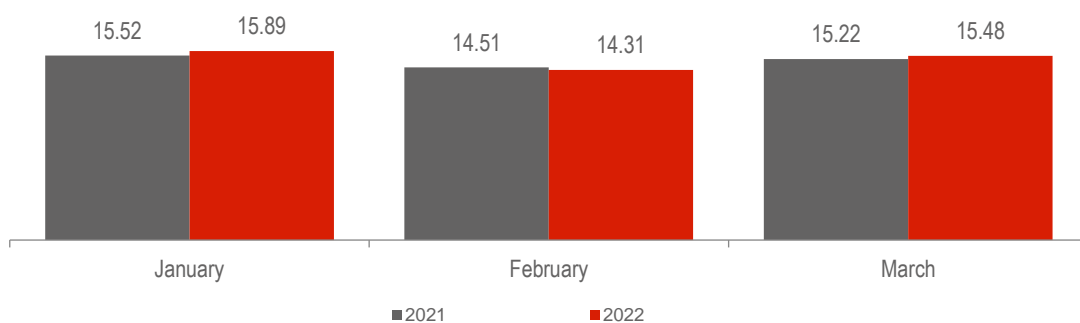
Figure 13: Production of electricity in Poland in Q1 2022 (TWh)



Source: PSE

In the first quarter of 2022, domestic consumption of electricity in Poland was at 45.68 TWh and was higher by 0.43 TWh, i.e. 1.0%, than in the corresponding period of the previous year (45.25 TWh). The increase in consumption was due to higher demand from the recovering economy after the pandemic and the smaller scale of restrictions associated with the COVID-19 pandemic compared to the same period last year.

Figure 14: Consumption of electricity in Poland in Q1 2022 (TWh)



Source: PSE

### Poland's cross-border power exchange

In the first quarter of 2022, export of electricity was as much as 2.45 TWh higher than in the same period last year. When comparing the two corresponding periods, a slight decline in electricity imports by 0.64 TWh can be observed, accounting primarily for the 0.96 TWh surplus of net electricity exports in the period under review over net imports of 2.12 TWh in the corresponding period of the previous year. 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 exchange in Poland in Q1 2022 (TWh)

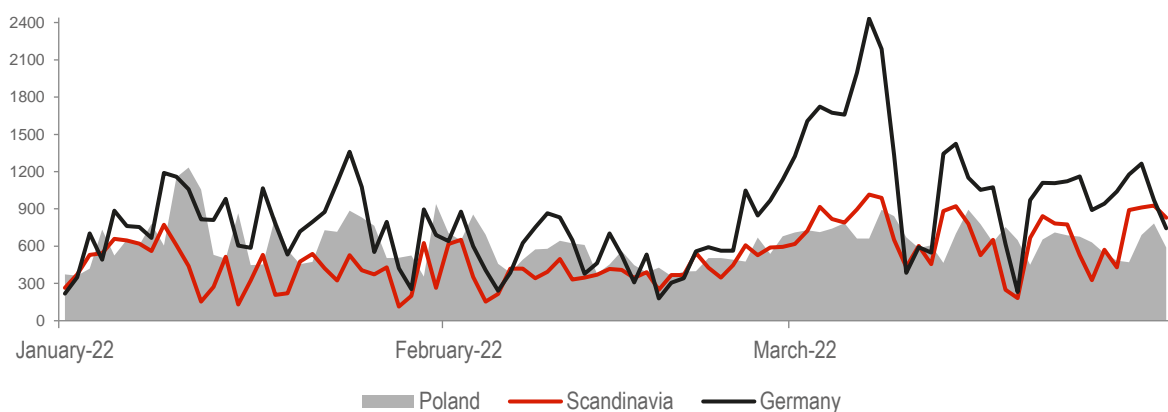


Source: PSE

### Energy prices in selected countries neighboring with Poland

The average prices in the SPOT market in Poland in Q1 2022 were higher than in the Scandinavian market and lower than in Germany. Increased demand for power, combined with low temperatures and growing geopolitical tensions leading to price growth as well as gas and coal shortages, supported by increased system losses, resulted in price increases in the Polish market as well as in the neighboring markets. The biggest price differences were found in comparison to the German market (-27.4%, or PLN -236.81/MWh), whereas smaller price differences were identified in comparison to the Scandinavian market (+21.6%, or PLN 111.20/MWh).

Figure 16: Prices of energy in the SPOT market in Poland and in selected neighboring countries in Q1 2022 (price (PLN/MWh))



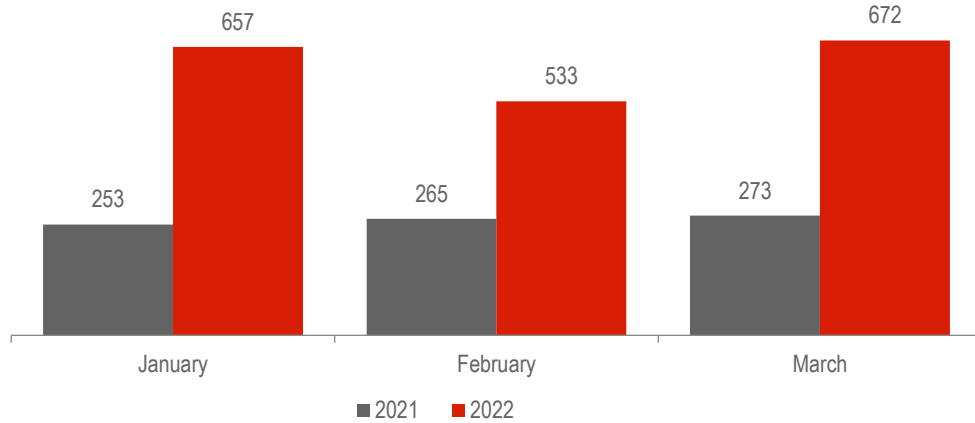
Source: Bloomberg, TGE

### Day-Ahead Market of electricity in Poland

In Q1 2022, the TGeBase index averaged PLN 623.92/MWh and was higher by PLN 360.37/MWh than in the corresponding period of the previous year (PLN 263.54/MWh). When comparing Q1 2022 to Q4 2021, an increase of the price by PLN 6.71/MWh can be observed. The increase in domestic power demand resulting from the recovering economy was supported

by an increase in system losses and a decrease in energy imports, which, combined with the supply shock in the raw materials market, consequently contributed to price growth in relation to the same period of the previous year.

Figure 17: TGeBase index in Q1 2022 (PLN/MWh)



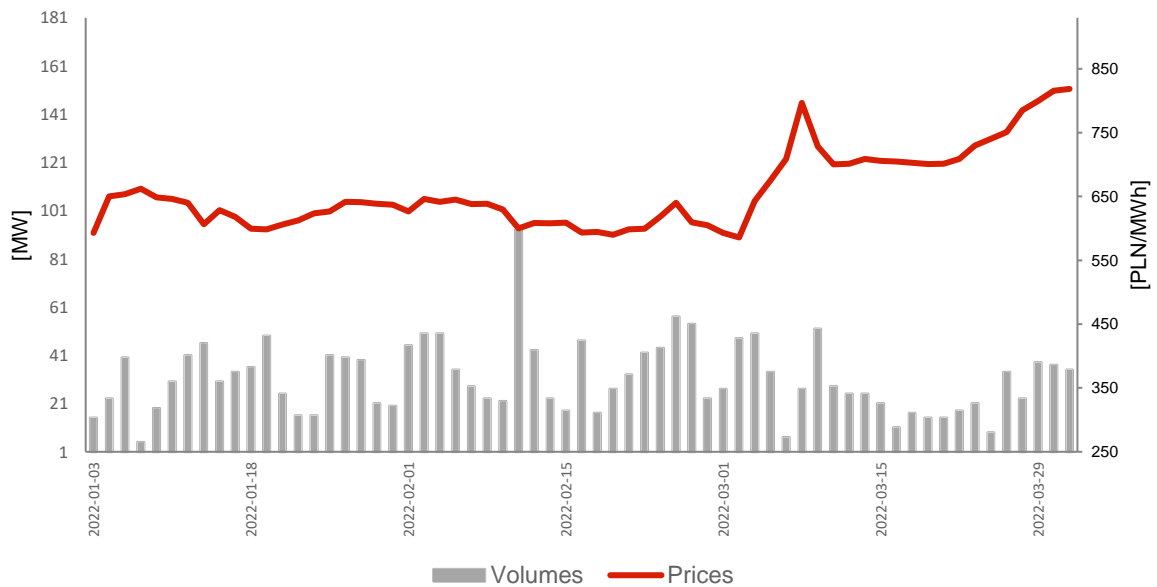
Source: TGE

### Electricity futures market in Poland

In the first quarter of 2022, the electricity futures market was in an upward trend with quarterly prices closing well above the level of PLN 800.00/MWh (BASE 2023). The main determinants of the energy price increase in the first quarter of the year in the futures market were:

- increased geopolitical tensions leading to price growth in the gas and coal market;
- an increase in SPOT market prices;
- increased demand for electricity in the National Power System; and
- persistently high CO<sub>2</sub> emission allowance prices.

Figure 18: Forward contract price, BASE with delivery for 2023 in Q1 2022



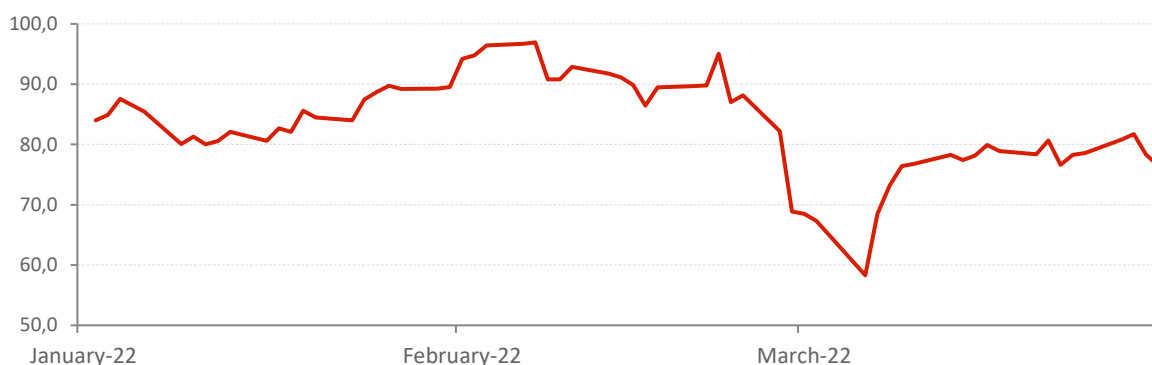
Source: TGE



## 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 was 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). The key factors that determined EUA price levels in Q1 2022 were rising prices of coal and gas as a result of increased geopolitical tensions leading up to Russia's armed aggression of Ukraine and speculation. An expanded report of the European Securities and Markets Authority (ESMA) concerning the emission allowances market and suspected market speculations was published toward the end of March. It was stated that, based on the available data, no irregularities were identified and the prices of EUA are determined and evolve in accordance with the market's fundamentals. Nonetheless, twelve changes were proposed to improve the market's efficiency. The majority of recommendations was associated with improved disclosure or collection of transactional data. Consequently, the EUA exchange rate reached an all-time high during the quarter (EUR 96.93/t) and amounted to EUR 76.48/t at the end of Q1 2022, having fallen by 4% since the end of 2021, while rising by 80% compared to the end of Q1 2021.

Figure 19: EUA prices in Q1 2022 (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 1: 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)
	One quarter of 2021 (PLN/MWh)	One quarter of 2022 (PLN/MWh)		
OZEX_A (green)	144.1	248.26	19.0*	300.03*

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

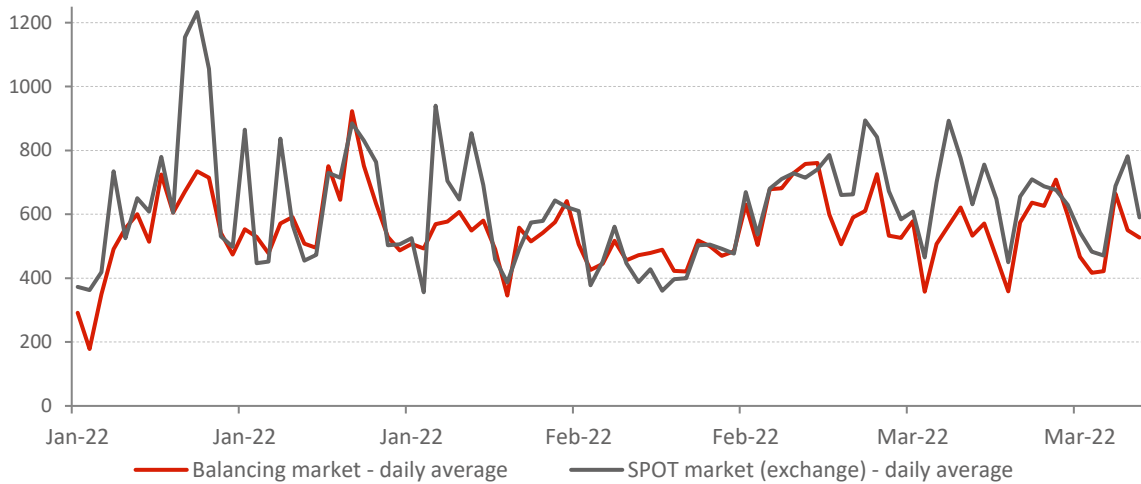
From the perspective of the Energa Group's generation structure (high share of renewable production), the prices of green property rights are of key importance. Prices of RES property prices in session transactions were subject to slight decreases in the initial two months of the quarter. In March, prices of green certificates once again became more volatile and oscillated within a range of almost PLN 44 from PLN 206.86/MWh to PLN 250.39/MWh. At the end of Q1 2022, RES property rights were quoted at PLN 230.70/MWh.

## Balancing market

Since 1 January 2019, the limits for electricity clearing prices in the balancing market changed and currently range from PLN -50,000.00/MWh to PLN +50,000.00/MWh. For the most of Q1 2022, the prices in the balancing market were similar to the

day-ahead market prices. For instance, the situation on 4 March 2022, when the average daily price in the balancing market was PLN 760.65/MWh and the peak hour price reached nearly PLN 1,069.00/MWh, marked a clear departure from that rule. The average price in the balancing market in the period under review was PLN 551.41/MWh, compared to PLN 251.74/MWh in the corresponding period of the previous year.

Figure 20: Comparison of prices in the balancing market and SPOT market (exchange) in Q1 2022 (PLN/MWh)



Source: TGE, PSE

### 5.3. Regulatory environment

#### Key legislative processes completed in Q1 2022

Table 21: Overview of legislation having a material effect on the Group

Regulation of the Minister of Climate and Environment amending the Regulation setting out the specific rules of structuring and calculating tariffs Number on the list: 737	<p>On 8 January 2022, Regulation of the Minister of Climate and Environment of 5 January 2022 amending the Regulation setting out the specific rules of structuring and calculating tariffs and billings in electricity trading came into force. The purpose of the planned legal changes is to expand the scope of information provided to the URE President in the course of the tariff process. Among other things, sellers are now obliged ex officio:</p> <ul style="list-style-type: none"> <li>✓ to provide households with information about the own cost of purchase of electricity. To that end, they shall attach to their electricity invoices a calculation comprising the details of the percentage structure of the so-called reasonable costs;</li> <li>✓ to present in the invoice the isolated costs making up the final price of electricity, including average spending on the purchase of emission allowances, as well as the spending on the payment of the substitution fee, purchase of RES energy, or securing and redemption of certificates of origin.</li> </ul>
--	--

#### Key legislative processes pending in Q1 2022

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

Assumptions for updating the Energy Policy of Poland until 2040 (PEP2040) – strengthening energy security and independence	<p>On 29 March 2022, the Council of Ministers adopted the assumptions for updating the Energy Policy of Poland until 2040 (PEP2040). The government updates PEP2040 assumptions to neutralize or mitigate risks associated with potential domestic and international crises. This is also consistent with the pursuit of the main goal of energy policy, namely guaranteeing energy security while ensuring competitiveness of the economy and reduction of the impact of the energy sector on the environment.</p> <ul style="list-style-type: none"> <li>✓ PEP2040 revision shall aim to identify the right course of action in the new geopolitical and economic environment while taking into consideration protection of consumers against excessive growth of energy prices and deepening of energy poverty;</li> <li>✓ The updated energy policy must also aim for energy sovereignty whose key element is ensuring that the national economy swiftly becomes independent of imported fossil fuels (coal, crude oil and natural gas) and their derivatives (LPG, diesel oil, petrol and kerosene) from Russia and other countries subject to economic sanctions. The policy's objectives include diversification of supplies, investment in production capacity, line infrastructure and storage facilities as well as alternative fuels;</li> </ul>
--	---

**Information to the condensed consolidated report  
of the Energa Group for Q1 2022**

	<ul style="list-style-type: none"> <li>✓ As regards the remaining pillars of the Energy Policy of Poland, namely fair transition, construction of a zero-emission system and air quality improvement, the efforts to limit demand for fossil fuels from Russia and other countries subject to economic sanctions shall be accelerated to increase Poland's energy security while focusing simultaneously on building the economy's innovativeness and strengthening the economy as such.</li> </ul> <p>The key planned amendments to the Energy Policy of Poland until 2040 include:</p> <ul style="list-style-type: none"> <li>• <b>Increasing technological diversification and expanding capacity based on domestic sources:</b></li> <li>✓ Poland's drive toward coverage of demand for electricity with technologically diversified domestic sources with a view to maintaining a high degree of energy independence shall be pursued consistently;</li> <li>✓ Investment in the energy sector shall be oriented toward ensuring operational stability of power systems while mitigating the sector's impact on the human living environment.</li> <li>• <b>Further development of renewable energy sources:</b></li> <li>✓ More dynamic RES growth across all sectors shall provide the response to the challenges associated with energy independence and sovereignty;</li> <li>✓ At the same time, the current economic and political situation in Europe which limits the possibilities for importation of energy inputs from Russia forces EU member states to embark on the efforts aimed at swifter RES integration;</li> <li>✓ Within the 2040 timeline, the measures shall be taken to ensure that approx. 50% of electricity is generated from renewable sources. In addition to continued development of wind and solar-based capacities, efforts shall be intensified aimed at promoting utilization of RES independent of the atmospheric conditions, i.e. utilizing energy of water, biomass or the Earth's heat. Utilization of RES in energy clusters and energy cooperatives as well as within hybrid installations shall be particularly desirable;</li> <li>✓ Financial support shall be increased within the instruments supporting households' energy self-efficiency.</li> <li>• <b>Improving energy efficiency;</b></li> <li>• <b>Further diversifying energy supplies and ensuring alternatives for hydrocarbons;</b></li> <li>• <b>Adapting decisions to invest in gas-based generation capacity to fuel availability:</b></li> </ul> <p>Gas-fired units shall continue to have importance for regulating the operation of the power system. However, due to the change of the geopolitical situation and lack of predictability in the gas market in the medium term, utilization of the existing coal-fired units may be increased. Consequently, the investment plans relating to new gas-based capacities shall also be reviewed for production economics;</p> <ul style="list-style-type: none"> <li>✓ What is particularly important in district heating, the rate of conversion of coal-fired units to gas-fired units shall depend upon the raw material's availability. At the same time, possibilities for utilization of other sources of energy representing a real alternative to utilization of natural gas in district heating shall be sought.</li> <li>• <b>Utilizing coal-fired units;</b></li> <li>• <b>Launching nuclear energy production:</b></li> <li>✓ Nuclear power generation based primarily on large reactors (above 1,000 MW) shall be implemented consistently;</li> <li>✓ In parallel to the pursued work on the construction of Poland's first nuclear power plant and comprehensive implementation of the Polish Nuclear Power Program (PPEJ), efforts shall be continued aimed at prospective launch of small modular reactors (SMRs).</li> <li>• <b>Expanding energy grids and storage:</b></li> <li>✓ Measures aimed at strengthening the development of power grids and automation mechanisms and assuring a high level of cyber security shall continue to be given priority;</li> <li>✓ With the growing share of RES in the power generation system, it shall also be necessary to expand the electricity and heat storage potential at the level of prosumers, RES generators, network operators and aggregators. Accordingly, work shall be intensified on development of energy storage facilities, including pumped-storage power plants and prosumer warehouses, that shall contribute to mitigation of consequences of potential interruptions in energy generation or transmission. In the future, hydrogen shall play a special role in energy storage, especially hydrogen originating from RES that assures management of excess RES generation.</li> <li>• <b>Negotiating amendments to EU regulations:</b></li> <li>✓ Poland shall strive to negotiate the reform of the mechanisms of the European Union's climate policy. It shall do so to enable ambitious low-emission transition contributing to attainment of EU goals while allowing for temporary increased utilization of conventional generation capacities without incurring excessive costs imposed under the climate policy;</li> <li>✓ It is necessary to assure adequate financing enabling implementation of investment project reducing the risk of power shortages caused by the absence of stable generation sources. The measures taken shall be aimed at developing new low-emission technologies and integrating them within the system. Such multi-directional approach shall simultaneously strengthen flexibility of the power system and its safe operation while leveraging the national and EU technical potential, both economic and human.</li> </ul>
<p><b>Draft regulation of the Minister of Climate and Environment on collecting the capacity fee and defining the peak capacity demand hours in the system</b> Number on the list: 797</p>	<p>On 24 January 2022, draft regulation of the Minister of Climate and Environment on collecting the capacity fee and defining the peak capacity demand hours in the system was published on the website of the Government Legislation Center (RCL). Among other things, the regulation defines:</p> <ul style="list-style-type: none"> <li>✓ the timeframe for and method of transfer of capacity fee monies to the operator;</li> <li>✓ the scope of and timeframe for providing information to the operator and to the power distribution system operator, hereinafter the "capacity fee payer", including the information on the total capacity fees due;</li> <li>✓ the settlement periods between, respectively, the operator, the capacity fee payers and other entities obligated to pay the capacity fee;</li> <li>✓ the method for defining the peak capacity demand hours in the system for the purposes of calculation of the capacity fee due from end consumers, excluding the end consumers referred to in Article 89a(1)(1) of the Act of 8 December 2017 on the capacity market;</li> <li>✓ the scope of and timeframe for providing to the URE President of the information required to calculate the capacity fee rates.</li> </ul> <p>The projected regulation is set to come into force on the day following the date of its publication. Public consultations of the draft regulation lasted until 25 February 2022.</p>

## Information to the condensed consolidated report of the Energa Group for Q1 2022

<p><b>Draft act amending the Act on Renewable Energy Sources and Certain Other Acts</b> Number on the list: UC99</p>	<p>On 25 February 2022, a draft act amending the Act on Renewable Energy Sources and Certain Other Acts was published as part of the work carried out by the Government Legislation Center (RCL).</p> <p>The draft regulation covers specifically the proposed regulations implementing Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources into the Polish legal system.</p> <p>The draft proposes amendments to the following areas:</p> <ul style="list-style-type: none"> <li>✓ Biomethane: The draft defines biomethane as gas obtained from biogas or agricultural biogas whose combustion heat value amounts to not less than 34.0 MJ/m<sup>3</sup>. Biomethane shall be a gas fuel that could be used within distribution and transmission grids;</li> <li>✓ Energy clusters: The draft introduces the regulations to support energy clusters that could be used until the end of 2029. Exemptions from RES fee, co-generation fee, excise duty as well as obligations associated with certificates of origin have been introduced. However, the requirements relating, among other things, to installation capacity, RES share, energy storage facilities and auto-consumption shall have to be fulfilled to become eligible. Clusters shall be able to provide peak burden limitation services through active management of electricity demand and generation. Clusters participating in the system shall be entered in the register kept by the Energy Regulatory Office (URE);</li> <li>✓ Energy co-operatives: The draft expands the area of operation of energy co-operatives to the area of a single operator of a gas distribution system supplying consumers also with agricultural biogas or biomethane. Thus, energy co-operatives were allowed to generate and consume, in addition to biogas, also agricultural biogas in installations with annual efficiency below 40 m<sup>3</sup> or biomethane in installations with annual efficiency below 24 m<sup>3</sup>;</li> <li>✓ District heating and cooling (Articles 23 and 24 of RED II): (1) The obligation to connect the RES installation to the district heating grid and to purchase heat from RES shall extend to multi-fuel installations, also other than high-efficiency co-generation. On the other hand, no obligation relating to waste heat was introduced; (2) The right to disconnect from a district heating system that fails to fulfil the efficient system requirement by 2025 was introduced; (3) The right not to connect to the district heating grid was rendered dependent upon energy efficiency, utilization of own RES and non-contribution to low emissions; (4) The method of calculation of RES heat from a heat pump was replaced with a method compliant with the Directive; (5) District heating enterprises shall be obliged to inform end consumers about the share of RES in supplied heat; (6) The costs of connection of a RES installation to the district heating grid shall have a minimum rate of return of 7%; (7) Exemption was granted from the obligation to present to URE tariffs for heat generated from RES sources up to 5 MW;</li> <li>✓ Guarantees of origin (Article 19 of RED II): (1) Expansion of the guarantee of origin of RES electricity to include that generated from biomethane and hydrogen. Guarantees shall be issued also when energy is not introduced into the grid; (2) Guarantees of origin of heat or cooling generated from renewable energy sources in RES installations. Guarantees may be issued in relation to heat or cooling introduced into a district heating or cooling grid. Guarantees are negotiable. No property rights are derived from guarantees;</li> <li>✓ RES National Contact Point (Article 16 of RED II): A RES National Contact Point shall be established close to the Minister for Climate to assist prosumers and major RES energy producers. It is envisaged that a manual of procedures and information shall be made available via a website with a gov.pl domain. The RES National Contact Point shall have 45 days or 75 days, when seeking external opinions, to answer requests for information;</li> <li>✓ Administrative procedures (Articles 15 and 16 of RED II): (1) In accordance with the regulations of the building law, construction works consisting in installing PV devices with capacity greater than 50 kW shall now require a building permit decision. The threshold was raised to 150 kW; (2) The regulations governing Power Purchase Agreements (PPAs) to be concluded directly between a RES energy producer and its consumer were incorporated in the energy law. Performance of a PPA shall be rendered technically possible through supply of energy on the basis of an agreement on provision of energy transmission or distribution services or by means of a direct power line;</li> <li>✓ Peer-to-peer (P2P) energy trading (Article 21 of RED II): P2P trade shall be possible between "market participants", also with the intermediation of the so-called aggregators. The statement of grounds stipulates that the reference is being made to P2P under the prosumer-to-prosumer and prosumer-to-consumer arrangements. Such agreements could be concluded via a platform, with power exchange coordinators also eligible as participants;</li> <li>✓ Upgrading renewable energy source installations: (1) Upgraded RES may participate in auctions along with producers of electricity from new installations provided that the support period is shortened (investment at the level of 25-50% of costs) or coefficient adjusting the reference price (above 50% of the costs of the new reference installation) is applied. Installations with capacity of up to 500 kW similarly to new installations shall be covered by the guaranteed tariff system (<i>feed-in-tariff</i>) and those with capacity ranging from 500 kW up to 1 MW may qualify for the feed-in-premium system. Here, the support period shall also be shortened or the fixed price shall be recalculated using an additional adjustment coefficient; (2) For installations with installed electricity capacity greater than 1 MW, a competitive auction-based support system is envisaged;</li> <li>✓ Operational support for RES installations for which the 15-year support system is elapsing; (1) Operational support system is intended for producers of energy from installations requiring capital expenditure smaller than 25 per cent in relation to the cost of construction of a new reference RES installation. Support is to be awarded over a period of 10 years. (2) It is set to cover existing hydro power plants with capacity up to 5 MW, biogas power plants and biomass systems (also hybrid and waste-based ones); (3) Installations with capacity greater than 1 MW are to participate in auctions, with bids submitted for 1 (one) year and re-submitted thereafter; (4) Installations with capacity smaller than 1 MW may take advantage of a subsidy toward the market price based on the existing FiP mechanism.</li> <li>✓ Hybrid RES installations: Redefining hybrid RES installations. Such installation is to comprise various renewable energy sources and an energy storage facility, have a single connection point and assure a combined degree of utilization of installed electricity capacity of that system at a level greater than 3,504 MWh/MW/year. None of the energy generating devices may have installed electricity capacity greater than 80% of the combined installed electricity capacity of that system;</li> </ul>
--	---

**Information to the condensed consolidated report  
of the Energa Group for Q1 2022**

	<ul style="list-style-type: none"> <li>✓ Offshore wind energy generation (supplementing regulations): The regulations governing offtake of energy capacity from offshore power plants were amended in the Act on Maritime Areas so as to enable solely the companies holding location permits and contracts or preliminary conditions for connection of wind farms to do so;</li> <li>✓ Other regulations: (1) Unit substitution fee shall be compared solely to the monthly price and not to the annual price; (2) Following reservations voiced by the European Commission, regulations governing application of the feed-in-tariff system to the installations with capacity of 1 MW (down from 2.5 MW) were reinstated for all technologies; (3) The deadline for discharge of the auction obligation for PV electricity was extended from 24 to 33 months; (4) The obligation to supply 85 per cent of the contracted energy; (5) A regulation was added whereby no application for issuance of a statement of admission to an auction submitted less than 14 days ahead of the applicable auction day shall be considered.</li> </ul> <p>The act is set to come into force on 1 January 2023, except for the regulations that should come into force while taking into account the applicable longer <i>vacatio legis</i>.</p>
<p><b>Draft regulation of the Minister of Climate and Environment amending the volume of the quantitative share of total electricity derived from redeemed certificates of origin confirming generation of electricity from renewable sources in 2023</b> Number on the list: 816</p>	<p>On 24 March 2022, the draft regulation of the Minister of Climate and Environment amending the volume of the quantitative share of total electricity derived from redeemed certificates of origin confirming generation of electricity from renewable sources in 2023 was published as part of the work of the Government Legislation Center (RCL).</p> <p>The purpose of issuance of the draft regulation is to change in 2023 the volume of the quantitative share of total electricity derived from redeemed certificates of origin confirming generation of electricity from renewable sources (for the so-called green certificates, the value is set statutorily at 19.35% and for the so-called blue certificates at 0.65%), similarly to the year 2022 for which, based on the regulation of the Minister of Climate and Environment amending the volume of the quantitative share of total electricity derived from redeemed certificates of origin confirming generation of electricity from renewable sources in 2022 (Journal of Laws item 1467), the respective values are 18.5% for the so-called green certificates and 0.5% for the so-called blue certificates. More importantly, however, compared to the level applicable to 2022, a change in the volume of the share relating to the so-called green certificates (its lowering by 8.5 percentage points, from 18.5% down to 10%) is envisaged in the projected regulation. The volume of the share defined at this level is meant to contribute to limiting the degree of burdening of end consumers with the costs arising from the operation of the system of certificates of origin while ensuring profitability of the installations and safety of participating producers. The volume of the share for the so-called blue certificates was maintained at the same level as in 2022 (still 0.5%).</p> <ul style="list-style-type: none"> <li>✓ The regulations in force have contributed to reducing excessive supply of green certificates in the market. Last year, their prices appreciated considerably and currently green certificates cost approx. PLN 250/MWh. At the same time, electricity prices have risen. According to the calculations prepared by the Ministry of Climate, the combined revenue of investors from green certificates and energy sales in December 2021 exceeded PLN 1,100/MWh. Thus, it reached the "threshold which definitely exceeds the combined investment and operational assistance within the system of certificates of origin, specified for individual technologies in the decision of the European Commission concerning the assistance program", argues the Ministry of Climate;</li> <li>✓ The Polish Wind Energy Association (Polskie Stowarzyszenie Energetyki Wiatrowej) is of the view that the obligation should be maintained at the level of approx. 16% to keep the demand for and supply of certificates stable. Meanwhile, if the obligation is set at 10%, excessive supply of certificates in 2023 shall double up to approx. 14 TWh. A collapse of prices of green certificates shall impact the condition of RES producers as a large proportion of them have signed long-term contracts and do not take advantage of high prices, claims the Association;</li> <li>✓ It is estimated that some 7.2 GW of RES installations shall remain in the green certificate system by the end of 2022, with wind farms accounting for three quarters of those. Starting from 2020, the installations for whom the 15-year support period is elapsing are successively terminating their participation in the system. Consequently, approx. 1 GW of capacity is set to abandon the system in the years 2023-2025.</li> <li>✓ The Ministry of Climate and Environment observes in the statement of grounds for the draft regulation that another adjustment can be made to the obligation for the subsequent year or years that would be adequate to the then applicable circumstances, including the market situation.</li> </ul>



*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 31 March 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 23: Energa shares by series and type as at 31 March 2022 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
<b>TOTAL</b>		<b>414,067,114</b>	<b>100.00</b>	<b>558,995,114</b>	<b>100.00</b>

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

**Table 24: Shareholding structure of Energa as at 31 March 2022 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
<b>TOTAL</b>	<b>414,067,114</b>	<b>100.00</b>	<b>558,995,114</b>	<b>100.00</b>

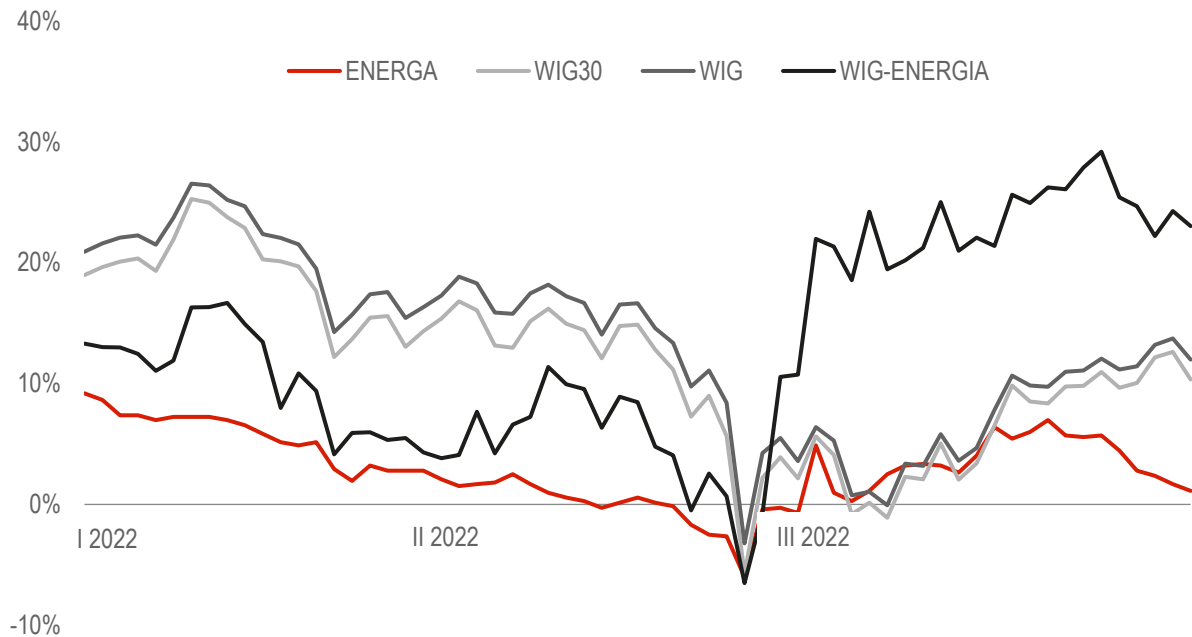
### 6.2. Prices of the Company's shares and recommendations awarded

**Table 25: Data on Energa stock as at 31 March 2022**

Data	Value
Issue price	PLN 17.00
Number of shares	414,067,114
Stock price at the end of the period	PLN 7.26
Capitalisation at the end of the period	PLN 3 billion
Q1 of the year minimum	PLN 6.60
Q1 of the year maximum	PLN 7.94
Q1 of the year average trading value	PLN 0.24 m
Q1 of the year average trading volume	33 thou.
Q1 of the year average number of trades	0.08 thou.

Source: Proprietary material based on data from [www.infostrefa.com](http://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](http://www.infostrefa.com)

Energa's stock price at the close of the stock exchange session held on 31 March 2022 amounted to PLN 7.26, which means that it decreased by 8.1% in comparison with the price on 30 December 2021. During the discussed period, WIG decreased by approximately 6% and WIG-Energia by approximately 9%. 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

On 20 January 2022, the Fitch Ratings agency ("Fitch") affirmed the Company's long-term foreign and local currency issuer ratings at "BBB-" on Rating Watch Positive, a "BBB-" rating for the bonds issued by the Company's subsidiary Energa Finance AB, and a "BB" rating for hybrid bonds issued by Energa SA. Fitch justifies the maintenance of its rating mainly with the sound business profile of the Distribution Business Line, with a dominant share in the operations of the Energa Group, and a lower business risk in relation to the conventional generation business and strong strategic and operational support from PKN ORLEN, the Company's majority investor. Fitch points out that the Energa Group is a key component of the ORLEN Group's energy transition strategy, playing an important role in investing in renewable energy sources, including onshore and offshore wind farms and gas-fired power stations. Fitch adds that Energa Group's electricity sales business could come under pressure if the Group is unable to fully pass on its higher costs of electricity purchase to retail customers. Fitch also changed the standalone credit profile of Energa SA from 'bbb' to 'bbb-' due to a higher than expected increase in projected leverage until 2024–2025 in view of high capital expenditures planned by the Group.

### 6.4. Changes to shares held by executive and supervisory personnel

As at 31 March 2022 and as at the date of this Information, no member of Energa SA's Supervisory Board and no member of Energa SA's Management Board held any Company shares, Company share options or any shares in the Company's related parties.



Włocławek Hydroelectric Power Station

## Other information on the Group

## 7. OTHER INFORMATION ON THE GROUP

### 7.1. Information on material contracts and agreements

#### Agreements for loans and borrowings and the domestic bond issue programme

Details on agreements for loans and borrowings are presented, inter alia, in Note 18 to the Condensed interim consolidated financial statements of the Energa Group for the three-month period ended on 31 March 2022.

**Table 26: Nominal value of bonds subscribed by Energa SA and not redeemed, broken down by issuer, as at 31 March 2022 (PLN million)**

No.	Company name	Nominal value of subscribed bonds
1.	Energa Operator SA	1,066.0
2.	Energa OZE SA	68.0
3.	Energa Kogeneracja Sp. z o.o.	2.4
<b>Total</b>		<b>1,136.4</b>

#### Guarantees and sureties granted

As at 31 March 2022, sureties extended by Energa SA to cover the liabilities of the Group companies totaled PLN 5,914 m and included:

- surety for liabilities of Energa Finance AB (publ) under Eurobond issue for PLN 5,816 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 56 m,
- other sureties for liabilities of the Energa Group companies towards other creditors, including: IRGiT S.A., the State Treasury and the National and Provincial Fund for Environmental Protection and Water Management (NFOŚiGW) in the total amount of PLN 42 m.

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

All transactions within the Energa Group are made based on market prices of goods, products or services delivered resulting from their manufacturing costs.

Detailed information on transactions with related entities is presented in Note 20 to the Condensed interim consolidated financial statements of the Energa Group for the three-month period ended on 31 March 2022.

### 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 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 31 March 2022, the Energa Group was a party to 14,081 court proceedings. The Group was a plaintiff in 11,961 cases where the aggregate amount in dispute was approx. PLN 458 m. The Group was a defendant in 1,327 cases where the aggregate amount in dispute was approx. PLN 616 m. Information on the total litigated value does not include proceedings where the claim is non-pecuniary.

**Information to the condensed consolidated report  
of the Energa Group for Q1 2022**

As at 31 March 2022, 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 40 m in 1,634 cases. 849 court cases with amounts in dispute totalling approx. PLN 83 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 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 31 March 2022, 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 as at 31 March 2022 (PLN m)
court and enforcement-based	131.1
bankruptcies	70.1
non-billed	7.2
non-billed – bankruptcies	1
<b>TOTAL</b>	<b>209.4</b>

Below are presented the proceedings with the highest value in dispute submitted to or continued before the court in 2022. The Company's previous periodic reports contain details of the legal steps taken during earlier years.

**Table 27: Proceedings pending before courts, arbitration or public administration bodies**

Parties	Object of dispute and details of the case
<b>Energa Operator SA (plaintiff); Arcus SA (defendant)</b>	<p><b>Claim for payment of contractual penalties under the a contract for the delivery and start-up of metering infrastructure during Stage I</b></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 Energa Operator: one in the field of meteorology and one in the field of metrology. The Court has commissioned a supplementary opinion in the field of metrology which is currently being prepared. The court has also commissioned an opinion in the field of geodesy.</p>
<b>Energa Operator SA (defendant) Arcus SA (plaintiff);</b>	<p><b>Claim for declaration of annulment of the contract of delivery and commissioning of the metering infrastructure at Stage II</b></p> <p><i>Litigated value: approx. PLN 78 million</i></p> <p><b>Counterclaim for payment of contractual penalties for a delay in performance of the contract of delivery and commissioning of the metering infrastructure</b></p> <p><i>Litigated value: approx. PLN 157 million</i></p> <p><i>Regional Court in Gdańsk</i></p> <p>Energa Operator SA does not admit any part of the claim. Evidence proceedings before the Court of the first instance are pending. As at the date of update of this case, the opinion in the field of IT has been prepared but the court has not yet delivered it to the parties.</p>
<b>Energa Operator SA (defendant) Arcus SA (plaintiff);</b>	<p><b>Claim for payment of compensation for unlawful acts/unfair competition practices</b></p> <p><i>Regional Court in Gdańsk</i></p> <p><i>Litigated value: approx. PLN 174 million</i></p>



**Information to the condensed consolidated report  
of the Energa Group for Q1 2022**

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



---

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.

On the hearing of 28 January 2022 the expert upheld the opinion in full and the court dismissed the motion of Energa Kogeneracja Sp. z o.o. for exclusion the expert, did not admit the request of Energa Kogeneracja Sp. z o.o. for granting a deadline to comment on the supplementary expert's opinion and closed the hearing. The court set the date for sentencing on 28 February 2022. On this date the court opened the hearing because it did not rule on all requests for evidence and set the next date of hearing on 27 April 2022. At the hearing on 27 April 2022 the Court ended the hearing and set the date for the announcement of the judgment on 9 May 2022.

---

**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 Gielda Papierów Wartościowych w Warszawie S.A. of 269,139,114 series AA ordinary bearer shares in the Company and marked in Krajowy Depozyt Papierów Wartościowych S.A. with ISIN PLENERG00022 code (the "Resolution"), by suspending its performance for the duration of the proceedings. The issuance of the decision results in suspending the enforceability of the Resolution.

The application for injunctive relief in the above mentioned case was filed together with a statement of claim for repealing the Resolution. Energa SA filed a complaint against the injunctive relief and a statement of defence within the time limit and in the manner prescribed by the applicable legal regulations (on 21 January 2021 and 7 January 2021 respectively). The Chairman of the Polish Financial Supervision Authority joined the case.

On 24 February 2021, Plaintiffs filed a reply to the statement of defence. By way of an order of 21 September 2021, the Court obliged the Company's attorney to submit a pleading addressing the claims made in the reply. In a letter dated 25 October 2021, a reply was submitted on behalf of the Company to the reply to the statement of defence (a rejoinder).

On 21 April 2021, Energa SA obtained the decision concerning the appeal filed in the case. The decision on the securing of claims of 7 December 2020 was amended so that its enforcement was made contingent upon payment by the plaintiffs of a security deposit in the amount of PLN 1,360,326.23. The security deposit has not been paid as at 25 April 2022.

On 11 March 2022, the Chairperson of the Polish Financial Supervision Authority (KNF) presented their position on the subject ruling that the view whereby the price in the call had to be determined at fair value in the situation where it can be determined in accordance with its pricing history breaches the regulations of the Act on Public Offerings and Conditions governing the Introduction of Financial Instruments to Organized Trading, and on Listed Companies. On 22 March 2022, the Company's legal representative filed a motion to examine evidence.

---

---

A hearing was held on 11 April 2022 in the course of which, among other things, the Court decided to dismiss evidence in the form of an expert opinion, ended the hearing and postponed the delivery of the judgment until 11 May 2022.

On 11 May 2022 the Court issued a judgement dismissing the legal action brought by the shareholders of the Company. The judgment is not final non-appealable.

---

**shareholders of the Company  
(plaintiffs)**

**Energa SA (defendant)**

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

*Regional Court in Gdańsk, file No. IX GC 1164/20*

*The claim is financial and non-pecuniary.*

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

On 14 April 2021, Energa SA obtained the decision concerning the appeal filed in the case. With its decision of 12 April 2021 the Court changed to decision to grant a security of 10 December 2020 by conditioning performance of the decision on the Plaintiffs submitting a deposit of PLN 1,360,326.23. The deposit of PLN 1,360,326.23 to secure claims of the Company resulting from complying with the injunction order was paid by one of the Plaintiffs to the account of the Circuit Court in Gdańsk.

On 29 December 2021, the Company's attorneys received a request for a reduction of the security deposit dated 20 December 2021. In an order of 24 January 2022, the Court set a time limit for the Company to respond to the request. On 1 February 2022, a response to the Plaintiffs' request for the reduction of the security deposit was submitted on behalf of the Company. By way of a decision of 24 January 2022, the Company was obligated to submit documents within 14 days. On 8 February 2022, a response to the Court's requirement was submitted on behalf of the Company. On 15 March 2022, the Regional Court in Gdańsk set the date of the hearing for 13 May 2022 by way of an order.

---

**Energa SA (applicant)**

*Komisja Nadzoru Finansowego (Polish Financial Supervision Authority)*

On 30 October 2020 the Company applied to the Polish Financial Supervision Authority for withdrawal of Company's shares from trading on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange).

On 19 January 2021 the Company learned that on 15 January 2021 the Polish Financial Supervision Authority decided to stay the procedure. The proceedings before the Polish Financial Supervision Authority were stayed due to proceedings pending before the Regional Court in Gdańsk concerning a demand to repeal Resolution No. 3 of the Extraordinary General Meeting of the Company of 29 October 2020, case numbers: IX GC 1158/20 and IX GC 1164/20. In the explanatory memorandum to its decision dated 19 January 2021, the PFSA cited art. 97 § 1 (4) CAP as the legal basis for the stay of the proceedings, and indicated that review of the case and issue of the decision depends on the prior resolution of the preliminary issue by the court.

---

<p><b>Energa Obrót SA (party); PRESIDENT OF THE ENERGY REGULATORY OFFICE (authority)</b></p>	<p><b>Appeal against the decision refusing to approve the 2020 tariff change for electricity for customers in the G tariff group</b></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. The ruling was published on 31 January 2022. Energa Obrót SA's appeal was dismissed. On 11 March 2022, an appeal against the verdict was filed.</p>
<p><b>Eco dla firm (reason) Energa Obrót SA (defendant)</b></p>	<p><b>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.</b></p> <p><i>Regional Court in Gdańsk, 9<sup>th</sup> Commercial Division; file reference number IX GC 319/21</i></p> <p><i>The value of the claim is approx: PLN 5.4 million</i></p> <p>On 30 June 2021 Energa Obrót SA was served with a suit for the payment of PLN 5,440,904.06 with interest on account of remuneration in connection with the concluded Agency Agreement No. 1/2012 for the sale of energy and gas products to Energa Obrót SA. Energa Obrót SA prepared responses to the claim within the required deadline. Subsequently, pleadings were exchanged. In August 2021, the claimant received a letter requesting the suspension of the proceedings. The case has been suspended until the case brought by Energa Obrót SA against Eco dla Firm has been examined.</p>
<p><b>Boryszewo Wind Invest Sp. z o.o. (plaintiff), Energa Obrót SA (defendant)</b></p>	<p><b>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.</b></p> <p><i>Regional Court in Gdańsk, file No. IX GC 701/17</i></p> <p><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.</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. On 29 March 2022, the parties were notified of dismissal of Energa Obrót S.A. cassation appeal. The Company is awaiting delivery of the verdict.</p>
<p><b>Jeżycski Wind Invest ("JWI"), Wind Invest ("WI"), Stary Jarosław Wind Invest ("SJWI"), Krupy Wind Invest ("Krupy Wind Invest"), Boryszewo Wind Invest ("BWI") (plaintiffs), Energa Obrót SA (defendant)</b></p>	<p><b>Claim for payment of damages on account of Energa Obrót SA failure to perform the contracts for the sale of property rights derived from certificates of origin ("CPA")</b></p> <p><i>Regional Court in Gdańsk, 9<sup>th</sup> 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 Energa 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 Energa 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. A hearing was held on 7 February 2022, and the next one is scheduled for 6 June 2022.</p>

	<p>On 30 November 2021, a decision was received via an information portal which permitted Energa Obrót SA (after it had submitted a relevant request) to file a preparatory document in which Energa Obrót SA would address the reply to the statement of defence.</p> <p>On 1 December 2021, a letter from the Plaintiffs was delivered in which they objected against Energa Obrót SA's request for a permission to file a preparatory document.</p> <p>On 30 December 2021, Energa Obrót SA filed a preparatory document constituting a reply to the response to the statement of defence. On 7 February 2022 the hearing was held in this case and the next hearing date was set on 6 June 2022.</p>
<p><b>Elektrownia Wiatrowa Zonda sp. z o.o. (plaintiff), Energa Obrót SA (defendant).</b></p>	<p><b>Claim for payment of damages on account of Energa Obrót SA failure to perform the contract for the sale of property rights derived from certificates of origin ("CPA")</b></p> <p><i>Regional Court in Gdańsk, 9<sup>th</sup> Commercial Division</i></p> <p><i>File number IX GC 1057/21.</i></p> <p>Litigated value: PLN 1,5 million</p> <p>The case is now pending in the first instance. On 17 December 2021, Zonda filed a statement of claim, which was delivered to Energa Obrót SA on 26 January 2022. On 25 February 2022 Energa Obrót SA filed the reply to the statement of claim. On 15 March 2022, Zonda filed a writ containing the motion to obligate the other party to submit a procedural writ and motions to examine evidence.</p>
<p><b>AKKA Aneta Kwaśniewska (plaintiff)</b></p> <p><b>Energa Obrót SA</b></p> <p><b>P. Dorawa, A. Czarnecki, E. Bugaj, M. Piątek (defendants)</b></p>	<p><b>The claim for compensation for lost profit as a result of termination of franchises by Energa Obrót SA.</b></p> <p><i>Regional Court in Gdańsk, 9<sup>th</sup> Commercial Division</i></p> <p><i>File number IX GNc 747/21</i></p> <p><i>Litigated value: PLN 8,5 million</i></p> <p>The case is now pending in the first instance.</p> <p>On 30 November 2021, Energa Obrót SA filed a statement of defence on behalf of Energa Obrót SA and the other defendants.</p> <p>On 16 December 2021, the plaintiff was obligated to file a reply to the statement of defence.</p> <p>On 24 January 2022 the plaintiff's reply to the statement of defence was received.</p> <p>On 21 February 2022 (in response to the court's order of 1 February 2022), on behalf of Energa Obrót S.A. and Members of the Management Board, a pleading with the position on the plaintiff's reply to the statement of defence was filed. The date of the first hearing was set for 21 July 2022. On 29 March 2022, the Plaintiff filed a procedural writ in which it addressed the motion to withdraw exemption from costs contained in the procedural writ. On 6 April 2022, the court issued its decision in which it withdrew exemption from the payment of costs of court proceedings awarded to the Plaintiff by way of decision of 18 August 2021.</p>
<p><b>Wind Invest Group companies: Boryszewo Wind Invest, Dobiesław Wind Invest, Gorzyca Wind Invest, Krupy Wind Invest, Nowy Jarosław Wind Invest, Pękanino Wind Invest (plaintiffs)</b></p> <p><b>Energa Obrót SA (defendant)</b></p>	<p><b>Actions for payment of damages for the loss incurred by the companies due to Energa Obrót SA's failure to conclude contracts for the sale of electricity generated by plaintiff companies and consequently sale of energy to other companies at prices lower than the prices which Energa Obrót SA was obliged to pay.</b></p> <p><i>Regional Court in Gdańsk, 9<sup>th</sup> 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 6.9 million in total</i></p> <p>On 13 April 2021, a statement of defence to the action of 30 December 2020 (delivered to the Company on 11 February 2021) was filed together with a request for a stay of proceedings. On 24 May 2021, the Plaintiffs filed a preparatory writ upholding their position.</p> <p>On 11 March 2022 the hearing was held. The parties took a stand – the plaintiff maintains the claim. The company maintained the caveat, in particular pointing on allowing the cassation appeal (the plaintiff appealed for dismissal of this motion). The parties also took a stand on an expert who is to calculate the damage. The court adjourned the hearing for ex officio date.</p>

---

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

**Action for payment of compensation due to Energa Obrót SA's failure to perform the contract for the sale of property rights resulting from the certificates of origin (CPA)**

*Regional Court in Gdańsk, file No. IX GC 735/19*

*Litigated value: approx. PLN 2.1 million*

On 19 August 2019, Elektrownia Wiatrowa Zonda Sp. z o.o. filed a statement of claim. Energa Obrót SA filed a statement of defence. On 17 August 2020, the court delivered a judgment granting the claim of Elektrownia Wiatrowa Zonda Sp. z o.o. Energa Obrót SA appealed against this judgment. On 17 May 2021, the court of second instance issued a judgment dismissing Energa Obrót SA's appeal.

Energa Obrót SA filed a cassation appeal on 30 August 2021. On 11 October 2021, Elektrownia Wiatrowa Zonda Sp. z o.o. filed a response to the cassation appeal.

---

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

**Action for payment of contractual penalties for Energa Obrót SA's failure to perform the framework agreement for the sale of property rights under the certificates of origin (CPA)**

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

*Litigated value: approx. PLN 6.8 million*

On 20 August 2019, Elektrownia Wiatrowa EOL filed a statement of claim for payment by Energa Obrót SA of contractual penalties on account of Energa Obrót SA's failure to perform the Agreement for the Sale of Property Rights under Certificates of Origin (CPA). The case is now pending in the first instance. Energa Obrót SA filed a statement of defence. The proceedings were stayed. Subsequently, on 20 September 2021, a court decision was received via an information portal which:

- 1) resumed the stayed proceedings,
- 2) granted EW EOL the permission to file a preparatory document
- 3) obligated Energa Obrót SA to file a preparatory document
- 4) obligated EW EOL and Energa Obrót SA to file preparatory documents presenting their position concerning the appropriateness of referring the parties to mediation and nominating the mediator.

On 27 September 2021, Energa Obrót SA filed a letter stating that the referral to mediation was not appropriate.

A hearing date was set for 27 January 2022. On 15 December 2021, EW EOL extended its claims to new contractual penalties totalling PLN 7,211,809.42, including statutory late payment interest accrued from 15 December 2021 to payment date, due to Energa Obrót SA's failure to acquire rights in property in later periods. On 12 January 2022, Energa Obrót SA filed a response to the extended lawsuit. On 17 March the hearing was held, during which the parties filed a number of formal motions, and the evidence from witnesses testimony was taken. The hearing was adjourned until 29 June 2022. Procedural writs are currently being exchanged.

---

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

---

Energa Obrót SA (plaintiff)  
MEGAWATT BALTICA SA  
(defendant 1), Powszechna  
Kasa Oszczędności Bank  
Polski SA (defendant 2)

*Court of Arbitration at the Polish Chamber of Commerce in Warsaw, file No. SA 128/17*

*Second instance file No: I Aga 35/19*

*Litigated value: approx. PLN 23.3 million*

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.

On 4 June 4, a partial judgment was issued dismissing the claim of Energa Obrót SA. 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). 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



	<p>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><b>Energa Obrót SA (plaintiff) BORYSZEWO WIND INVEST Sp. z o.o. (defendant 1), mBank SA (defendant 2)</b></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>On 10 March 2021, the Court of Appeal in Warsaw dismissed the appeal of Energa Obrót SA. Energa Obrót SA submitted an application for delivery of the judgment with justification. On 12 November 2021, the judgment with statement of grounds was received via an information portal. On 12 January 2022, Energa Obrót SA filed a cassation appeal.</p> <p>On 21 February 2022, mBank filed its response to the cassation appeal and Boryszewo Wind Invest filed its response to the cassation appeal on 4 March 2022.</p>
<p><b>Energa Obrót SA (plaintiff) WIND INVEST sp. z o.o. (defendant 1), mBank SA (defendant 2)</b></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. On 27 December 2021, a copy of a letter from Wind Invest was delivered, which contained information on the decision of the Supreme Court of 17 November 2021 that had refused to allow Energa Obrót SA's cassation appeal to proceed in the case against Jeżyczki Wind Invest and mBank.</p>
<p><b>Energa Obrót SA (plaintiff) STARY JAROSŁAW WIND INVEST sp. z o.o. (defendant 1), mBank SA (defendant 2)</b></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. With its judgment of 24 September 2019, the Court dismissed the action for declaration. On 17 December 2019, Energa Obrót SA filed an appeal against the judgment. On 15 April 2021, the Court of second instance issued a verdict dismissing the appeal filed by Energa Obrót SA. Energa Obrót SA filed an application for the delivery of the verdict together with the statement of grounds. The verdict with justification was delivered on 12 October 2021. On 13 December 2021, Energa Obrót SA filed a cassation appeal. On 8 February 2022, mBank filed its response to the cassation appeal and Stary Jaroslaw Wind Invest filed its response to the cassation appeal on 22 February 2022.</p>
<p><b>Energa Obrót SA (plaintiff) KRUPY WIND INVEST sp. z o.o. (defendant 1), mBank SA (defendant 2)</b></p>	<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. On 27 December 2021, a copy of a letter from Krupy Wind Invest was delivered to Energa Obrót SA, which contained information on the decision of the Supreme Court of 17 November 2021 that had refused to allow Energa Obrót SA's cassation appeal to proceed in the case against Jeżyczki Wind Invest and mBank. Krupy Wind Invest presented that decision along with its letter.</p>

	<p>On 14 January 2022, Energa Obrót SA filed a pleading in response to the letter from Krupy Wind Invest which contained information on the decision of the Supreme Court of 17 November 2021 that had refused to allow Energa Obrót SA's cassation appeal to proceed in the case against Jeżyczki Wind Invest and mBank. On 28 February 2022 the order of the Supreme Court of 28 January 2022 on the consent to the permission to file above mentioned pleadings by Krupy Wind Invest and Energa Obrót SA was delivered.</p>
<p><b>Energa Obrót SA</b> <b>(plaintiff/counter-defendant)</b> <b>EW CZYŻEWO sp. z o.o.</b> <b>(defendant 1/counter-plaintiff),</b> <b>BANK BGŻ BNP PARIBAS SA</b> <b>(defendant 2)</b></p>	<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. On 8 November 2021, a decision of the Supreme Court allowing the cassation appeal of Energa Obrót SA to proceed was delivered.</p>
<p><b>Energa Obrót SA (plaintiff),</b> <b>ELEKTROWNIA WIATROWA</b> <b>EOL sp. z o.o. (defendant 1),</b> <b>BANK ZACHODNI WBK SA</b> <b>(defendant 2)</b></p>	<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. On 30 September 2021 Energa Obrót SA received the judgment with the reasons for judgment. On 30 November 2021, Energa Obrót SA filed a cassation appeal. On 9 February 2022, Elektrownia Wiatrowa EOL and Santander Bank Polska filed a response to the cassation appeal.</p>
<p><b>Energa Obrót SA (plaintiff),</b> <b>WIELKOPOLSKIE</b> <b>ELEKTROWNIE WIATROWE</b> <b>sp. z o.o. (defendant 1),</b> <b>BANK BGŻ BNP PARIBAS SA</b> <b>(defendant 2)</b></p>	<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. 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>
<p><b>Energa Obrót SA (plaintiff)</b> <b>EW KOŹMIN sp. z o.o.</b> <b>(defendant 1),</b> <b>BANK BGŻ BNP PARIBAS SA</b> <b>(defendant 2)</b></p>	<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. On 30 August 2018, the Court dismissed the action for declaration with its judgment and awarded contractual penalties. Energa Obrót SA filed an appeal. On 24 June 2020, the court of second instance delivered a judgment dismissing the appeal with respect to the declaration of invalidity of CPA and granting the appeal with respect to the request to reduce the contractual penalties. The judgment with reasoning was served on 10 August 2020. On 12 October 2020, Energa Obrót SA filed a cassation appeal. . On 22 September 2021 information was received from the customer service centre of the Supreme Court that the cassation appeal of Energa Obrót SA was accepted for review. On 8 October 2021, a decision allowing the cassation appeal to proceed was delivered</p>



#### **7.4. Employment**

As at 31 March 2022, the Energa Group employed the total of 8,856 persons under employment contracts, while as at the end of last year it was 8,888 persons. The main reason for change in the level of employment was natural rotation.

#### **7.5. Collective disputes and dismissals**

##### **Collective dismissals**

In Q1 2022, 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**

In Q1 2022 there were 29 collective disputes pending at the Energa Group:

1. 3 collective disputes pursued with Energa Operator SA Oddział w Płocku Sp. z o.o. employer initiated by the notices filed by trade union organisations on 30 September 2020, 9 November 2020 and 23 July 2021, concerning the amendments to the Agreement and employee benefits.
2. Collective dispute pursued with Energa Operator SA Oddział w Płocku Sp. z o.o concerning dispute claims made on 7 February 2022 regarding the payment of bonuses for each employee. The dispute ended with the conclusion of an agreement on 28 March 2022.
3. 2 collective disputes pursued with Energa Logistyka Sp. z o.o. employer initiated by the notices filed by trade union organisations on 24 and 30 September 2020, concerning the amendments to the Agreement.
4. 23 collective disputes concerning employee pay increases in 2022 pursued with the majority of the Energa Group's employers, parties to the Agreement securing employee, social and trade union rights for the Employees of the Energa Group.

Gdańsk, 11 May 2022

**Signatures of Energa SA Management Board Members**

Daniel Obajtek

Member of the Supervisory Board delegated to temporarily perform the duties of the President of the Management Board

Michał Perlik

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

Janusz Szurski

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

Magdalena Kamińska

Director of the Finance Department

**List of tables**

Table 1: Consolidated statement of profit or loss (PLN million) .....	13
Table 2: EBITDA after material one-off events (PLN million).....	15
Table 3: Consolidated statement of financial position (PLN million) .....	15
Table 4: Consolidated cash flow statement (PLN million).....	17
Table 5: Financial ratios of the Energa Group .....	18
Table 6: EBITDA of the Energa Group, by Business Lines (PLN million).....	21
Table 7: Distribution of electricity by tariff groups (GWh).....	21
Table 8: SAIDI and SAIFI indicators.....	22
Table 9: Results of the Distribution Business Line (PLN million).....	22
Table 10: Gross electricity production (GWh) .....	23
Table 11: Gross heat production (TJ).....	24
Table 12: Volume and cost of consumption of key fuels* .....	24
Table 13: Results of the Generation Business Line of the Energa Group (PLN million).....	25
Table 14: EBITDA for Generation Business Line broken down to Generation Segments (PLN million).....	25
Table 15: Results of the Hydro Power Division (PLN million) .....	26
Table 16: Results of the Wind Power Division (PLN million) .....	26
Table 17: Results of the Ostrołęka Power Plant Division (PLN million).....	27
Table 18: Results of the Other Generation and Adjustments Division (PLN million).....	27
Table 19: Sales of electricity by the Sales Business Line (GWh) .....	27
Table 20: Results of the Sales Business Line of the Energa Group (PLN million).....	28
Table 22: Overview of legislation having a material effect on the Group.....	37
Table 23: Overview of legislation having a material effect on the Group.....	37
Table 24: Energa shares by series and type as at 31 March 2022 and the date of this Information .....	42
Table 25: Shareholding structure of Energa as at 31 March 2022 and the date of this Information .....	42
Table 26: Data on Energa stock as at 31 March 2022.....	42
Table 27: Nominal value of bonds subscribed by Energa SA and not redeemed, broken down by issuer, as at 31 March 2022 (PLN million).....	45
Table 28: Proceedings pending before courts, arbitration or public administration bodies .....	46

**List of figures**

Figure 1: EBITDA bridge by Business Lines (PLN m).....	14
Figure 2: Consolidated cash flow statement (PLN m).....	17
Figure 3: Structure of assets and liabilities.....	18
Figure 4: Factors affecting the Energa Group's performance within the next quarter.....	19
Figure 5: Results of the Distribution Business Line of the Energa Group (PLN m).....	22
Figure 6: EBITDA Bridge of the Distribution Business Line (PLN m) .....	23
Figure 7: Results of the Generation Business Line of the Energa Group (PLN m) .....	25
Figure 8: EBITDA bridge of the Generation Business Line (PLN m).....	26
Figure 9: Results of the Sales Business Line of the Energa Group (PLN m).....	28
Figure 10: EBITDA bridge of the Sales Business Line (PLN m).....	28
Figure 11: Annual dynamics of GDP, domestic demand, private consumption and investment .....	31
Figure 12: Annual growth rate of the quarterly consumer price index .....	32
Figure 13: Production of electricity in Poland in Q1 2022 (TWh) .....	33
Figure 14: Consumption of electricity in Poland in Q1 2022 (TWh).....	33
Figure 15: Monthly volumes of cross-border exchange in Poland in Q1 2022 (TWh).....	34
Figure 16: Prices of energy in the SPOT market in Poland and in selected neighboring countries in Q1 2022 (price (PLN/MWh).....	34
Figure 17: TGeBase index in Q1 2022 (PLN/MWh).....	35
Figure 18: Forward contract price, BASE with delivery for 2023 in Q1 2022 .....	35
Figure 19: EUA prices in Q1 2022 (EUR/ton) .....	36
Figure 20: Comparison of prices in the balancing market and SPOT market (exchange) in Q1 2022 (PLN/MWh) .....	37
Figure 21: Changes in Energa SA stock prices in comparison with changes in WIG, WIG30 and WIG-ENERGIA indices.....	43

## 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 <sub>2</sub>	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 <sup>9</sup> 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 <sup>6</sup> 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

**Information to the condensed consolidated report  
of the Energa Group for Q1 2022**

	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 9l of the Energy Law confirming that electricity has been generated in high-efficiency co-generation in: (i) a gas-fired co-generation unit or a co-generation unit with a total installed electrical capacity at source under 1 MW (known as the yellow certificate), (ii) a co-generation unit fired by methane released and captured during deep mining operations in coal mines (open, in liquidation or closed), or gas obtained by processing biomass, (known as a purple certificate), or (iii) another co-generation unit (known as a red certificate)
Certificate of origin from renewable energy sources, green certificate	A document issued by the President of the URE pursuant to Article 9e of the Energy Law confirming that electricity has been generated from a renewable energy source (known as a green certificate)
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 <sup>9</sup> 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