



Information to the condensed consolidated report of the Energa Group for Q3 2022

Gdańsk, 28 November 2022

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1. SUMMARY

ENERGA GROUP IN 9M 2022



One of the leading energy groups and a reliable supplier of electricity and services for 1/4 of Poland, with a 31% share of RES in own production.

Financial data

Revenues	EBITDA	EBITDA margin
PLN 15,024 m	PLN 3,098 m	20.6%

Renewable energy sources

Installed capacity	RES production	
563 MWe	1,043 GWh	

Operating data

Volume of electricity supplied	Gross electricity production	Retail sales of electricity
17.5 TWh	3.4 TWh	13.3 TWh

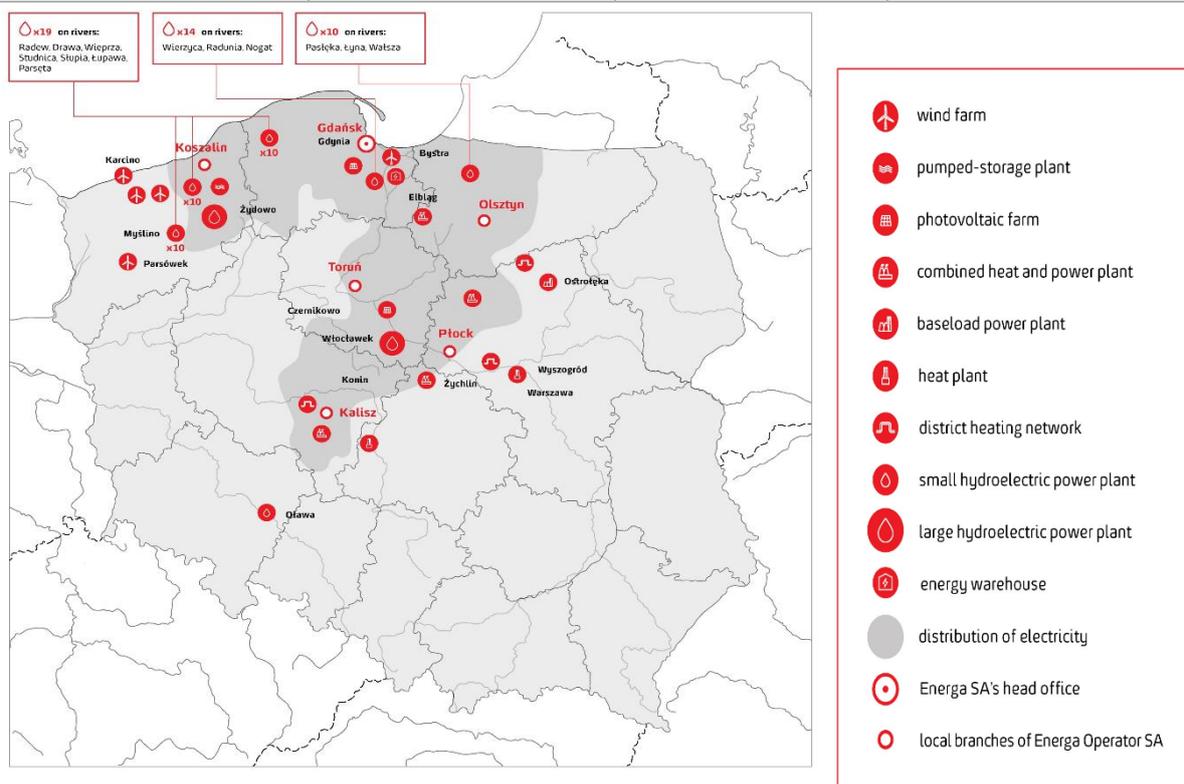
Investor's guide

Capitalization*	Share price*	Fitch rating**	Moody's rating**
PLN 2.75 billion	PLN 6.64	BBB+	Baa2

* As at 30 September 2022

** As at 28 November 2022

Key resources			
Distribution grid	Installed capacity	Number of clients	Number of employees
194 k km 	1.41 GWe of which 40% are RES 	Distribution: 3.3 m Sales: 3.2 m 	8.8 k 



Key Business Lines		
Distribution	Generation	Sales
Energa Operator	Energa Wytwarzanie	Energa Obrót
EBITDA: PLN 1,651 m	EBITDA: PLN 816 m	EBITDA: PLN 680 m

Investments			
PLN 2,231 m	New customer connections	Modernization of HV, MV and LV lines	New RES*
Of which Distribution: PLN 1,110 m	53 k	2,074 km	884 MW

*connected to the distribution grid



Hydro plant Łapino

Key information about the Energa Group

2. KEY INFORMATION ABOUT THE ENERGA GROUP

2.1. Activities and structure of the Group

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

Distribution Business Line. This is the Business Line of key importance to the Group's profitability, involved in the distribution of electricity (which is a regulated activity in Poland) conducted on the basis of tariffs approved by the President of the Energy Regulatory Office ("ERO"). Energa Operator SA 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 177 thousand are TPA (Third Party Access) customers. At the end of September 2022, the total length of the power lines operated by the Group was over 194 thousand km and covered almost 75 thousand sq. km, i.e. approximately 24% of the area of country.

Generation Business Line operates on the basis of four Generation Areas: the Ostrołęka Power Plant, Hydro, Wind and Other (including cogeneration – CHP). At the end of September 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 Wytwarzanie SA. In 9M 2022 the Group generated approx. 3.4 TWh of gross electricity, of which 67% originated from coal, 19% from hydro, 11% from wind, 2% from biomass and 1% from PV. The Energa Group owes its leading position, in terms of the percentage of electricity from renewable energy sources in the total energy generated, primarily to the generation of energy by its hydro power plants and wind power plants. Green energy is produced by 46 hydropower plants, 6 wind farms, as well as biomass-fired installations (as part of Energa Kogeneracja entity) and photovoltaic installations owned by the Group.

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

As at 30 September 2022, the Energa Group consisted of 26 companies, including its parent company, Energa SA ("Energa", "Company"). In Q3 2022, there were no significant changes in the composition of the Group.

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

The key events in the first half of 2022 have been presented in the *Management Board Report on performance of the Energa Capital Group in the first half of 2022*. The material events in Q3 2022 and after the balance sheet date have been presented below.

Changes in the Supervisory Board and the Management Board of Energa SA

On 12 July 2022 Ms. Iwona Waksmundzka-Olejniczak submitted a statement of resignation effective as of the same day from the position of Member of the Supervisory Board of the Company.

On 19 July 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 7th term of office for the period from 22 July 2022 to 31 August 2022. Mr. Daniel Obajtek performed the duties of the Company's Management Board President without remuneration.

On 22 August 2022 the Supervisory Board of the Company appointed Ms. Zofia Paryła to hold as of 1 September 2022 the position of the President of the Company's Management Board of the 7th term of office.

Sale of shares in Polska Grupa Górnicza S.A.

On 3 August 2022 a conditional agreement was signed for the sale of shares of Polska Grupa Górnicza S.A. ("PGG") in which the sellers were ECARB Sp. z o.o., PGNiG Termika S.A., PGE Górnictwo i Energetyka Konwencjonalna S.A., ENEA S.A., Polski Fundusz Rozwoju S.A., Towarzystwo Finansowe Silesia Sp. z o.o. and WĘGLOKOKS S.A., and the purchaser was the State Treasury of Republic of Poland ("State Treasury").

According to the agreement, ECARB Sp. z o.o. was to sell to the State Treasury all possessed shares in PGG, i.e. 6 000 000 ordinary registered shares (representing 15.32% in the PGG's share capital), for the amount of PLN 1 for all possessed shares.

The transfer of the ownership of shares was to take place provided that the National Support Centre for Agriculture ("KOWR") will not exercise the pre-emption right. KOWR did not use the above-mentioned right and consequently on 25 October 2022 the sale of PGG shares to the State Treasury took place.

The value of the investment in PGG in the Energa Group's latest published consolidated financial statements as at 30 June 2022 amounted to PLN 0, therefore the sale of PGG shares did not have a significant impact on the net result of the Issuer and of the Energa Group.

As a result of the sale of shares in PGG, the Energa Group ceased to be the owner of the hard coal mining sector assets, what is consistent with the implementation of its strategic goals in the field of decarbonization.

Bringing a statement of claim for the repeal of the resolution of Energa SA's General Meeting

On 5 August 2022 the Company received the shareholders' statement of claim for the repeal of the resolution No. 5 of the Ordinary General Meeting of the Company on 20 May 2022 on the distribution of the net profit for the financial year 2021 and allocation of this profit in full to the reserve capital. The statement of claim was sent by the Regional Court in Gdańsk, 9th Commercial Division. The Company does not agree with the statement of claim and submitted a statement a response to it.

Agreement between Energa SA and PKN ORLEN S.A. on financing of CCGT power plant construction in Gdańsk

On 16 September 2022 the Issuer concluded with PKN ORLEN S.A. ('PKN ORLEN'), the Issuer's strategic shareholder, an agreement regarding the financing of the construction of a gas and steam power plant (CCGT) in Gdańsk.

In case of the investment decision regarding the project, PKN ORLEN committed in the agreement to finance the entire capital expenditures related to the implementation of the project, but not more than PLN 2.5 billion, while the financing provided by PKN ORLEN will take place after the financing provided by the Issuer. PKN ORLEN may withdraw from the agreement if a capacity contract is not concluded by the company CCGT Gdańsk Sp. z o.o. (special purpose vehicle implementing the project, 100% subsidiary of the Issuer). The indicated capital expenditures will be covered by providing cash to the Issuer or to the CCGT Gdańsk Sp. z o.o. for equity or on a debt financing basis. The agreement also defines the rules of supervision over the company CCGT Gdańsk Sp. z o.o. and the project management. The agreement fully replaces the letter of intent about which the Issuer informed in current reports No. 42/2021 of 29 December 2021 and No. 75/2020 of 2 November 2020.

Affirmation of Energa SA's rating by Moody's

On 31 October 2022 the rating agency Moody's affirmed the Company's Long-Term Issuer Ratings - Domestic Currency at "Baa2". Simultaneously, the agency has affirmed the "Baa2" backed senior unsecured ratings and the "Baa2" guaranteed senior unsecured EMTN program of Energa Finance AB (publ) - the Company's subsidiary. The outlook on all ratings has been changed to positive from stable.

The rating action follows the upgrade by the Moody's of the rating of the Company's majority owner PKN ORLEN S.A., to A3 with a stable outlook. The upgrade of PKN ORLEN's rating was mainly driven by its merger with the company Polskie Gornictwo Naftowe i Gazownictwo S.A.

The agency indicates that the Issuer's ratings continue to reflect the company's overall low business risk profile (given that the major share of the company's earnings stems from regulated electricity distribution) and a good liquidity position. Simultaneously, Moody's points out that these positives are balanced by the higher business risk profile of the power generation and energy supply businesses as well as execution risks related to an investment program over 2021-30, which will increase financial leverage.

The positive outlook on the Issuer's ratings reflects Moody's views that the improved credit quality of its owner, PKN ORLEN, will also stand to benefit Energa SA as the two companies further integrate.

Upgrading of Energa SA's rating by Fitch

On 17 November 2022 Fitch Ratings ("Fitch") upgraded the Company's foreign currency long-term Issuer Default Rating (IDR) from the level of 'BBB-' to 'BBB+' with a stable outlook. At the same time the rating was removed from Rating Watch Positive (RWP).

The rating action follows the upgrade by the Agency of the rating of the Company's majority owner PKN ORLEN S.A., to 'BBB+' with a stable outlook. Among others, Fitch indicates that the Energa Group is a key part of the ORLEN Group's strategy with

regards to energy transition, playing an important role in investing in renewables, including onshore and offshore wind and also in gas-fired power plants.

The Agency also upgraded the following ratings of the Company and its debt:

- the Company's local currency long-term Issuer Default Rating: from 'BBB-' to 'BBB+',
- long-term national rating: from A(pol)' to AA+(pol)',
- the Company's foreign-currency long-term senior unsecured rating: from 'BBB-' to 'BBB+',
- the Company's long-term rating of subordinated debt: from 'BB' to 'BBB-',
- long-term national senior unsecured rating: from A(pol)' to AA+(pol)',

and foreign-currency long-term senior unsecured rating for the bonds issued by the Company's subsidiary Energa Finance AB (publ): from 'BBB-' to 'BBB+'.

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

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

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

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

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

- The risk of the Polish currency's weakening against major currencies, including specifically against euro. The Group hedges currency risk to liabilities held in foreign currencies and takes measures aimed at hedging currency risk with respect to planned investment projects.
- The risk of an increase in prices of energy inputs (coal and gas) as a result of their limited availability due to the embargo imposed on Russia. It needs to be stressed that the Group no longer purchases fuels from operators based in Russia, Belarus or Ukraine. The Group understands that the current situation may significantly affect the hard coal availability and prices, and therefore the Group identifies as risk the adverse impact of that factor on its operations and financial performance. The Group monitors the availability and level of prices of that fuel on an ongoing basis for the respective periods and takes actions to secure the supply and prices that allow uninterrupted and profitable operations of the Generation Business Line. The existing production sources of the Group hardly rely on gaseous fuel in their operations (currently, only peak load and reserve boilers in Elbląg shall be exposed to this risk).
- The risk of the Group's operations being adversely affected by the Polish government's intervention on the domestic electricity market (as a response to the increase in electricity prices in the aftermath of the war in Ukraine) – including the statutory cap on electricity prices for selected groups of customers; compensation for energy trading companies in an amount that will not cover the full range of costs; the need for energy producers to return part of their revenues that exceed the statutory level, and the tariff policy of the President of the Energy Regulatory Office.
- The risk of unavailability and increase in the price of electrical engineering materials being purchased as well as other components. Price growth in that area may lead to higher costs of ongoing repairs and higher expenditure on ongoing investment projects of distribution and generation infrastructure. In particular, the Group monitors the timeliness of delivery of measuring infrastructure items, and takes the corresponding adaptive actions required to ensure the continuity of operations as regards the installation of meters in the distribution network.
- Greater risk of attacks against the IT, generation and distribution infrastructure which is required to achieve the Group's main business goals, which necessitates higher expenditure on protection of IT systems and building facilities, as well as use of more advanced tools, equipment and security systems.

- The risk of further growth of inflation and interest rates, and consequently the risk of reduced access to or less favourable terms of external funding, may drive up the cost of debt financing for the Group.
- In addition, the economic situation (high inflation, worsening GDP forecasts, high borrowing costs) may affect the liquidity situation of businesses and households in Poland, potentially resulting in a deterioration of payment behaviours of the Group's customers. At the time of preparing this report, the Group does not identify any significant delays in the collection of receivables from its customers, however, it takes this possibility into account, and therefore appropriate actions are taken to monitor the payment performance of individual customer groups.

On the other hand, the Group has not identified any direct negative impact of the war in Ukraine on its financial performance in 9M 2022.

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

New legislation regulating energy prices

In view of the crisis situation in the electricity market in 2022, with an observable significant increase in the price of electricity in SPOT and futures contracts, mainly on the back of rising prices of conventional fuels as a result of the war in Ukraine, the regulatory authority has decided to introduce new legislation to regulate the market and protect consumers:

- Act of 7 October 2022 on specific solutions for the protection of electricity customers in 2023 in connection with the situation in the electricity market (concerning a price freeze for tariff G up to consumption caps),
- Act of 27 October 2022 on urgent measures to cap electricity prices and support certain consumers in 2023,
- Regulation of 8 November 2022 laying down the rules for calculating the price cap.

The act concerning a price freeze for tariff G up to consumption caps essentially sets a maximum level of prices of electricity and distribution services sold in 2023 to group G customers. The act on urgent measures introduces solutions to regulate energy prices in the wholesale as well as retail markets. The regulation, on the other hand, has been adopted based on a delegation in the aforesaid act and specifies how to calculate the price for electricity sold by producers and other sales by trading companies that are not mentioned in the aforesaid acts. As of the date of publication of this report, the Group has not completed its analysis of the impact of the aforementioned legislation on its future financial performance.

2.3. Capital expenditures and execution of key projects

During the first 9 months of 2022, capital expenditures at the Energa Group totalled PLN 2,231 m and were significantly higher than in the same period last year, mainly due to the expenditure on the project to build a gas power plant in Ostrołęka (CCGT Ostrołęka). Investments made in the Distribution Business Line accounted for 50% of the total expenditures made by the Group and amounted to PLN 1,110 m.

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

In the Generation Business Line, capital expenditures totalled PLN 275 m, a significant portion of which were outlays for tasks related to the construction of a gas power plant in Grudziądz new capacity in PV and the development of heating assets of the Group.

The Sales Business Line, in turn, allocated PLN 43 m to investments, most of which was spent on work related to lighting assets.

Status of the investment program in 9M 2022

Project description	Capital expenditure in 9M 2022 (PLN m)
Distribution Business Line	1,110
Connecting electricity customers and sources and the associated construction of new grids	625
Upgrading and reconstruction of the existing assets, associated with improvement in service quality and increased power demand	340
Other capital expenditures, collisions and corrections	145

Generation Business Line	275
CCGT Grudziądz Construction of the gas power plant	196
ENERGA Wytwarzanie New production capacities	28
Energa Kogeneracja KRS 2x20 MWt + 1x10MWt + SUW (Kalisz)	11
Other investments	39
Sales Business Line	43
Capital expenditures for lighting assets	33
Other capital expenditures	10
Other companies, projects and corrections	803
CCGT Ostrołęka	784
Other investments	19
Total	2,231

Investment programme in the area of heat assets

Construction of a reserve-peak boiler house with a capacity of 3 x 38 MWt was completed in Elbląg. The facility was handed over for operation on 20 April 2022. Preparations are also underway in respect of the construction of 3xSG10 gas engines, as the contract was signed on the design and execution of demolitions to accommodate the future engines.

In Kalisz, a contract for construction of a reserve-peak boiler house and a water treatment plant is underway. Boilers, fittings and electrical apparatus are stored on the premises of the Kalisz CHP plant. The contractor for the cogeneration section based on 2xSG10 gas engines was selected. The site was handed over to the contractor on 21 September 2022.

In Ostrołęka, work was underway to develop the assumptions for a new heat source (CHP Ostrołęka). Work is underway to prepare documentation for administrative permits and for the competitive procedure to select the general contractor for the project.

In Q3 2022, development and modernization investments were also in progress in the area of heating networks.

CCGT Ostrołęka power plant development project

The schedule of the project stipulates handing over for operation of the CCGT unit in 2025, and the launch of the power service on 1 January 2026. In December 2021, as a result of the main auction of the capacity market for the year 2026, CCGT Ostrołęka Sp. z o.o. signed a capacity contract for a period of 17 years (capacity requirement of 695.951 MW). On 24 March 2022, CCGT Ostrołęka Sp. z o.o. issued a notice to proceed (NTP) to the general contractor of this project (a consortium of General Electric group companies) for the construction of a 745 MWe net gas-fired power plant in Ostrołęka. Construction is currently underway.

Development of CCGT Grudziądz power plant

The project schedule assumes that the CCGT unit will be handed over for operation in 2025 and that the provision of power service will commence from 1 January 2026. In December 2021, as a result of the main auction of the capacity market for the year 2026, CCGT Grudziądz Sp. z o.o. signed a capacity contract for a period of 17 years (capacity requirement of 518.370 MW). On 18 May 2022, CCGT Grudziądz sp. z o.o. signed a contract with the general contractor - consortium of Siemens Group companies and Mytilineos. On 24 June 2022, the company gave possession of the site to the general contractor.

CCGT Gdańsk project

On 16 September 2022, Energa SA signed a memorandum of understanding with PKN Orlen for the financing of the construction of a CCGT plant in Gdańsk. On 20 September 2022, an invitation to tender was published to select the general contractor (EPC) and maintenance service provider (LTSA) for a CCGT unit in Gdańsk with a capacity of up to 456 MWe.

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 stabilize the operation of the distribution system in the area of connection of the 4 MW photovoltaic 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. Tests of the energy storage facility are currently underway. In September 2022, an opening ceremony of the energy storage facility in Czerników took place.

PV Gryf 1 and PV Gryf 2 project

The objective of the project is to develop a photovoltaic farm with a capacity of 26 MW. According to the RES auction results announced on December 2020, Energa Wytwarzanie won the ordinary auction for the installations. The farm is being developed in the Przykona commune, on land reclaimed from the Adamów brown coal opencast mine. On 30 June 2022, final acceptance of PV Gryf (approximately 20 MW) was completed and activities were initiated to expand the farm by approx. 5.25 MW (PV Gryf 2) – on 29 July 2022, the company issued the notice to proceed (NTP).

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. 65 MW, 23 substations 30/0.8kV, HV 110 kV power service line with an optical fiber 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. The planning permission for an installation with installed capacity of up to 65 MW was issued on 17 December 2021. The connection conditions were obtained for the installation.

5xPV

The purpose of the project is to build five photovoltaic farms (PV Czernikowo+, PV Samolubie 1, PV Samolubie 2, PV Przykona, PV Pierzchały) with capacity up to 1 MW each, together with power offtake points. The construction of two PVs is to be completed in 2022, and another three PVs in the first half of 2023. The development of new capacities will increase the share of renewable electricity in the total generation mix of the 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 9 month period ended 30 September 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 9 month period ended 30 September 2022.

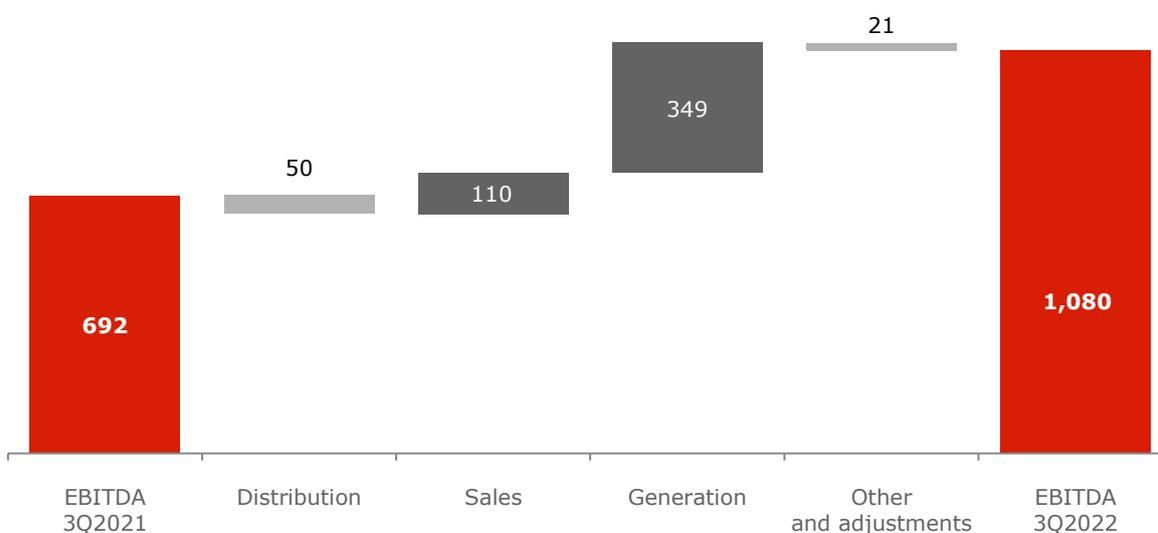
3.2. Explanation of the economic and financial data disclosed in the condensed consolidated financial statements

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

PLN m	Q3 2021	Q3 2022	Change	Change (%)
Sales revenues	3,317	5,507	2,190	66%
Cost of sales	(2,565)	(4,460)	(1,895)	74%
Gross profit on sales	752	1,047	295	39%
Other operating income	42	390	348	> 100%
Selling and distribution expenses	(215)	(237)	(22)	10%
General and administrative expenses	(91)	(124)	(33)	36%
Other operating expenses	(58)	(275)	(217)	> 100%
Operating profit	430	801	371	86%
Result on financial operations	(60)	(116)	(56)	93%
Share in profit/(loss) of equity-accounted entities	8	14	6	75%
Profit or loss before tax	378	699	321	85%
Income taxes	(83)	(163)	(80)	96%
Net profit or loss for the period	295	536	241	82%
EBITDA	692	1,080	388	56%

PLN m	9 months of 2021	9 months of 2022	Change	Change (%)
Sales revenues	9,986	15,024	5,038	50%
Cost of sales	(7,745)	(11,832)	(4,087)	53%
Gross profit on sales	2,241	3,192	951	42%
Other operating income	145	653	508	> 100%
Selling and distribution expenses	(670)	(724)	(54)	8%
General and administrative expenses	(241)	(276)	(35)	15%
Other operating expenses	(238)	(661)	(423)	> 100%
Operating profit	1,237	2,184	947	77%
Result on financial operations	(116)	(264)	(148)	> 100%
Share in profit/(loss) of equity-accounted entities	121	62	(59)	-49%
Profit or loss before tax	1,242	1,982	740	60%
Income taxes	(279)	(389)	(110)	39%
Net profit or loss for the period	963	1,593	630	65%
EBITDA	2,109	3,098	989	47%

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



The Group's EBITDA in Q3 2022 stood at PLN 1,080 m, up by PLN 388 m on Q3 2021. The strongest growth was recorded by the Generation Business Line, which was mainly due to higher revenues from electricity sales (higher production volume at the Ostrołęka power plant, as well as higher selling prices), partially offset by a higher cost of CO₂ emission allowances (caused by the increase in market prices of allowances) as well as a higher cost of fuel. The valuation of open positions for electricity by the Ostrołęka power plant also had a positive impact. In the Sales Business Line, the increase in EBITDA was primarily driven by an increased margin on electricity sales due to a higher average unit margin. In contrast, EBITDA of the Distribution Business Line was lower year on year, mainly as a result of higher costs of employee benefits due to inflationary pressure and unfavourable valuation of actuarial reserves.

In Q3 2022, the EBITDA contribution of the main Business Lines was relatively similar, amounting to, respectively: Distribution Business Line 35%, Sales Business Line 35%, Generation Business Line 34%. This unusual distribution of EBITDA was caused by strong performance of the Sales and Generation Lines. Operating profit (EBIT) in Q3 2022 increased by PLN 371

m to PLN 801 m in relation to the corresponding period of 2021. The above-described operating factors contributing to EBITDA were the strongest year-on-year EBIT drivers.

The Group's net profit in Q3 2022 increased by PLN 241 m (82%) to PLN 536 m in relation to Q3 2021. The year-on-year increase in net income was mainly driven by the above-described operating factors contributing to EBIT. Other contributors to net result, i.e., result on financial operations (PLN -56 m, mostly as an effect of raised interest rates) and income tax (PLN -80 m), had a negative impact.

In Q3 2022, the Group generated PLN 5,507 m in revenue, up by 66% or PLN 2,190 m on Q3 2021. The main contributor to revenue growth was the Sales Business Line, due to higher selling prices of electricity and gas, reflecting their strong growth on the wholesale market.

The Energa Group's revenue from the Capacity Market in Q3 2022 totalled PLN 67 m (PLN 194 m in the first nine months of 2022) versus PLN 58 m in Q3 2021 (PLN 177 m in the first nine months of 2021).

In the first nine months of 2022, the Group generated PLN 3,098 m in EBITDA, up 989 m (47%) on the corresponding period of 2021. All main Business Lines generated a higher EBITDA year on year. The increase was the strongest in the Generation Business Line (EBITDA increased by PLN 653 m), primarily due to higher revenue from electricity sales. The positive effect of this factor was partially offset by a higher cost of key fuels in the generation business and higher cost of purchase of emission allowances. The valuation of open positions for electricity by the Ostrołęka power plant also had a positive impact. The Sales Business Line improved its EBITDA by PLN 206 m YTD, which, just like in Q3 2022, was due to having generated a higher margin on electricity sales. The Distribution Business Line's result, on the other hand, improved by PLN 148 m, mainly due to a higher distribution margin (with grid losses) driven by favourable volumes of distribution service sales and grid losses.

The impact of material unusual events affecting EBITDA is presented below (the materiality threshold was PLN 25 m).

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

EBITDA (PLN m)	
Q3 2022	
EBITDA	1,080
Adjusted EBITDA	1,099
Q3 2021	
EBITDA	692
Adjusted EBITDA	690
EBITDA (PLN m)	
9 months of 2022	
EBITDA	3,098
Adjusted EBITDA	3,076
<i>including:</i>	
Actuarial reserves	(22)
9 months of 2021	
EBITDA	2,109
Adjusted EBITDA	2,064
<i>including:</i>	
Actuarial reserves	(40)

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

PLN m	As at 31 December 2021	As at 30 September 2022	Change 2022/2021	Change 2022/2021 (%)
ASSETS				
Non-current assets				
Property, plant and equipment	15,281	16,599	1,318	9%
Intangible assets	974	1,749	775	80%
Right-of-use assets	1,063	1,090	27	3%
Investments in equity-accounted associates and joint ventures	128	113	(15)	-12%
Deferred tax assets	237	303	66	28%
Other non-current financial assets	254	287	33	13%
Other non-current assets	289	744	455	> 100%
	18,226	20,885	2,659	15%
Current assets				
Inventories	111	270	159	> 100%
Income tax receivable	102	153	51	50%
Trade receivable	2,074	2,807	733	35%
Other current financial assets	105	246	141	> 100%
Cash and cash equivalents	340	545	205	60%
Other current assets	231	708	477	> 100%
	2,963	4,729	1,766	60%
Assets classified as held for sale	49	59	10	20%
TOTAL ASSETS	21,238	25,673	4,435	21%
EQUITY AND LIABILITIES				
Equity				
Share capital	4,522	4,522	-	-
Foreign exchange differences from translation of foreign entities	5	9	4	80%
Other reserves	821	1,031	210	26%
Supplementary capital	1,661	1,661	-	-
Cash flow hedge reserve	87	120	33	38%
Retained earnings	2,912	4,303	1,391	48%
Equity attributable to owners of the parent	10,008	11,646	1,638	16%
Non-controlling interest	(66)	557	623	> 100%
	9,942	12,203	2,261	23%
Non-current liabilities				
Loans and borrowings	1,309	1,368	59	5%
Debenture loans	2,501	2,035	(466)	-19%
Non-current provisions	734	666	(68)	-9%
Deferred tax liability	910	928	18	2%

Deferred income and non-current grants	301	303	2	1%
Lease liabilities	838	844	6	1%
Other non-current financial liabilities	9	4	(5)	-56%
Contract liabilities	9	9	-	-
	6,611	6,157	(454)	-7%
Current liabilities				
Trade payables	1,067	1,922	855	80%
Contract liabilities	297	354	57	19%
Current portion of loans and borrowings	1,395	2,070	675	48%
Debenture loans	31	621	590	> 100%
Income tax payable	13	24	11	85%
Deferred income and non-current grants	180	178	(2)	-1%
Short-term provisions	1,073	1,488	415	39%
Other financial liabilities	448	462	14	3%
Other current liabilities	161	178	17	11%
	4,665	7,297	2,632	56%
Liability directly associated with assets held for sale	20	16	(4)	-20%
Total liabilities	11,296	13,470	2,174	19%
TOTAL EQUITY AND LIABILITIES	21,238	25,673	4,435	21%

As at 30 September 2022, the balance sheet total of the Energa Group was PLN 25,673 m, up by PLN 4,435 m compared to the end of 2021.

The most significant change in assets was recorded under non-current assets, specifically property, plant and equipment. The increase was mainly in expenditure less depreciation in the Distribution Business Line (expenditure for grid expansion and upgrades; connection of consumers and sources of electricity) and in other activities (provision of general contractor services in the Ostrołęka gas-fired power plant construction project). The most important change in intangible assets involved the value of certificates of origin.

In current assets, the most important change was recorded in trade receivables, notably for Energa Obrót SA. The increase in receivables resulted from an increase in the value of electricity sales to final customers as a result of a strong growth in energy prices.

The Energa Group's equity as at 30 September 2022 was PLN 12,203 m and covered 48% of the Group's financing needs.

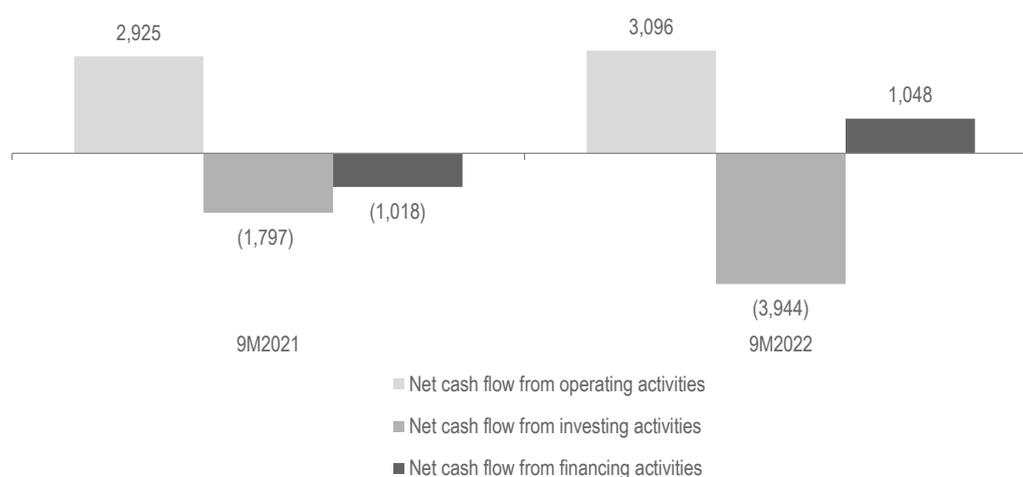
Within liabilities, the strongest increases were seen in trade payables (higher buying prices of energy), as well as loans and borrowings. In the first three quarters of 2022, financing from the European Investment Bank was disbursed to finance the investment programme of Energa Operator SA, and an increase in debt under a syndicated loan and a loan from Bank Gospodarstwa Krajowego was recorded.

As at 30 September 2022, the consolidated statement of financial position included the following items: assets classified as held for sale and liability directly associated with assets held for sale, in view of the Group's efforts to sell its shareholding in its subsidiary Energa Invest Sp. z o.o.

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

PLN m	9 months of 2021*	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
Net cash flow from operating activities	2,925	3,096	171	6%
Net cash flows from investment activities	(1,797)	(3,944)	(2,147)	< -100%
Net cash flows from financial activities	(1,018)	1,048	2,066	> 100%
Net increase / (decrease) in cash	110	200	90	82%

Figure 2: Consolidated cash flow statement (PLN m)



Total net cash flows on operating, investment and financing activities of the Group in 9M 2022 were positive and stood at PLN 200 million, compared to PLN 110 million in the same period of 2021.

Positive cash flows on operating activities were mainly due to a profit before tax of PLN 1,982 million compared to PLN 1,242 million in the same period of 2021. Negative working capital, at PLN (466) million resulted mainly from the increase in short-term receivables and short-term prepayments in the amount of PLN (1,162) million and increase in inventories by PLN (160) million partially offset by an increase in short-term liabilities except for credits and loans and short-term accruals, by PLN 856 million.

Net flows on investment activities in 9M 2022 totalled PLN (3,944) million as compared to PLN (1,797) in the same period of 2021, which mainly resulted from expenditures to purchase property, plant and equipment and intangible assets, in the amount of PLN (3,996) million in 2022, compared to PLN (1,847) million in the same period of 2021.

In 9M 2022, cash flows on financing activities totalled PLN 1,048 million, and chiefly resulted from new financial liabilities in the amount of PLN 2,750 m, the issue of shares in CCGT Ostrołęka Sp. z o.o. and capital contributions made by PKN ORLEN in the total amount of PLN 586 million and grants received in the amount of PLN 28 m. Expenditures under financing activities in 9M 2022 resulted from the schedule of repayment of current debt instruments at PLN (2,005) million, repayment of lease debt at PLN (64) million, current interest payments at PLN (236) million and commission expenses at PLN (11) million. In the corresponding period of 2021, there were negative cash flows on financing activities in the amount of PLN (1,018) million, which came chiefly on lower inflows from new financial liabilities in the amount of PLN 1,434 m compared to the amount of debt repaid, which amounted to PLN (2,271) million.

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

Figure 3: Structure of assets and liabilities

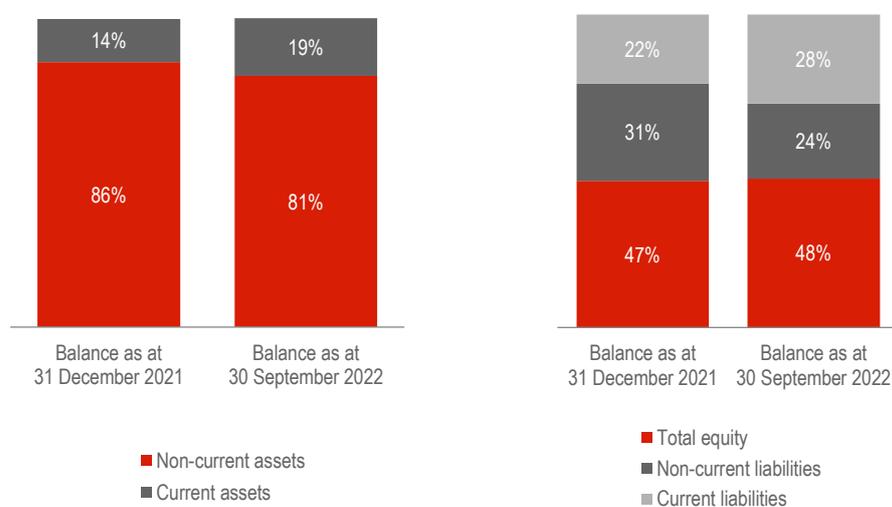


Table 5: Financial ratios of the Energa Group

Ratio	Definition	9 months of 2021	9 months of 2022
Profitability			
EBITDA margin	operating result + depreciation and amortisation + impairment losses on non-current non-financial assets / sales	21.1%	20.6%
return on equity (ROE)	net profit for the period* / closing balance of equity	12.3%	12.8%
return on sales (ROS)	net profit for the period / revenue	9.6%	10.6%
return on assets (ROA)	net profit for the period* / closing balance of total assets	5.9%	6.1%

* net profit for the last 12 months

Ratio	Definition	As at 31 December 2021	As at 30 September 2022
Liquidity			
current liquidity ratio	current assets / current liabilities	0.6	0.6
Debt			
financial liabilities (PLN m)*	total liabilities due to loans and borrowings and long- and short-term debt securities and leases	6,113	6,984
net financial liabilities (PLN m)	financial liabilities – cash and cash equivalents	5,773	6,439
net debt** / EBITDA* ratio	net financial liabilities / EBITDA	1.6	1.3

* EBITDA for the last 12 months

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

Both revenue and EBITDA increased in the first nine months of 2022 compared to the same period of the previous year (the drivers behind this are described in the section discussing financial figures). Due to the higher revenue growth rate, the EBITDA margin ratio decreased to 20.6% in the first nine months of 2022. Operating factors contributing to the improvement in EBITDA also improved the net income year on year, and consequently the profitability ratios.

The current ratio at the end of September 2022 was 0.6%, the same as at the end of 2021.

The decrease in the net debt/EBITDA ratio was driven by a higher annualised EBITDA at the end of September 2022 relative to EBITDA for 2021 (despite higher net financial liabilities).

3.4. Description of significant off-balance sheet items

Information in this respect can be found in the consolidated financial statements - note 21: *Contingent assets and liabilities*.

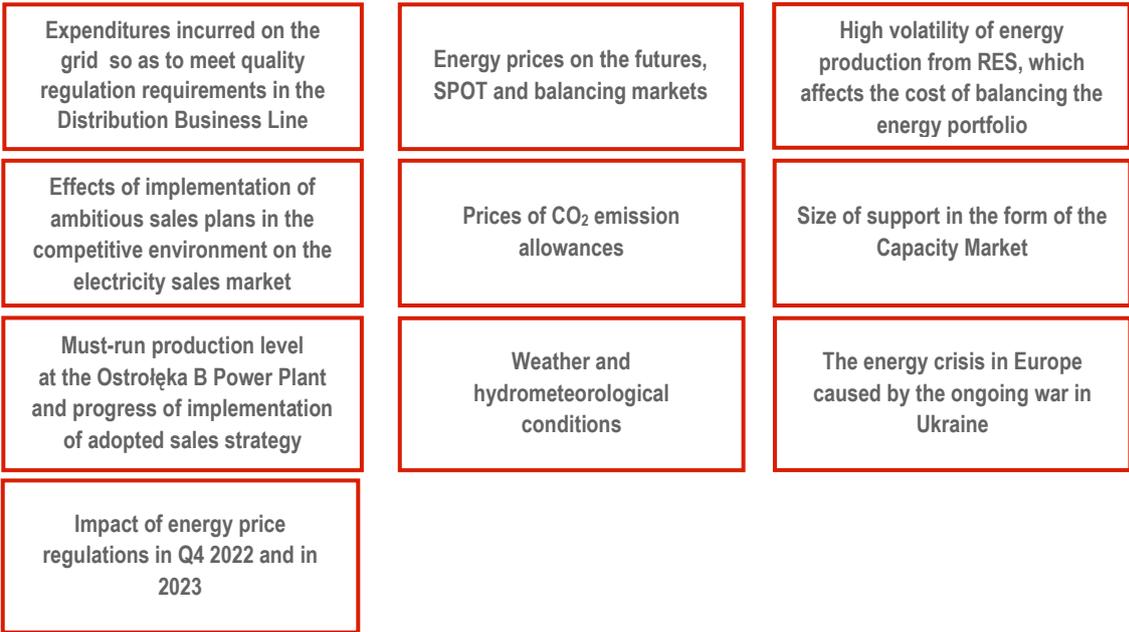
3.5. Projected financial results

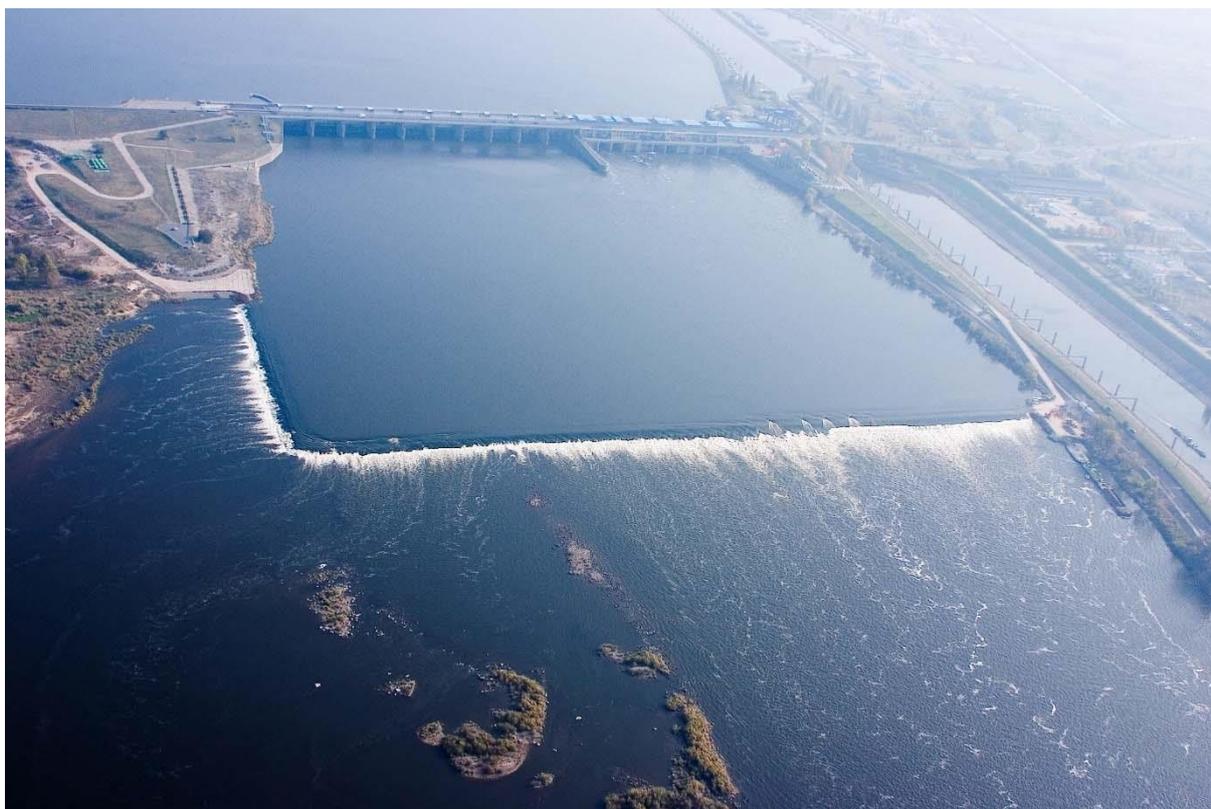
The Management Board of the Company has not published projections for separate and consolidated financial results for the financial year of 2022.

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

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

EBITDA in PLN m	Q3 2021	Q3 2022	Change	Change (%)
DISTRIBUTION	424	374	(50)	-12%
GENERATION	14	363	349	> 100%
SALES	263	373	110	42%
OTHER and consolidation eliminations and adjustments	(9)	(30)	(21)	< -100%
Total EBITDA	692	1,080	388	56%

EBITDA in PLN m	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
DISTRIBUTION	1,503	1,651	148	10%
GENERATION	163	816	653	> 100%
SALES	474	680	206	43%
OTHER and consolidation eliminations and adjustments	(31)	(49)	(18)	-58%
Total EBITDA	2,109	3,098	989	47%

4.1. Distribution Business Line

4.1.1. Operating and business activities

Table 7: Electricity distribution by tariff group (GWh)

Electricity distribution by tariff group (invoiced sales) (GWh)	Q3 2021	Q3 2022	Change	Change (%)	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
Tariff group A (HV)	892	941	48	5%	2,629	2,794	165	6%
Tariff group B (MV)	2,306	2,268	(38)	-2%	6,766	6,970	203	3%
Tariff group C (LV)	1,042	1,042	0	0%	3,169	3,201	32	1%
Tariff group G (LV)	1,386	1,353	(33)	-2%	4,630	4,518	(112)	-2%
Total distribution of electricity	5,627	5,604	(23)	-0%	17,194	17,483	289	2%

In the first nine months of 2022, the Energa Group supplied 17,483 GWh of electricity, up 2% year on year. On the other hand, in Q3 2022, the volume of electricity distribution was 5,604 GWh, which means a similar level year on year. The year-on-year volume growth YTD recorded for the first nine months of 2022 across all tariff groups except Group G was primarily driven by COVID-19 pandemic restrictions – a partial lockdown of the economy and increased extent of remote work and education in households in H1 2021. In the first nine months of 2022, the restrictions were much less severe. In addition, the number of customers increased across 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		
Q3 2021	101.9	5.4	107.3	0.8	0.0	0.9
Q3 2022	46.7	7.5	54.2	0.6	0.0	0.6
Change	(55.2)	2.1	(53.1)	(0.2)	0.0	(0.2)
Change (%)	-54%	39%	-50%	-29%	32%	-27%
9 months of 2021	137.2	16.0	153.2	1.6	0.1	1.7
9 months of 2022	376.3	19.5	395.9	2.8	0.1	2.9
Change 2022/2021	239.1	3.6	242.7	1.2	0.0	1.2
Change 2022/2021 (%)	> 100%	23%	> 100%	77%	16%	73%

The Energa Group achieved a high level of SAIDI (planned and unplanned incl. catastrophic) of 395.9 minutes per customer in the first nine months of 2022, compared to 153.2 minutes per customer in the corresponding period of 2021. SAIFI deteriorated as well. The combined values of SAIDI and SAIFI power supply reliability indicators are a product of three significant mass outages caused by hurricane winds in January and February 2022, as well as one mass outage in Q2 2022.

In contrast, SAIDI and SAIFI in Q3 2022 were lower than in the corresponding period of the previous year. This was due to a major storm and associated mass outage in July and strong winds in September of the previous year.

SAIDI and SAIFI for high and medium voltage (HV and MV) excluding mass failures achieved by the Energa Group were as follows:

- SAIDI (minutes per customer) – 82.7 in the first nine months of 2022 versus 74.3 in the first nine months of 2021,
- SAIFI (disruption per customer) – 1.6 in the first nine months of 2022 versus 1.4 in the 9 months of 2021.

4.1.2. Financial results

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

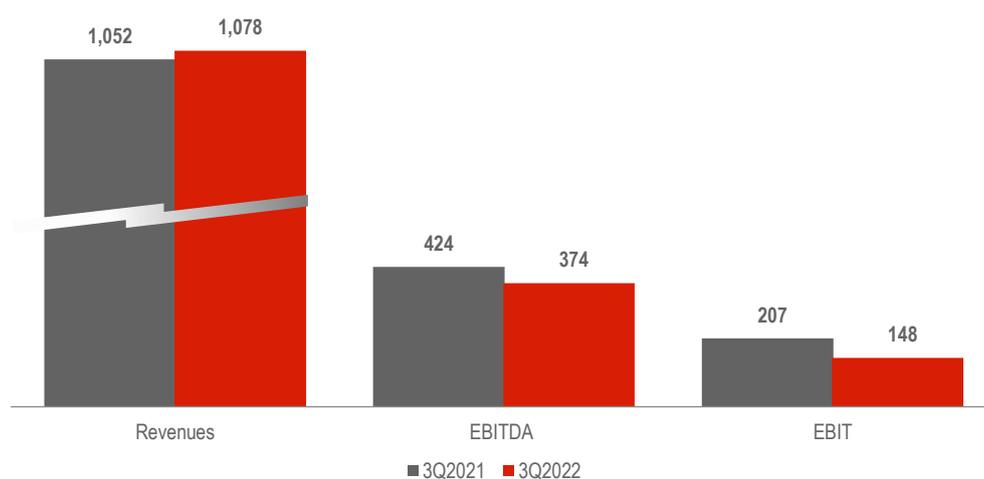
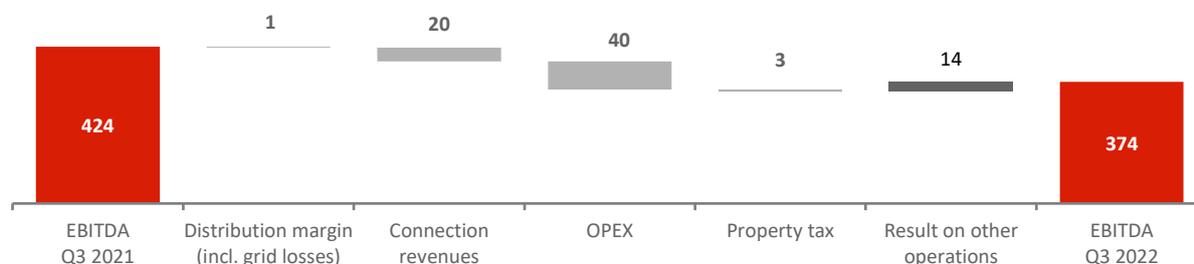


Table 9: Results of the Distribution Business Line (PLN m)

PLN m	Q3 2021	Q3 2022	Change	Change (%)
Revenue	1,052	1,078	26	2%
EBITDA	424	374	(50)	-12%
amortisation and depreciation	217	226	9	4%
impairment losses on non-current non-financial assets	-	-	-	0%
EBIT	207	148	(59)	-29%
Net result	132	46	(86)	-65%
CAPEX	352	446	94	27%

PLN m	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
Revenue	3,285	3,423	138	4%
EBITDA	1,503	1,651	148	10%
amortisation and depreciation	650	676	26	4%
impairment losses on non-current non-financial assets	-	-	-	0%
EBIT	853	975	122	14%
Net result	553	623	70	13%
CAPEX	1,022	1,110	88	9%

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



In Q3 2022, the Distribution Business Line generated 35% of EBITDA for the ENERGA Group (61% in the corresponding period of 2021).

The revenue in Q3 2022 was PLN 1,078 m, up 2% year on year. The revenue growth was mainly fuelled by higher revenue from the delivery of the distribution services, due to the higher average selling price of the distribution service year on year. In parallel, a year-on-year decrease in revenue from connections was observed.

The Line's EBITDA in Q3 2022 was PLN 374 m vs. PLN 424 m in the corresponding period of the previous year. EBIT was significantly affected by higher costs of employee benefits due to inflationary pressure and unfavourable valuation of actuarial reserves.

Other factors contributing to the change in EBIT included lower revenue from connections year on year and a favourable balance of accidental damage removal.

The Distribution Business Line's net profit in Q3 2022 was PLN 46 m vs. PLN 132 m in the corresponding period of 2021. This was mainly due to a change in EBIT and an unfavourable lower balance of financial operations year on year.

The Line's capital expenditure in Q3 2022 was PLN 446 m, up PLN 94 m year on year.

In the first nine months of 2022, the Distribution Business Line's EBITDA amounted to PLN 1,651 m, up PLN 148 m (or 10%) year on year. EBIT, on the other hand, came in at PLN 975 m, which again means an increase, by 14% year on year. Distribution margin went up by PLN 255 m (including grid losses), which had a considerable impact on operating profit. This was driven primarily by an approximately 2% higher distribution service sales volume and a higher average price of the distribution service year on year. A lower volume of energy needed to cover grid losses and the valuation of unbilled grid losses also both had a favourable impact. Other factors affecting EBITDA include lower connection revenues and the absence of a favourable one-time event that improved the Line's results in 2021 – recognition of a settlement agreement with PKN ORLEN. The Line's higher OPEX also had a negative impact.

4.2. Generation Business Line

4.2.1. Operating and business activities

Table 10: Gross electricity production (GWh)

Gross electricity production (GWh)	Q3 2021	Q3 2022	Change	Change (%)	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
Power plants – coal-fired	710	840	129	18%	1,800	2,282	483	27%
Power plants – biomass co-fired	-	-	-	-	-	-	-	-
CHP plants – coal-fired	6	5	(1)	-18%	22	14	(8)	-36%
CHP plants – biomass-fired	16	18	1	9%	60	52	(8)	-14%
Power plants – hydro	212	102	(109)	-52%	721	595	(127)	-18%
Pumped storage power plant	11	21	10	94%	45	68	23	51%
Power plants – wind	85	78	(7)	-9%	312	374	62	20%
Power plants – photovoltaics	2	19	17	> 100%	4	23	18	> 100%
Total production of electricity	1,042	1,082	40	4%	2,964	3,408	443	15%
<i>of which renewable</i>	<i>314</i>	<i>216</i>	<i>(98)</i>	<i>-31%</i>	<i>1,098</i>	<i>1,043</i>	<i>(54)</i>	<i>-5%</i>

The generating assets of the Energa Group produced approx. 1.1 TWh of electricity in Q3 2022 vs. 1.0 TWh in the corresponding period of the previous year (up by 4%). The upward trend was mainly driven by the Ostrołęka Power Plant, photovoltaics and a pumped storage power plant. During that period, 78% of the Group's gross electricity production originated from hard coal, 11% from hydro, 7% from wind, 2% from biomass and 2% from PV farms.

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

In the first nine months of 2022, the output of the Ostrołęka Power Plant, wind power plants and PV increased, while a lower output was obtained from CHP plants and hydropower plants.

Table 11: Gross heat production (TJ)

Gross heat production in TJ	Q3 2021	Q3 2022	Change	Change (%)	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
ENERGA Kogeneracja Sp. z o.o.	260	212	(48)	-19%	1,626	1,388	(239)	-15%
ENERGA Elektrownie Ostrołęka SA	170	147	(23)	-14%	858	804	(54)	-6%

Ciepło Kaliskie Sp. z o.o.	2	15	14	> 100%	195	183	(12)	-6%
Total gross heat production	432	374	(58)	-13%	2,680	2,375	(305)	-11%

In Q3 2022, the Group generated 13% (58 TJ) less heat year on year, which was attributable to a range of factors, including air temperatures determining the demand for heat from the Group's local customers in Ostrołęka, Elbląg and Kalisz.

Similarly, lower heat production was observed in the first nine months of 2022 compared to the corresponding period of the previous year. The Group produced 305 TJ (11%) less heat year on year, which was due to weather conditions, just like in Q3 year on year.

Table 12: Volume and cost of key fuels*

Fuel consumption*	Q3 2021	Q3 2022	Change	Change (%)	9 months of 2021	9 months of 2022	Change	Change (%)
Coal								
Amount (thousand tonnes)	331	393	62	19%	875	1,067	192	22%
Cost (PLN m)	90	353	263	> 100%	246	596	350	> 100%
Biomass								
Amount (thousand tonnes)	19	17	(2)	-9%	64	50	(14)	-22%
Cost (PLN m)	9	27	18	> 100%	27	60	33	> 100%
Total fuel consumption (PLN m)	99	380	281	> 100%	273	656	383	> 100%

* including cost of transport

In Q3 2022, the Group's generators used 62 thousand tonnes more hard coal and 2 thousand tonnes less biomass relative to the corresponding period of the previous year. The decline in production from biomass is mainly due to the market availability of the raw material and the availability of the biomass unit in Elbląg. The coal consumption was higher due to an increased electricity production, mainly by the Ostrołęka power plant. At the same time, the unit cost of coal and biomass purchases was significantly higher. Similar trends were observed for the period of the first nine months of 2022.

4.2.2. Financial results

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

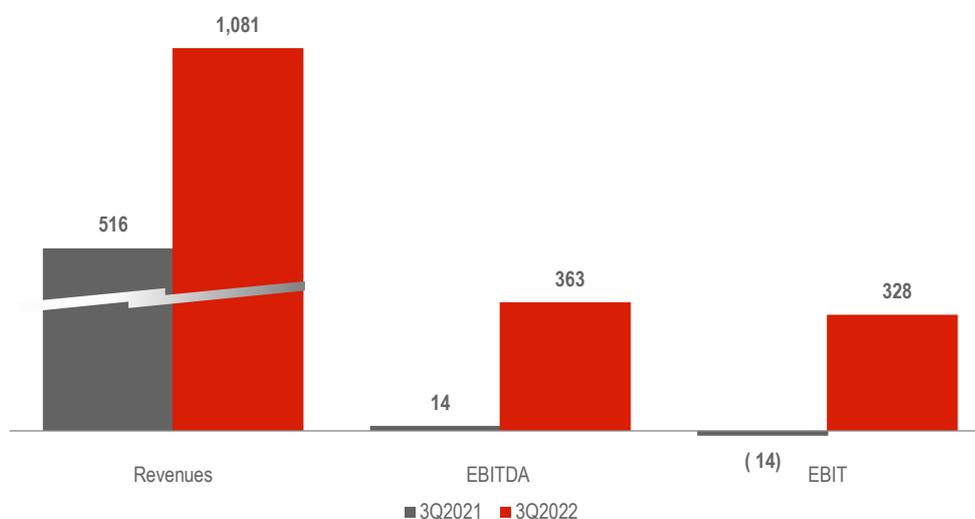


Table 13: Results of the Generation Business Line of the Energa Group (PLN m)

PLN m	Q3 2021	Q3 2022	Change	Change (%)
Revenue	516	1,081	565	> 100%
EBITDA	14	363	349	> 100%
amortisation and depreciation	34	35	1	3%
impairment losses on non-current non-financial assets	(6)	-	6	100%
EBIT	(14)	328	342	> 100%
Net result	(28)	243	271	> 100%
CAPEX	50	225	175	> 100%

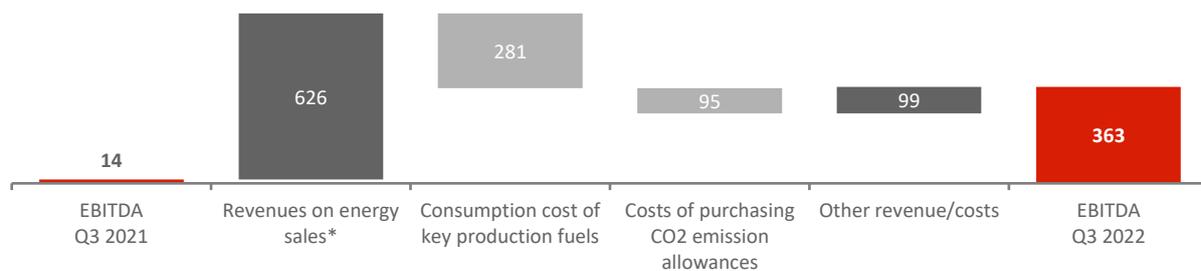
PLN m	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
Revenue	1,562	2,594	1,032	66%
EBITDA	163	816	653	> 100%
amortisation and depreciation	104	113	9	9%
impairment losses on non-current non-financial assets	66	73	7	11%
EBIT	(7)	630	637	> 100%
Net result	(61)	497	558	> 100%
CAPEX	120	275	155	> 100%

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

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

EBITDA in PLN m	Q3 2021	Q3 2022	Change	Change (%)	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
Hydro	45	60	14	31%	155	257	102	66%
Wind	28	43	15	53%	88	171	83	95%
Ostrolęka power plant	(53)	255	308	> 100%	(73)	436	508	> 100%
Other and adjustments	(7)	6	13	> 100%	(7)	(47)	(40)	< -100%
Generation total	14	363	349	> 100%	163	816	653	> 100%

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 Q3 2022 was PLN 363 m (up PLN 349 m year on year), accounting for 34% of the total Group EBITDA (vs. 2% in Q3 2021). The Line's EBITDA in Q3 2022 was driven by a range of key factors, including revenue from the sale of electricity, cost of key fuels for production, cost of purchase of emission allowances and effect of the valuation of open positions for electricity by the Ostrołęka power plant.

Higher revenue from the sale of electricity results mainly from higher selling prices for electricity and higher electricity production volume (of the Ostrołęka power plant).

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

Higher costs of purchase of CO₂ emission allowances were driven by market prices of emission allowances, higher production from conventional sources (mainly the Ostrołęka power plant) and a relatively small pool of free production allowances.

The impact of the valuation of open positions for electricity by the Ostrołęka power plant is due to a change in the methodology to account for the valuation of this risk at the end of 2021. When compared quarter to quarter on a year-on-year basis, this item contributed PLN 134 m to the results.

The Line's capital expenditure in Q3 2022 decreased by PLN 175 m year on year, and represented mainly activities related to the construction of a gas-fired power plant in Grudziądz and development of new PV capacities.

The Line's EBITDA for 9 months of 2022, higher by PLN 653 m year on year, was mainly determined (similarly to a quarter-on-quarter basis) by a higher revenue from electricity sales and valuation of open positions on electricity by the Ostrołęka power plant. The positive effect of this factor was only partially offset by a higher cost of key fuels in the generation business and higher cost of purchase of emission allowances.

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

PLN m	Q3 2021	Q3 2022	Change	Change (%)	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
Revenue	70	107	37	53%	232	376	144	62%
EBITDA	45	60	14	31%	155	257	102	66%
EBIT	37	51	14	38%	129	230	101	78%
CAPEX	5	2	(2)	-53%	6	6	0	1%

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

PLN m	Q3 2021	Q3 2022	Change	Change (%)	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
Revenue	(11)	59	70	> 100%	67	222	155	> 100%
EBITDA	28	43	15	53%	88	171	83	95%
EBIT	12	26	15	> 100%	38	122	83	> 100%
CAPEX	1	1	(1)	-55%	4	2	(2)	-45%

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

PLN m	Q3 2021	Q3 2022	Change	Change (%)	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
Revenue	381	850	469	> 100%	1,105	1,849	744	67%
EBITDA	(53)	255	308	> 100%	(73)	436	508	> 100%
EBIT	(47)	254	301	> 100%	(126)	441	567	> 100%
CAPEX	7	1	(6)	-81%	13	5	(8)	-63%

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

PLN m	Q3 2021	Q3 2022	Change	Change (%)	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
Revenue	76	65	(11)	-14%	158	147	(11)	-7%
EBITDA	(7)	6	13	> 100%	(7)	(47)	(40)	< -100%
EBIT	(16)	(3)	13	82%	(48)	(162)	(114)	< -100%
CAPEX	38	221	183	> 100%	98	262	164	> 100%

4.3. Sales Business Line

4.3.1. Operating and business activities

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

Sales of electricity by the Sales Business Line in GWh	Q3 2021	Q3 2022	Change	Change (%)	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
Retail sales of electricity	4,407	4,360	(47)	-1%	13,723	13,313	(410)	-3%
Sales of electricity in the wholesale market, including:	678	728	50	7%	2,196	2,736	540	25%
<i>Sales of energy to the balancing power market</i>	133	227	95	71%	1,096	791	(305)	-28%
<i>Other wholesale</i>	545	501	(44)	-8%	1,099	1,944	845	77%
Total sales of electricity	5,085	5,088	3	0%	15,919	16,049	130	1%

In Q3 2022, the total volume of electricity sold by the Sales Business Line was similar to that in the corresponding period of 2021.

The volume of sales in the retail market decreased in Q3 2022 by 1% (i.e. 47 GWh) year on year. At the end of Q3 2022, the Sales Business Line had 3.2 million final customers (Delivery Points), an increase of about 41,000 customers year on year. Customer base growth was mostly observed in tariff group G (households).

In Q3 2022, in turn, the wholesale of electricity increased by 50 GWh (i.e. 7%) compared to the corresponding period of 2021.

In the first nine months of 2022, the volume of energy sales was slightly higher year on year (up 1%). The sales volume in the retail market was 3% lower than in the corresponding period of the previous year, while the volume of energy sales in the wholesale market increased by 25% year on year. In retail, the volume of sales decreased for business customers (by 2%), as well as for households (by 2%). The decline in sales to business customers is due to a lower volume in contracts for 2022 relative to the previous year. For households, the lower consumption results from a range of factors, including the growth of the prosumer base, which is particularly evident in the decline in consumption in Q2 and Q3 this year relative to corresponding periods of the previous year. The increase in the wholesale market volume is attributable to a much larger scale of sale of excess renewable electricity on the wholesale market, including from wind farms (whose production was significantly higher year on year in the first nine months of 2022) and from prosumers (strong growth in prosumers number).

4.3.2. Financial results

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

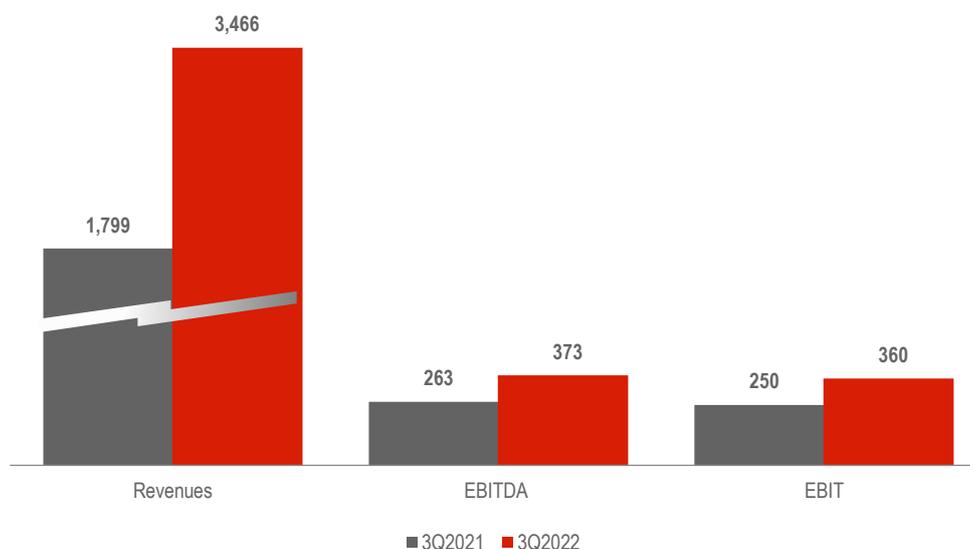
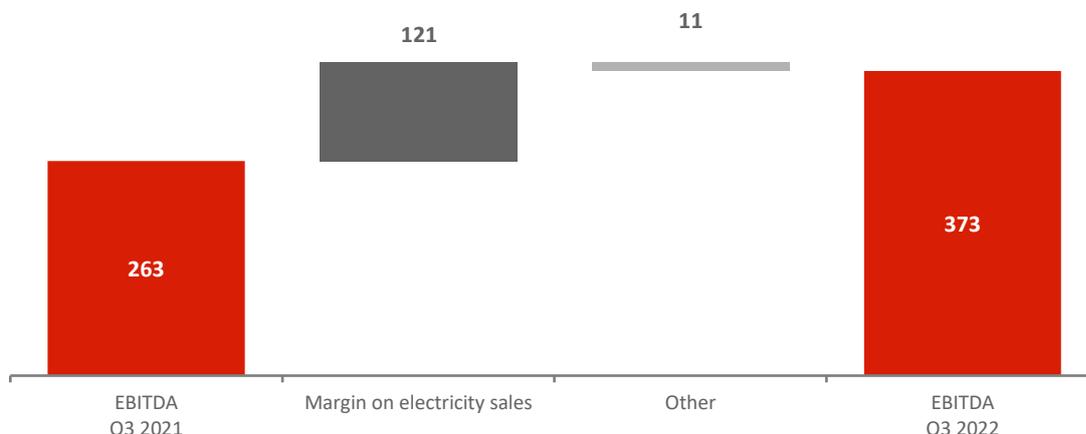


Table 20: Results of the Sales Business Line of the Energa Group (PLN m)

PLN m	Q3 2021	Q3 2022	Change	Change (%)
Revenue	1,799	3,466	1,667	93%
EBITDA	263	373	110	42%
amortisation and depreciation	13	13	-	0%
impairment losses on non-current non-financial assets	-	-	-	0%
EBIT	250	360	110	44%
Net result	195	292	97	50%
CAPEX	12	22	10	83%

PLN m	9 months of 2021	9 months of 2022	Change 2022/2021	Change 2022/2021 (%)
Revenue	5,365	9,411	4 046	75%
EBITDA	474	680	206	43%
amortisation and depreciation	37	41	4	11%
impairment losses on non-current non-financial assets	-	-	-	0%
EBIT	437	639	202	46%
Net result	347	514	167	48%
CAPEX	35	43	8	23%

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



EBITDA of the Sales Business Line in Q3 2022 amounted to PLN 373 m, up PLN 110 m (42%) in relation to the corresponding period of 2021 (EBITDA at PLN 263 m). The Line's EBITDA in Q3 2022 accounted for 35% of the Group's EBITDA, vs. 38% in the same period of the previous year.

The revenue of the Sales Business Line in Q3 2022 totalled PLN 3,466 m, up PLN 1,667 m (93%) on Q3 2021. The main revenue drivers were higher selling prices for electricity and gas, reflecting a strong growth in market prices.

The key contributor to EBITDA growth in the Sales Business Line in Q3 2022 year on year was a PLN 121 m increase in the margin on electricity sales as a result of a higher average unit margin. Margins were also pushed up by a positive financial result of sale of excess renewable electricity from the local market.

In the first nine months of 2022, EBITDA of the Sales Business Line totalled PLN 680 m, up PLN 206 m on the corresponding period of 2021. The drivers of this year-on-year change in EBITDA were similar to those presented on a quarterly basis above, i.e. the higher result is attributable to a higher margin on electricity sales (which increased by PLN 246 million).



Przykona Wind Farm

Regulatory and business environment

5. REGULATORY AND BUSINESS ENVIRONMENT

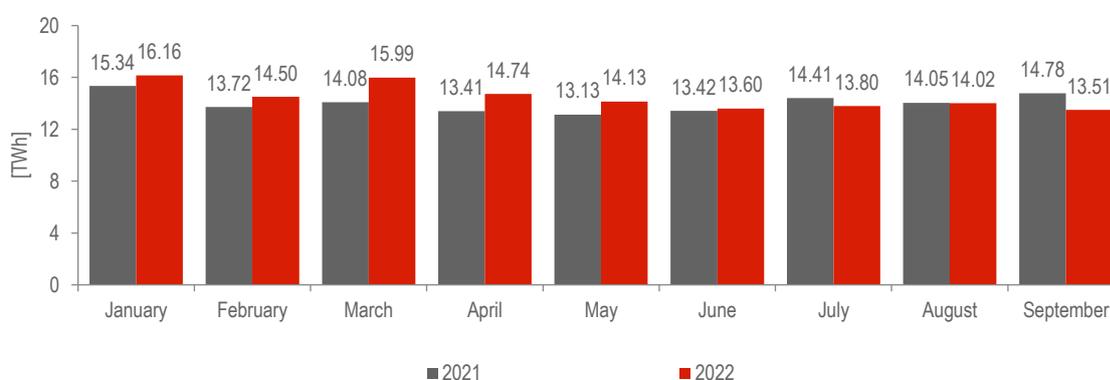
5.1. Electricity market in Poland

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

Domestic production and consumption of electricity

According to data published by Polskie Sieci Elektroenergetyczne (PSE), the production of electricity in Poland totalled 130.44 TWh after three quarters of 2022 and was 4.11 TWh or 3.2% higher compared to the corresponding period of the previous year (126.33 TWh). Higher production was observed for lignite-fired power plants, as well as for wind and photovoltaic farms. The increase in generation was prompted by a higher demand for electricity within the National Power System (NPS).

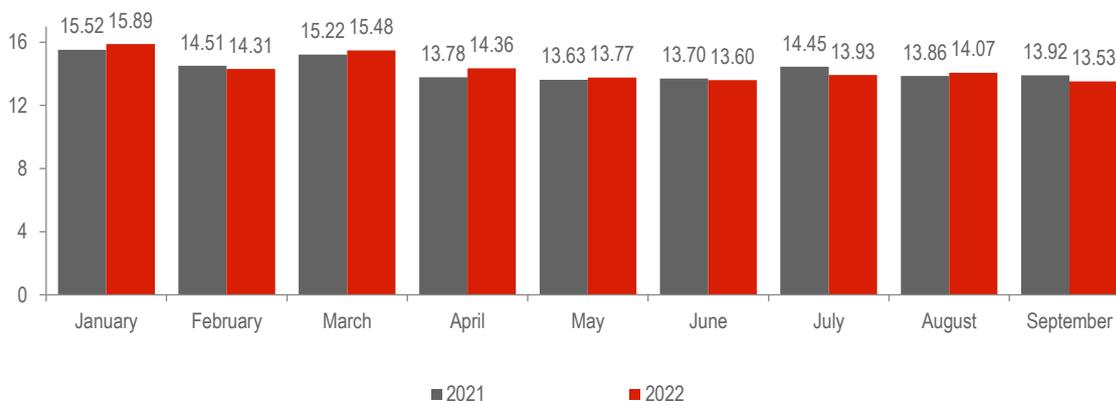
Figure 11: Production of electricity in Poland after three quarters of 2022 (TWh)



Source: PSE

After three quarters of 2022, domestic consumption of electricity in Poland totalled 128.94 TWh and was 0.36 TWh or 0.3% higher relative to the corresponding period of the previous year (128.58 TWh). In Q3 2022 alone, consumption was 0.7 TWh lower than in Q3 2021.

Figure 12: Consumption of electricity in Poland after three quarters of 2022 (TWh)

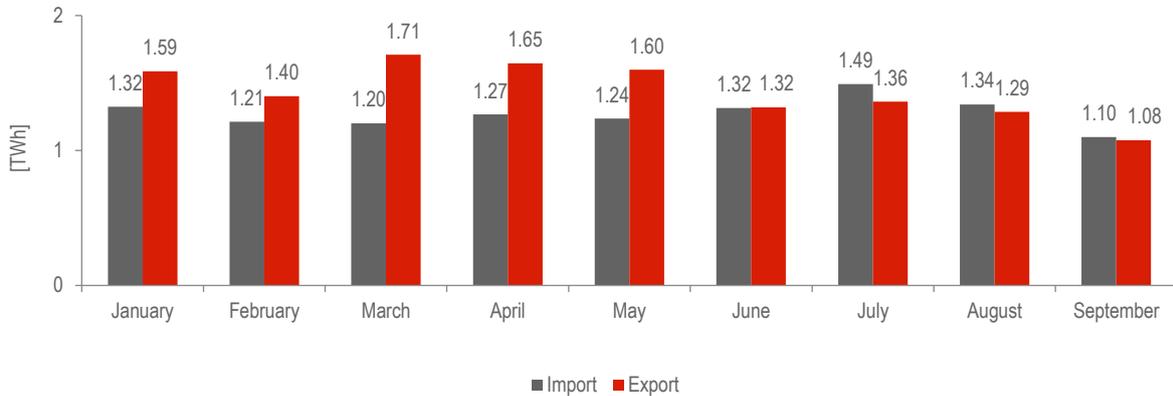


Source: PSE

Poland's cross-border power exchange

In the first three quarters of 2022, electricity exports were as much as 3.92 TWh higher than in the corresponding period of the previous year. When comparing the two corresponding periods, a slight growth in electricity imports by 0.17 TWh can be observed, but there was still a 1.50 TWh surplus of net electricity exports in the period under review over net imports of 2.25 TWh in the corresponding period of the previous year. This is attributable to the increased delivery of electricity in parallel exchange due to the fact that the increase in electricity prices in Western Europe was much higher than in Poland.

Figure 13: Monthly volumes of cross-border power exchange in Poland after three quarters of 2022 (TWh)

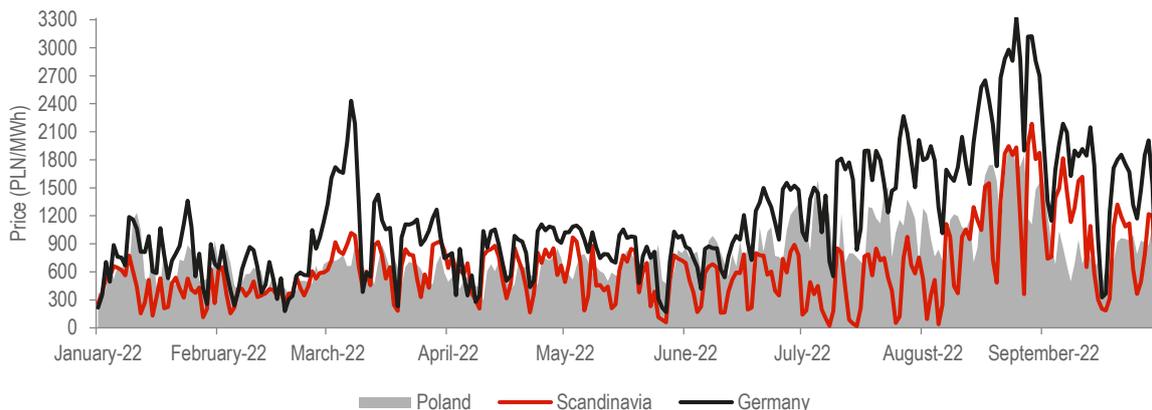


Source: PSE

Energy prices in selected countries neighbouring with Poland

The average SPOT prices in Poland after three quarters of 2022 were higher than in the Scandinavian market and lower than in Germany. An increased demand for power and rising geopolitical tensions resulting in higher prices and shortages of gas and coal, coupled with higher system losses, fuelled price hikes in Poland and its neighbouring markets. In addition, the German market experienced problems with river transport of coal due to low water levels caused by the unusually dry August. The highest price deviations were observed in relation to the German market (-31.9%, or PLN -374.63/MWh), while lower deviations were observed in comparison with prices in the Scandinavian market (+25.5%, or PLN 162.09/MWh). In Q3 2022 alone, prices in Poland were lower on average than in the German market (-39.3%, or PLN 695.59/MWh).

Figure 14: Prices of energy in the SPOT market in Poland and in selected neighbouring countries after three quarters of 2022 (price (PLN/MWh))



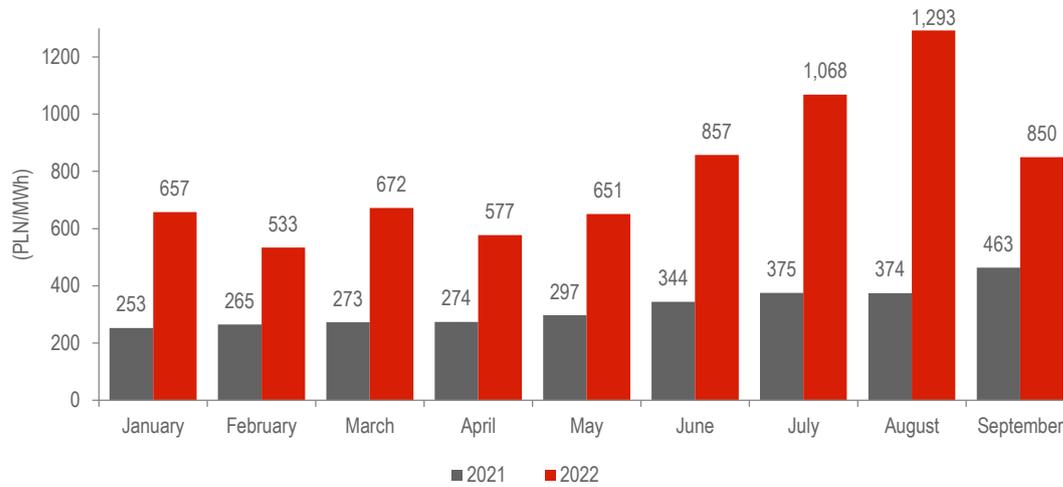
Source: Bloomberg, TGE

Day-Ahead Market of electricity in Poland

After the first three quarters of 2022, the TGeBase index averaged PLN 798.65/MWh, up PLN 474.21/MWh year on year (PLN 324.44/MWh). When comparing Q3 2022 to Q3 2021, the price increased by PLN 1,072.58/MWh. The domestic demand for

capacity was supported by higher system losses and a surplus of energy imports over exports (3Q) which, coupled with the supply shock in the commodity market and sanctions on commodity imports from Russia to EU, resulted in an increase in prices compared to the same period of the previous year.

Figure 15: TGeBase index after three quarters of 2022 (PLN/MWh)



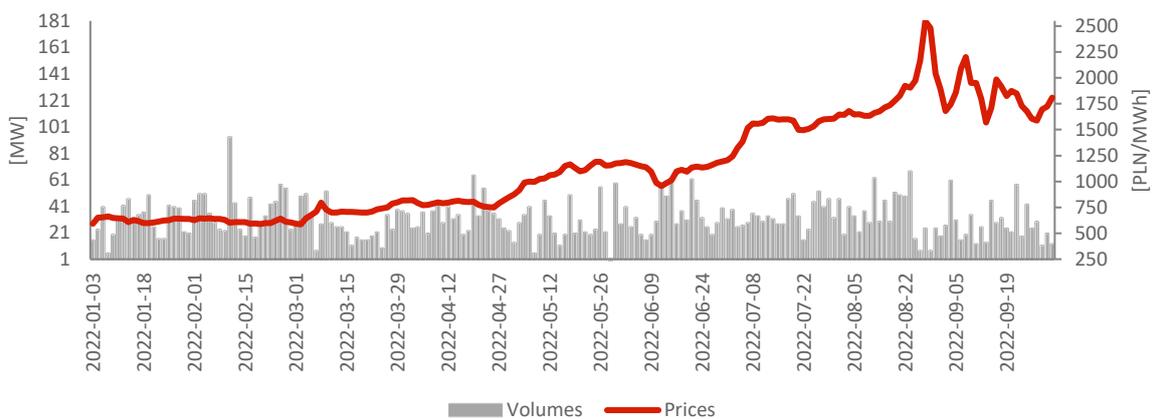
Source: TGE

Electricity futures market in Poland

In the first three quarters of 2022, the electricity futures market was in an upward trend, with a correction in the middle of Q3. Prices peaked above PLN 2,500.00/MWh (BASE 2023). The main drivers of energy rate increases in Q3 in the futures market were:

- rising geopolitical tension supported by sanctions imposed on imports of energy commodities from Russia to the EU, fuelling price increases in gas and coal markets,
- concerns about the energy security of European countries ahead of the winter season,
- increase in SPOT market prices,
- increased demand for electricity from the National Power System,
- continually high prices of CO₂ emission allowances.

Figure 16: Base-load electricity futures price with delivery in 2023 after three quarters of 2022

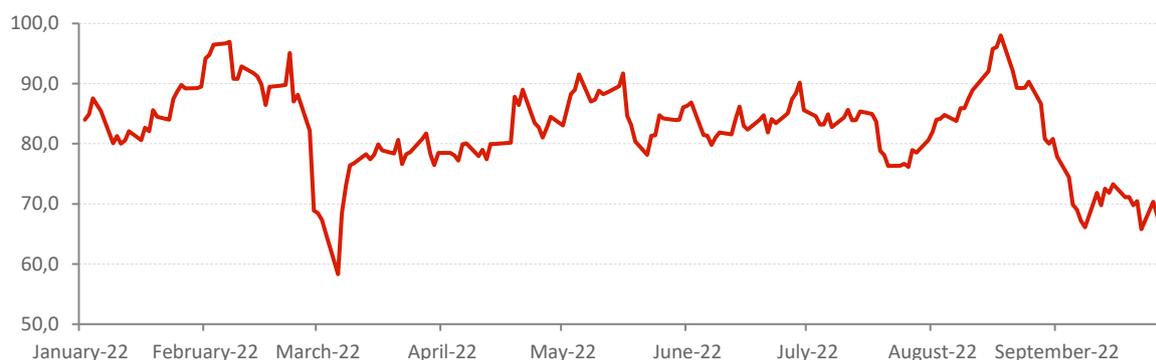


Source: TGE

Emission allowance market

On 12 May 2022, the European Commission announced that there had been more than 1,449 million allowances in circulation at the end of 2021 (the decline in the number of allowances by almost 14% year on year was caused by the onset of a pandemic recovery period in 2021 and the resulting increase in emissions). This value formed a baseline for the determination of the EU Emissions Trading System (EU ETS) Market Stability Reserve (MSR), which was launched in January 2019. In accordance with the rules of the Market Stability Reserve, almost 348 million allowances in total will be allocated to the Market Stability Reserve over a 12-month period from 1 September 2022 to 31 August 2023. Over the initial 5 years of the MSR, the number of allowances is to be reduced annually by 24% of the total number of allowances in the auction pool (as long as the total number of allowances in circulation exceeds the threshold of 833 million). Rising prices of coal and gas, mainly due to increasing geopolitical risks, including sanctions imposed on imports of energy commodities from Russia to the EU, and legislative work on the Fit for 55 package, were a key driver of EUA prices in the first three quarters. In Q3 alone, strong price movements were observed. In August, EUA prices broke out of a 5-month-long consolidation. The move was driven by rising energy prices and high clean dark spreads. As a result, the EUA price hit an all-time high at 98.01 EUR/t. Subsequently, due to concerns about global recession and the expected increase in auction volumes starting in September, the prices went down. Amidst concerns about the consequences of soaring energy prices, an emergency meeting of the Energy Council was held in September. In addition, EUA market trade in September was dominated by negotiations on how to market EU ETS units under the REPowerEU package. During a meeting of the European Parliament's Committee on Environment (ENVI), it was agreed that emission allowances were to originate from primary auctions in member states (scheduled for 2027-2030) and were to be staggered until a revenue threshold of EUR 20 billion was achieved. This is expected to have a neutral impact on the supply volume in auctions until 2030. ENVI's position is not binding, however it serves as a starting point for the next legislative steps. The REPowerEU package must be finally agreed upon and adopted by the Parliament, the Council and the Commission of the European Union. At the end of Q3 2022, EUAs traded at EUR 66.73 per tonne, down 16% on the end of 2021 and up 8% on the end of Q3 2021.

Figure 17: EUA prices after three quarters of 2022 (EUR/tonne)



Source: Bloomberg

Market for property rights

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

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

Index (type of certificate)	Index value		Obligation percent (%)	Substitution fee (PLN)
	Three quarters of 2020 (PLN/MWh)	Three quarters of 2021 (PLN/MWh)		
OZEX_A (green)	164.99	195.19	19,0*	300,03*

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

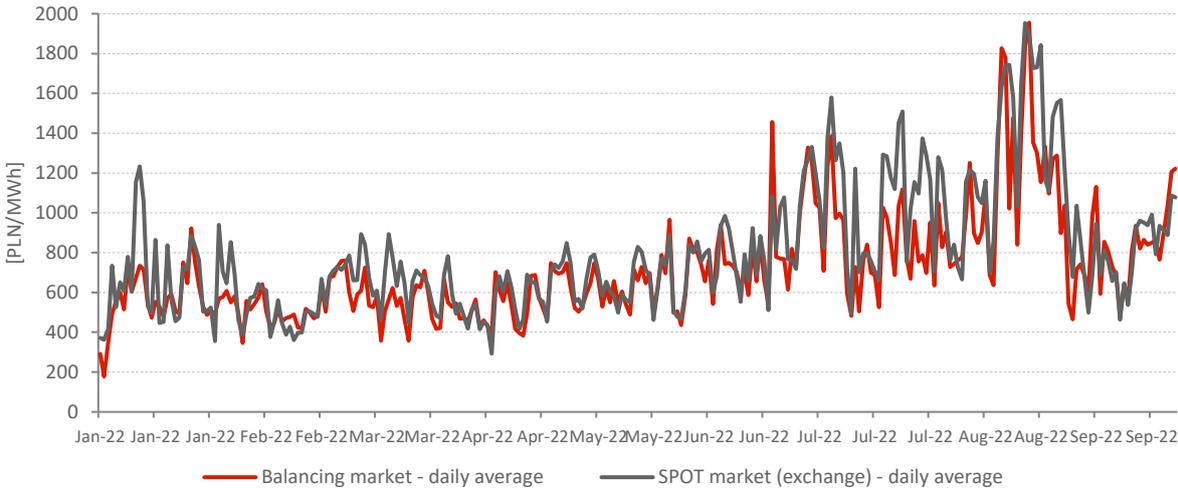
From the perspective of the Energa Group's generation structure (high share of renewable production), the prices of green property rights are of key importance. PM OZE (green certificate) prices in EOB trades consistently declined over the first nine

months of 2022. In mid-September 2022, prices reached the level last seen in March 2019 (PLN 88.19/MWh), which was followed by a sharp correction, and finally Q3 2022 closed at PLN 159.51/MWh.

Balancing Power Market

Since 1 January 2019, the limits for electricity clearing prices on the balancing power market changed and currently range from PLN -50,000.00/MWh to PLN +50,000.00/MWh. For the most part of the first 3 quarters of 2022, prices in the balancing power market were close to day-ahead market prices. The situation on 19 August 2022 marked a clear departure from that rule, when the average daily price on the balancing power market was PLN 1,022.04/MWh, PLN 721.74/MWh less than the day-ahead market price. The average price on the balancing power market in the period under review was PLN 716.78/MWh, compared to PLN 315.04/MWh in the corresponding period of the previous year.

Figure 18: Comparison of prices in the balancing power market and SPOT market (exchange) after three quarters of 2022 (PLN/MWh)



Source: TGE, PSE

5.2. Regulatory environment

Legislative processes ended in Q3 2022

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

<p>EC delegated act (EC implementing regulation) covering specific nuclear and gas energy activities</p>	<p>On 6 July 2022, the European Parliament did not reject (meeting one of the conditions for approval) a delegated act of the European Commission concerning the inclusion, under certain conditions, of specific nuclear and gas energy activities in the list of environmentally sustainable economic activities covered by the EU taxonomy.</p> <p>The activity meets either of the following criteria:</p> <ul style="list-style-type: none"> ✓ the life-cycle GHG emissions from the generation of electricity using fossil gaseous fuels are lower than 100 g CO₂e/kWh. ✓ Life-cycle GHG emissions are calculated based on project-specific data, where available, using Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018. ✓ Quantified life-cycle GHG emissions are verified by an independent third party. ✓ Where the CO₂ that would otherwise be emitted from the electricity generation process is captured for the purpose of underground storage, the CO₂ is transported and stored underground, in accordance with the technical screening criteria. <p>Generation of electricity using fossil gaseous fuels:</p> <p>facilities for which the construction permit is granted by 31 December 2030 comply with all of the following:</p> <ul style="list-style-type: none"> ✓ direct GHG emissions of the activity are lower than 270g CO₂e/kWh of the output energy, or annual direct GHG emissions of the activity do not exceed an average of 550kgCO₂e/kW of the facility's capacity over 20 years; ✓ the power to be replaced cannot be generated from renewable energy sources, based on a comparative assessment with the most cost-effective and technically feasible renewable alternative for the same capacity identified; the result of this comparative assessment is published and is subject to a stakeholder consultation; ✓ the activity replaces an existing high emitting electricity generation activity that uses solid or liquid fossil fuels; ✓ the newly installed production capacity does not exceed the capacity of the replaced facility by more than 15%; ✓ the facility is designed and constructed to use renewable and/or low-carbon gaseous fuels and the switch to full use of renewable and/or low-carbon gaseous fuels takes place by 31 December 2035, with a commitment and verifiable plan approved by the management body of the undertaking; ✓ the replacement leads to a reduction in emissions of at least 55% GHG over the lifetime of the newly installed production capacity;
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	<ul style="list-style-type: none"> ✓ where the activity takes place on the territory of a Member State in which coal is used for energy generation, that Member State has committed to phase-out the use of energy generation from coal and has reported this in its integrated national energy and climate plan referred to in Article 3 of Regulation (EU) 2018/1999 of the European Parliament and of the Council*8 or in another instrument. <p>High-efficiency co-generation of heat/cool and power from fossil gaseous fuels:</p> <p>The activity meets either of the following criteria:</p> <ul style="list-style-type: none"> ✓ the life-cycle GHG emissions from the co-generation of heat/cool and power from gaseous fuels are lower than 100 g CO_{2e} per 1 kWh of energy output of the co-generation. ✓ Life-cycle GHG emissions are calculated based on project-specific data, where available, using Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018 or ISO 14064-1:2018. ✓ Quantified life-cycle GHG emissions are verified by an independent third party. ✓ Where facilities incorporate any form of abatement, including carbon capture or use of renewable or low-carbon gases, that abatement activity complies with the relevant Sections of this Annex, where applicable (see above). ✓ facilities for which the construction permit is granted by 31 December 2030 comply with all of the following: <ul style="list-style-type: none"> (i) the activity achieves primary energy savings of at least 10% compared with the references to separate production of heat and electricity; the primary energy savings are calculated on the basis of formula provided in Directive 2012/27/EU; (ii) direct GHG emissions of the activity are lower than 270 g CO_{2e}/kWh of the output energy; (iii) the power and/or heat/cool to be replaced cannot be generated from renewable energy sources, based on a comparative assessment with the most cost-effective and technically feasible renewable alternative for the same capacity identified; the result of this comparative assessment is published and is subject to a stakeholder consultation; (iv) the activity replaces an existing high emitting combined heat/cool and power generation activity, a separate heat/cool generation activity, or a separate power generation activity that uses solid or liquid fossil fuels; (v) the newly installed production capacity does not exceed the capacity of the replaced facility; (vi) the facility is designed and constructed to use renewable and/or low-carbon gaseous fuels and the switch to full use of renewable and/or low-carbon gaseous fuels takes place by 31 December 2035, with a commitment and verifiable plan approved by the management body of the undertaking; (vii) the replacement leads to a reduction in emissions of at least 55% GHG per kWh of output energy; (viii) the refurbishment of the facility does not increase production capacity of the facility; (ix) where the activity takes place on the territory of a Member State in which coal is used for energy generation, that Member State has committed to phase-out the use of energy generation from coal and has reported this in its integrated national energy and climate plan referred to in Article 3 of Regulation (EU) 2018/1999 or in another instrument. ✓ Compliance with the criteria is verified by an independent third party. <p>The European Council did not object to the EC proposal (meeting one of the conditions for approval) by 11 July 2022, and thus the delegated act on taxonomy will enter into force and start to apply from 1 January 2023.</p> <p>The changes are favourable to the Enegra Group. Allowing gas-fired power generation as a transitional solution (attracting favourable financing mechanisms).</p>
<p>Regulation of the Minister of the Environment of 13 July 2022 revising the quantitative share of total electricity under redeemed certificates of origin confirming that electricity has been produced from a renewable energy source in 2023 Journal of Laws of 2022 ITEM 1555</p>	<p>The Regulation was published in <i>Dziennik Ustaw</i> (Journal of Laws) on 27 July 2022 and entered into force on 10 August 2022. The Regulation sets out an obligation to redeem 12% of 'green certificates' in 2023 (vs. 18.5% in 2022). The obligation to redeem 'blue certificates' remained unchanged at 0.5%.</p> <p>The renewable energy obligation, i.e. the mandatory share of green energy in the mix of electricity sellers and others can be fulfilled by buying and redeeming the 'green certificates'. Set by government regulation, the level of the obligation is a key parameter affecting the profitability of a considerable portion of Poland's active green energy producers.</p> <p>At the same time, the renewable energy obligation determines the profitability of renewable energy production from sources which had been started up in Poland before mid-2016, the point when new investments were excluded from the green certificate system.</p>
<p>Regulation of the Minister of Climate and Environment of 10 August 2022 on the main auction parameters for the delivery year 2027 and additional auction parameters for the delivery year 2024 Journal of Laws of 2022 ITEM 1690</p>	<p>The Regulation was published in <i>Journal of Laws</i> on 11 August 2022 and entered into force on 12 August 2022.</p> <p>Key technical parameters for the main auction for the 2026 delivery year required by the regulation:</p> <ul style="list-style-type: none"> ✓ In the draft regulation, the projected auction demand was set separately for each quarter of the delivery year. The total main auction demand for the 2027 delivery year is 6,237 MW; ✓ The entry price (CeWe) for the delivery period falling in 2027, taking into account the price escalation factor (1.05), is PLN 40,635/kWh/year; ✓ additional auction demand for the delivery period falling in 2024 is: (1) 3,209 MW – for Q1; (2) 1,160 MW – for Q2; (3) 1,186 MW – for Q3; (4) 4,185 MW – for Q4. ✓ The entry price of a new generating unit, reflecting the opportunity cost to the operator of securing capacity by building a generating unit with minimum operating cost and fixed capital expenditure, taking into account the potential margin on electricity sales and provision of system services, in additional auctions for the delivery period falling in 2024, is PLN 387 per kW for all quarters (a price escalation factor of 1.05 was set in the regulation); ✓ A price of PLN 187 per kW was set for 'price takers'.
<p>Act of 15 September 2022 on specific solutions for certain heat sources in connection with the situation in the fuel market Journal of Laws of 2022 item 1967</p>	<p>The Act was published in <i>Journal of Laws</i> on 19 September 2022 and entered into force on 20 September 2022.</p> <p>The Act envisages the provision of support to a large group of households, housing communities, housing cooperatives and vulnerable entities by covering part of their spending resulting from increased costs of heating.</p> <ul style="list-style-type: none"> ✓ In accordance with the Act, an energy company engaged in the business of generating heat, which holds a licence and generates heat supplied to final customers for residential and public utility purposes, will apply to the President of the Energy Regulatory Office for approval of a tariff with compensation, where the average price for heat charged by the generator is capped at the level of: (1) PLN 150.95 per GJ for heat sources fuelled by gas and fuel oil; (2) PLN 103.82 per GJ for other sources. ✓ The President of the Energy Regulatory Office will approve the tariff: (1) in accordance with the rules set forth in the Regulation of the Minister of Climate and Environment setting out the specific rules of structuring and calculating tariffs and billings for heat supply to customers not covered by the support specified in the proposed Act; and (2) a tariff with

	<p>compensation for consumers in households, cooperatives and housing communities and a specific list of public utility institutions, and they will fix the amount of this compensation;</p> <p>✓ The compensation will be paid for each calendar month of application of the average heat generation price with compensation and will be settled by 31 August 2023.</p>
<p>Regulation of the Minister of Climate and Environment of 27 September 2022 amending the Regulation laying down the specific conditions of functioning of the electricity system. Journal of Laws of 2022, item 2007</p>	<p>The Regulation was published in Journal of Laws on 27 September 2022 and entered into force on 30 September 2022.</p> <p>It introduces, <i>inter alia</i>:</p> <p>✓ A monthly (instead of quarterly) revision cycle for the cost of primary fuel taken into account in the determination of the Forced Delivery Price (FDP) and Forced Offtake Price (FOP) of electricity for generating units using a primary fuel other than natural gas or lignite;</p> <p>✓ The use of FDP and FOP prices determined on the basis of the executed cost of primary fuel for the billing of must-run operation units;</p> <p>✓ Repeal of price arbitration provisions for settlements between TSOs and commercial balancing entities for the difference in the amount of electricity in the case of over-contracting and under-contracting.</p>

Legislative processes in progress in Q3 2022

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

Legal act	Description and purpose of the regulations
<p>The Act of 15 September 2022 amending the Act on corporate income tax and certain other acts. Parliamentary paper No.: 2544</p>	<p>The bill was approved by the Sejm on 15 September 2022 and referred to the Senate.</p> <p>The bill concerns extending the operation of the anti-inflation programme (anti-inflation shield) from 31 October 2022 to 31 December 2022 and maintaining the temporarily reduced VAT rates for natural gas, electricity and heat, among other things. The following VAT rates are to be maintained: (1) 0% for natural gas; (2) 5% for electricity and heat.</p> <p>Prolongation of the following changes: (1) excise tax exemption for electricity sold to household customers; (2) reduced excise tax on electricity sold to other customers PLN 4.6 per MWh.</p> <p>The seller's obligation to inform about reduced tax rates, exemptions or reduced excise tax rates was maintained (for excise tax information, the obligation will apply until 31 May 2023).</p> <p>The bill was handed over to the Senate.</p>
<p>Act of 29 September 2022 amending the Energy Law Act and the Act on renewable energy sources Parliamentary paper No.: 2634</p>	<p>The bill was approved by the Sejm on 29 September 2022 and referred to the Senate.</p> <p>The Act:</p> <ol style="list-style-type: none"> 1) Waives the obligation to sell electricity through the power exchange (the 'power exchange obligation'). This obligation currently applies to electricity generators, subject to a number of exceptions, including electricity: <ul style="list-style-type: none"> ✓ generated from renewable sources and in high-efficiency cogeneration; ✓ delivered to a final customer by a direct line; ✓ produced by a generating unit with no more than 50 MW of total installed capacity; ✓ produced by generating units which produced electricity for the first time after 1 July 2017. 2) Imposes a sanction for market manipulation: <ul style="list-style-type: none"> ✓ Whoever, in contravention of the ban referred to in Article 3(1)(a) of Regulation 1227/2011, uses insider information by acquiring or disposing of, or by trying to acquire or dispose of, for their own account or for the account of a third party, either directly or indirectly, wholesale energy products to which that information relates, may be liable to a fine of up to 5,000 daily rates, a term of imprisonment from one to 10 years, or both; ✓ Identical sanctions may be imposed for using inside information to trade energy products in the wholesale market. A fine of up to 2,500 daily rates and a term of imprisonment from 3 months to 5 years may be imposed for disclosing the inside information referred to in Article 3(1)(c) of Regulation 1227/2011, or recommending the purchase or sale of products on the basis thereof. <p>The law does not provide for a ban on trading on the power exchange. Trading on the exchange will continue, with the use of this form of trading being decided by each market participant on its own, according to its own market strategy.</p> <p>The Act will enter into force within 14 days of its publication.</p>
<p>Act of 29 September 2022 on specific solutions for the protection of electricity customers in 2023 in connection with the situation in the electricity market Sejm Document No. 2630</p>	<p>The bill was approved by the Sejm on 29 September 2022 and referred to the Senate.</p> <p>The Act introduces:</p> <p>A freeze of electricity prices.</p> <p>✓ A guaranteed price of electricity will apply: (1) up to 2,000 kWh per year for all households; (2) up to 2,600 kWh per year for households with people with disabilities; (3) up to 3,000 kWh per year for 'three-plus' families – that is, families having a Large Family Card and farmers.</p> <p>✓ Once they exceed the consumption threshold of 2,000, 2,600 and 3,000 kWh, respectively, households will be billed for each additional kWh consumed using the prices and rates envisaged in the 2023 tariff of the respective company, or, in the case of free market offers, using the prices set in the contract with the seller;</p> <p>✓ The electricity price freeze in 2023 will benefit nearly 17 million households (customers from tariff group G);</p> <p>✓ As an amendment introduced by the Senate, the protection will extend to customers who turn to a supplier of last resort after contract termination.</p> <p>Electricity allowance.</p> <p>✓ A one-time electricity allowance will be introduced for households that use electricity for heating, including those that use heat pumps;</p> <p>✓ The allowance will amount to PLN 1,000, but it will be increased to PLN 1,500 if annual electricity consumption exceeds 5 MWh;</p> <p>✓ As a prerequisite, registration must be obtained or the source of heat must be notified to the Central Emission Register of Buildings;</p> <p>Electricity-saving incentive</p> <p>✓ Households will receive a special discount if they reduce their electricity consumption;</p> <p>✓ The solution will apply starting from 1 October 2022;</p>

	<p>✓ The discount will be 10% of the total cost of electricity; Electricity companies are to be compensated for the electricity price freezes and discounts. The source of funding is to be the Covid-19 Response Fund; the electricity allowance will also be financed out of it. The spending cap for the Fund in 2023–2025 is set at PLN 26.8 bn, including PLN 23 bn for compensation payments in 2023 and PLN 1 bn for the electricity allowance. The remaining PLN 2.8 bn is earmarked for compensating companies for the discounts in 2024–2025. The Act will enter into force on the day following its publication, except for: 1) Article 36(1), which will enter into force on 1 December 2022; 2) Article 36(3), which will enter into force on 1 January 2023. (The above points refer to obligations to reduce electricity consumption by public sector entities).</p>
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Energa's Wind Farm

Shares and shareholding structure

6. SHARES AND SHAREHOLDING STRUCTURE

6.1. Information on shares and Energa's shareholding structure

Energa SA shares have been listed on the Warsaw Stock Exchange (WSE) since 2013. As at 30 September 2022 and as at the preparation date of this Information, PKN ORLEN is the strategic shareholder, holding 90.92% of the Company's shares, which translates to 93.28% of votes at the GM.

Table 24: Energa shares by series and type as at 30 September 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
TOTAL		414,067,114	100.00	558,995,114	100.00

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

Table 25: Shareholding structure of Energa as at 30 September 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
TOTAL	414,067,114	100.00	558,995,114	100.00

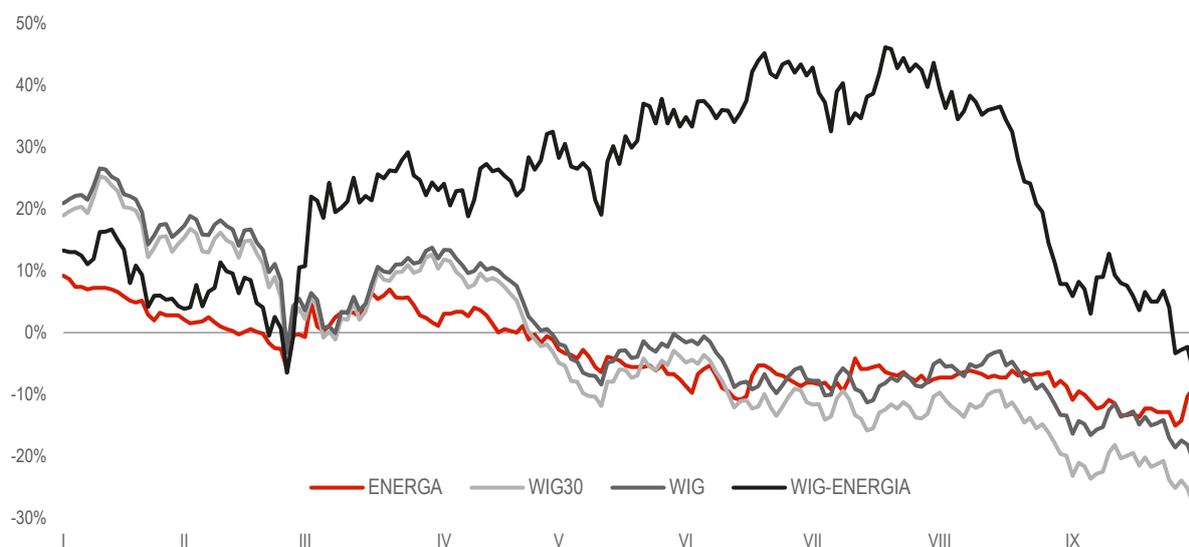
6.2. Prices of the Company's shares

Table 26: Data on Energa stock as at 30 September 2022

Data	Value
Issue price	PLN 17.00
Number of shares	414,067,114
Stock price at the end of the period	PLN 6.64
Capitalisation at the end of the period	PLN 2.75 billion
9M of the year minimum	PLN 6.1
9M of the year maximum	PLN 7.84
9M of the year average trading value	PLN 0.20 m
9M of the year average trading volume	28 thou.
9M of the year average number of trades	0.1 thou.

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

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



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

Energa's stock price at the close of the stock exchange session held on 30 September 2022 amounted to PLN 6.64, which means that it decreased by 13.1% in comparison with the price on the last business day of the year 2021 (i.e. on 30 December). During the discussed period, WIG decreased by approximately 34% and WIG-Energia by approximately 16%. 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 31 October 2022 the agency Moody's affirmed the ratings for Company and senior unsecured EMTN program of Energa Finance AB (publ) at "Baa2" increasing the outlook from stable to positive for these ratings.

On 17 November 2022 Fitch Ratings upgraded the Company's foreign currency long-term Issuer Default Rating (IDR) from the level of 'BBB-' to 'BBB+' with a stable outlook. It also upgraded other ratings for the Company and its debt.

Details of the above activities are described in *section 2.2. Material events in the reporting period and after the balance sheet date*.

6.4. Changes to shares held by executive and supervisory personnel

As at 30 September 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

Details on agreements for loans and borrowings and the domestic bond issue programme are presented, inter alia, in Note 18, Financial Instruments, to the Condensed interim consolidated financial statements of the Energa Group for the nine-month period ended on 30 September 2022.

Table 27: Nominal value of bonds subscribed by Energa SA and not redeemed, broken down by issuer, as at 30 September 2022 (PLN m)

No.	Company name	Nominal value of subscribed bonds
1.	Energa Operator SA	1,066
2.	Energa Wytwarzanie SA	68
3.	Energa Kogeneracja Sp. z o.o.	0.8
Total		1,134.8

Guarantees and sureties granted

As at 30 September 2022, sureties extended by Energa SA to cover the liabilities of the Group companies totaled PLN 6,186 m and included:

- surety for liabilities of Energa Finance AB (publ) under Eurobond issue for PLN 6,087 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 57 m,
- other sureties for liabilities of the Energa Group companies towards other creditors, including: the State Treasury, the National Fund and the Provincial for Environmental Protection and Water Management in the total amount of PLN 42 m.

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

All transactions within the Energa Group are made based on market prices of goods, products or services delivered resulting from their manufacturing costs. Detailed information on transactions with related entities is presented in Note 20 to the Condensed interim consolidated financial statements of the Energa Group for the nine-month period ended on 30 September 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 the first half of 2022. In the opinion of the Management Board, the risks identified therein are still present.

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

As at 30 September 2022, the Energa Group was a party to 15,942 court proceedings. The Group was a plaintiff in 13,797 cases where the aggregate amount in dispute was approx. PLN 433 m. The Group was a defendant in 1,287 cases where the

aggregate amount in dispute was approx. PLN 610 m. Information on the total litigated value does not include proceedings where the claim is non-pecuniary.

As at 30 September 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 39.9 m in 1,621 cases. 882 court cases with amounts in dispute totalling approx. PLN 83.1 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 69.9 m, which is subject to change if new court cases involving power installations located on third-party properties without a necessary legal title are brought against Energa Operator SA.

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

As at 30 September 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 216 m, of which:

Type of receivables	Balance at 30 September 2022 (PLN m)
court and enforcement-based	134.2
bankruptcies	71.2
non-billed - WIENA	0.3
non-billed - SAP	9.1
non-billed – bankruptcies	1.0
TOTAL	215.8

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

Parties	Object of dispute and details of the case
Energa Operator SA (plaintiff); Arcus SA (defendant)	Claim for payment of contractual penalties under the a contract for the delivery and start-up of metering infrastructure during Stage I <i>Regional Court in Gdańsk</i> <i>Litigated value: approx. PLN 23.1 million</i> Evidence proceedings before the Court of the first instance are pending. The defendant contests the litigation claim. The likely resolution of the case, due to its complex facts and multitude of legal aspects cannot be anticipated.
Energa Operator SA (defendant); Arcus SA (plaintiff);	Claim for declaration of annulment of the contract of delivery and commissioning of the metering infrastructure at Stage II <i>Litigated value: approx. PLN 78 million</i> Counterclaim for payment of contractual penalties for a delay in performance of the contract of delivery and commissioning of the metering infrastructure <i>Litigated value: approx. PLN 157 million</i> <i>Regional Court in Gdańsk</i> 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 is that opinions were delivered to the parties and
Energa Operator SA (defendant)	Claim for payment of compensation for unlawful acts/unfair competition practices

Arcus SA (plaintiff);	<p><i>Regional Court in Gdańsk</i></p> <p><i>Litigated value: approx. PLN 174 million</i></p> <p>Energa Operator SA disputes legitimacy of that statement of claim and in response to the statement of claim dated 30 April 2018 applied for the claim to be dismissed. Pursuant to Article 177 § 1 Clause 1 of the Code of Civil Procedure, the court suspended the related proceedings. Energa Operator SA appealed against this decision in a complaint, which was dismissed. The proceedings have been stayed.</p>
Energa Operator SA (defendant) Arcus SA (plaintiff);	<p>Claim for payment for additional works under the contract of delivery and commissioning of the metering infrastructure</p> <p><i>Regional Court in Gdańsk</i></p> <p><i>Litigated value: approx. PLN 4.7 million</i></p> <p>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>
Energa Operator SA (party); PRESIDENT OF THE ENERGY REGULATORY OFFICE (authority)	<p>Fine imposed by the authority</p> <p><i>Regional Court in Warsaw</i></p> <p><i>Litigated value: PLN 11 million</i></p> <p>The Company received the decision of 21 December 2016 in which the President of the URE imposed a fine of PLN 11 m on Energa Operator SA for misleading the President of the URE. On 24 May 2019, the Regional Court in Warsaw issued a judgment reducing the fine to PLN 5.5 million. The URE President has filed a cassation appeal and the Company requested its dismissal.</p>
Energa Operator SA (party); PRESIDENT OF THE ENERGY REGULATORY OFFICE (authority)	<p>Fine imposed by the authority</p> <p><i>Regional Court in Warsaw</i></p> <p><i>Litigated value: approx. PLN 13.2 million</i></p> <p>Energa Operator SA received the decision of 6 November 2017 imposing fines totalling PLN 13.6 million for breaching the Traffic and Distribution Grid Operation Manual through: (1) communication with trading companies using other codes than provided for in the Traffic and Distribution Grid Operation Manual; (2) failure to meet the deadlines to provide measurement data to trading companies; (3) failure to meet the deadlines to examine complaints from trading companies; (4) failure to meet the deadlines to verify supplier switching reports; (5) failure to meet the deadlines for the final settlement of electricity sales agreements; and (6) failure to restart power supplies to one of the customers. With its judgment of 8 December 2020 the Regional Court in Warsaw dismissed the appeal. The company filed an appeal which was dismissed by the Court of Appeal in Warsaw by a judgment of 7 September 2021. The company lodged a cassation appeal against that judgment.</p>
Energa Kogeneracja Sp. z o.o. (plaintiff), Mostostal Warszawa SA (defendant)	<p>Claim for payment on account of a contract price reduction</p> <p><i>Regional Court in Gdańsk, file No. IX GC 494/17</i></p> <p><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. 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>

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

Claim for payment of remuneration

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

Litigated value: approx. PLN 26.3 million

Mostostal Warszawa SA filed for awarding the amount of approx. PLN 26.3 m from Energa Kogeneracja Sp. z o.o. consisting of: approx. PLN 20 m in remuneration (in part) and approx. PLN 6.3 m in capitalised interest. Initially a writ of payment in writ-of-payment proceedings was issued, but following an objection by Energa Kogeneracja Sp. z o.o. the case was referred to regular proceedings. There were 7 hearings in the case and all witnesses were heard. The Court allowed evidence from an opinion prepared by an expert in construction industry. In the course of preparing his opinion, the expert requested the parties to provide additional documents, an obligation which both parties complied with. The opinion of an expert was delivered to the parties together with an obligation to express their opinion. The expert's opinion confirms the circumstances favorable to Mostostal Warszawa S.A. The parties responded to the expert's opinion.

On the hearing of 28 January 2022 the expert upheld the opinion in full and the court dismissed the motion of Energa Kogeneracja Sp. z o.o. for exclusion the expert, did not admit the request of Energa Kogeneracja Sp. z o.o. for granting a deadline to comment on the supplementary expert's opinion and closed the hearing. The court set the date for sentencing on 28 February 2022. On this date the court opened the hearing because it did not rule on all requests for evidence and set the next date of hearing on 27 April 2022. At the hearing on 27 April 2022 the Court ended the hearing and set the date for the announcement of the judgment on 9 May 2022. The judgment was passed on 9 May 2022. The Regional Court in Gdańsk awarded from the defendant, Energa Kogeneracja Sp. z o.o., PLN 26,274,037.16 including statutory interest for delay from 26 January 2018 to the date of payment, refund of the litigation cost of PLN 186,517.00, and refund to the State Treasury of PLN 5,487.75 as expenditures temporarily paid by the Treasury as the fee to the expert. On 18 July 2022, the company lodged an appeal. The case was handed over to the Court of Appeals in Gdańsk under file No. I AGa 165/22.

shareholders of the Company
(plaintiffs)
Energa SA (defendant)

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

Regional Court in Gdańsk, file No. IX GC 1158/20, currently the Court of Appeals in Gdańsk, file No. V AGa 136/22

The claim is financial and non-pecuniary.

On 9 December 2020, the Management Board of Energa SA learned of the issuance on 7 December 2020 by the Regional Court in Gdańsk, 9th Commercial Division, of a decision on granting the Company's shareholders injunctive relief as security for their claim for revoking Resolution No. 3 of the Extraordinary General Meeting of the Company of 29 October 2020 on the withdrawal from trading on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. of 269,139,114 series AA ordinary bearer shares in the Company and marked in Krajowy Depozyt Papierów Wartościowych S.A. with ISIN PLENERG00022 code (the "Resolution"), by suspending its performance for the duration of the proceedings. The issuance of the decision results in suspending the enforceability of the Resolution. The application for injunctive relief in the above mentioned case was filed together with a statement of claim for repealing the Resolution. Energa SA filed a complaint against the injunctive relief and a statement of defence within the time limit and in the manner prescribed by the applicable legal regulations (on 21 January 2021 and 7 January 2021 respectively). The Chairman of the Polish Financial Supervision Authority joined the case. On 24 February 2021, Plaintiffs filed a reply to the statement of defence. By way of an order of 21 September 2021, the Court obliged the Company's attorney to submit a pleading addressing the claims made in the reply. In a letter dated 25 October 2021, a reply was submitted on behalf of the Company to the reply to the statement of defence (a rejoinder). On 21 April 2021, Energa SA obtained the decision concerning the appeal filed in the case. The decision on the securing of claims of 7 December 2020 was amended so that its enforcement was made contingent upon payment by the plaintiffs of a security deposit in the amount of PLN 1,360,326.23. The security deposit has not been paid.

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

	<p>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.</p> <p>On 11 May 2022, the Regional Court delivered its judgment, dismissing the petition in full and awarding the costs of the proceedings from the Plaintiffs in favour of the Company. On 1 July 2022, the statement of reasons for the judgment was prepared.</p> <p>On 26 September 2022, the Company's attorneys were served with a copy of the Plaintiffs' appeal dated 8 August 2022. The Company's response to the appeal was lodged on 10 October 2022.</p>
<p>shareholders of the Company (plaintiffs)</p> <p>Energa SA (defendant)</p>	<p>appeal against Resolution No 3 of the Extraordinary General Meeting of the Company of 29 October 2020</p> <p>Regional Court in Gdańsk, file No. IX GC 1164/20</p> <p>The claim is financial and non-pecuniary.</p> <p>On 16 December 2020, the Management Board of Energa SA learned of the issuance on 10 December 2020 by the Regional Court in Gdańsk, 9th Commercial Division, of a decision on granting the Company's shareholders injunctive relief as security for their claim for revoking Resolution No. 3 of the Extraordinary General Meeting of the Company of 29 October 2020 on the withdrawal from trading on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. of 269,139,114 series AA ordinary bearer shares in the Company and marked in Krajowy Depozyt Papierów Wartościowych S.A. with ISIN PLENERG00022 code (the "Resolution"), by suspending its performance for the duration of the proceedings. The issuance of the decision results in suspending the enforceability of the Resolution. The application for injunctive relief in the above mentioned case was filed together with a statement of claim for repealing or annulling the Resolution. Energa SA filed a complaint against the injunctive relief and a statement of defence within the time limit and in the manner prescribed by the applicable legal regulations (on 12 January 2021 and 25 February 2021, respectively). On June 8, 2021, the Court received Plaintiffs' reply to the statement of defence. 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.</p> <p>On 14 April 2021, Energa SA obtained the decision concerning the appeal filed in the case. With its decision of 12 April 2021 the Court changed to decision to grant a security of 10 December 2020 by conditioning performance of the decision on the Plaintiffs submitting a deposit of PLN 1,360,326.23. The deposit of PLN 1,360,326.23 to secure claims of the Company resulting from complying with the injunction order was paid by one of the Plaintiffs to the account of the Circuit Court in Gdańsk. On 29 December 2021, the Company's attorneys received a request for a reduction of the security deposit dated 20 December 2021. In an order of 24 January 2022, the Court set a time limit for the Company to respond to the request. On 1 February 2022, a response to the Plaintiffs' request for the reduction of the security deposit was submitted on behalf of the Company. By way of a decision of 24 January 2022, the Company was obligated to submit documents within 14 days. On 8 February 2022, a response to the Court's requirement was submitted on behalf of the Company. By decision of 25 April 2022, the Court reduced the deposit to secure the Company's claims from PLN 1,360,326.23 to PLN 500,000.00. On 13 September 2022, the Company's attorneys were served with the Plaintiffs' motion to declare the decision on the reduction of security deposit final and binding. In a decision dated 26 September 2022, the Court declared the decision dated 6 June 2022 on the reduction of security deposit final and binding. The hearing was held on 13 May 2022. According to the Court's order, it was an in-camera session. The hearing was postponed until 1 July 2022. On 1 July 2022, another hearing was held, in which the Court decided, among others, not to examine the motion for admission of an expert's opinion as evidence. The court decided to postpone the examination of the case to a date set under the applicable regulations. On 6 July 2022, the Company's attorneys received the Plaintiffs' motion for evidence.</p> <p>On 7 September 2022, the Company's attorneys received a decision closing the hearing, which obligated the Company to take a final position on the case within 21 days. On 28 September 2022, the final position on the case was submitted on behalf of the Company. On 4 October 2022, the final position of the Plaintiffs on the case was delivered to the address of the Company's attorneys.</p> <p>On 25 October, Energa SA's attorney was served with a request from the Plaintiffs' attorney for payment of a part of the deposit, in accordance with the court decision of 25 April 2022. On 15 November 2022, an order was issued on the payment of part of the deposit.</p>

<p>Company shareholders (plaintiffs) Energa SA (defendant)</p>	<p>Lawsuit to repeal Resolution No. 5 of the Ordinary General Meeting of the Company of 20 May 2022</p> <p><i>Regional Court in Gdańsk; file No. IX GC 578/22</i></p> <p><i>The nature of the claim is financial and pecuniary, but any potential adverse outcome of the dispute will not result in the Company having to pay any money, other than costs of litigation.</i></p> <p>On 20 May 2022, the Ordinary General Meeting of Energa SA passed a resolution on the distribution of net profit for fiscal year 2021 and on the allocation of all net profit earned for fiscal year 2021 to reserve capital (the "Resolution"). The Company's shareholders complained against the Resolution, filing a statement of claim to repeal it. The application, dated 20 June 2022, was served on Energa SA on 5 August 2022. The statement of defence was filed on behalf of the Company on 5 September 2022. On 13 September 2022, the Plaintiffs' attorney was required to file a preparatory document in response to the statement of claim within 14 days. On 22 November 2022, Energa SA's attorney was obliged to submit a preparatory letter within 14 days in response to the Plaintiffs' letter of 7 October 2022. At this stage, it is difficult to tell how the case will develop. In the statement of claim, the plaintiffs specified PLN 210 m as the value of the claim (the Company's net profit earned in 2021). The value of the claim is not taken into consideration, as despite the claim being financial and pecuniary, within the meaning of the Code of Civil Procedure, any potential adverse outcome of the dispute will not result in the Company having to pay any money, other than costs of litigation (court fees and attorney's fees). Any potential adverse consequences for the Company could only result from further (litigation and corporate) action taken by shareholders that would not be directly related to the subject matter of the proceedings, the risk (and financial consequences) of which are difficult to predict at this time.</p>
<p>Energa SA (applicant)</p>	<p><i>Komisja Nadzoru Finansowego (Polish Financial Supervision Authority)</i></p> <p>On 30 October 2020 the Company applied to the Polish Financial Supervision Authority for withdrawal of Company's shares from trading on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange).</p> <p>On 19 January 2021 the Company learned that on 15 January 2021 the Polish Financial Supervision Authority decided to stay the procedure. The proceedings before the Polish Financial Supervision Authority were stayed due to proceedings pending before the Regional Court in Gdańsk concerning a demand to repeal Resolution No. 3 of the Extraordinary General Meeting of the Company of 29 October 2020, case numbers: IX GC 1158/20 ((the proceedings are currently pending before the Court of Appeals in Gdańsk, 5th Civil Division, file No.: V AGa 136/22) and IX GC 1164/20. In the explanatory memorandum to its decision dated 19 January 2021, the PFSA cited art. 97 § 1 (4) CAP as the legal basis for the stay of the proceedings, and indicated that review of the case and issue of the decision depends on the prior resolution of the preliminary issue by the court.</p>
<p>Eco dla firm (reason) Energa Obrót SA (defendant)</p>	<p>Action for payment of remuneration in connection with Agency Agreement No. 1/2012, concerning the sale of electricity and gas products to Energa Obrót SA.</p> <p><i>Regional Court in Gdańsk, 9th 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(case file IX GC 10/21).</p>
<p>Energa Obrót SA (plaintiff) Eco dla Firm (defendant)</p>	<p>Claim for payment under the agency agreement for the sale of electricity</p> <p><i>Regional Court in Gdańsk, 9th Commercial Division; file reference number IX GC 10/21</i></p> <p><i>Claim value: approx. PLN 17.4 million</i></p> <p>A claim for payment was filed concerning an adjustment of the commission under the agency agreement for the sale of electricity. Eco dla firm filed a statement of defence, wherein it requested dismissal of the claim and award of the costs of the proceedings. It invoked time-barring of some of the claims (2015, 2016, 2017) and set off, and argued that the claim was not proven in principle and in terms of its value. Hearings were held on 19 and 23 May 2022. All witnesses reported for the case testified at the hearing. The court was postponed to a date set under the applicable regulations. The court is to decide, in an in-camera session, whether to admit the expert's opinion as evidence.</p>

<p>Jeżyczki Wind Invest (“JWI”), Wind Invest (“WI”), Stary Jarosław Wind Invest (“SJWI”), Krupy Wind Invest (“Krupy Wind Invest”), Boryszewo Wind Invest (“BWI”) (plaintiffs), Energ Obrót SA (defendant)</p>	<p>Claim for payment of damages on account of Energ Obrót SA failure to perform the contracts for the sale of property rights derived from certificates of origin (“CPA”)</p> <p><i>Regional Court in Gdańsk, 9th Commercial Department</i></p> <p><i>Case reference no. IX GC 1263/20</i></p> <p><i>Value of the object of litigation: approx. PLN 56.6m</i></p> <p>Statement of claim was filed on 30 December 2020.</p> <p>Statement of defence was issued in time, i.e. on 13 April 2021.</p> <p>On 16 June 2021, Plaintiffs filed a reply to the statement of defence. On 31 May 2021 and then again on 25 June 2021 Energ Obrót SA filed a motion regarding an obligation to submit a preparatory writ. On 6 August 2021 a decision on referring the case for mediation was received, along with a court writ stating that the decision regarding the motion by Energ Obrót SA to grant a consent to submit a preparatory writ would be taken after the mediation proceedings end. On 12 August 2021 a pleading from plaintiffs was received refusing the consent to mediation. A hearing was held on 7 February 2022, and the next one is scheduled for 6 June 2022. On 30 November 2021, a decision was received via an information portal which permitted Energ Obrót SA (after it had submitted a relevant request) to file a preparatory document in which Energ Obrót SA would address the reply to the statement of defence. On 1 December 2021, a letter from the Plaintiffs was delivered in which they objected against Energ Obrót SA’s request for a permission to file a preparatory document. On 30 December 2021, Energ Obrót SA filed a preparatory document constituting a reply to the response to the statement of defence. On 7 February 2022 and 6 June 2022 hearings were held in this case and the next hearing date was set on 6 June 2022. The witness’ testimony was taken as evidence. The judgment will be delivered in an in-camera session. On 27 June 2022, Energ Obrót SA filed its final position, and the Plaintiffs’ final position was served on 30 June 2022. On 28 September 2022, a judgment of the court of first instance dated 21 September 2022 and issued in closed session was delivered, awarding from Energ Obrót SA a total of PLN 56,619,947.09 with statutory late interest on each individual amount, as well as a total of PLN 1,175,051 in reimbursement. On 29 September 2022, Energ-Obrót SA applied for a written reasoning of the judgment of 21 September 2022 and for the delivery of a copy of the judgment with reasoning.</p>
<p>Elektrownia Wiatrowa Zonda sp. z o.o. (plaintiff), Energ Obrót SA (defendant).</p>	<p>Claim for payment of damages on account of Energ Obrót SA failure to perform the contract for the sale of property rights derived from certificates of origin (“CPA”)</p> <p><i>Regional Court in Gdańsk, 9th 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 Energ Obrót SA on 26 January 2022. On 25 February 2022 Energ Obrót SA filed the reply to the statement of claim. On 15 March 2022, Zonda filed a writ containing the motion to obligate the other party to submit a procedural writ and motions to examine evidence. The case was referred to mediation in April 2022. On 13 April 2022, Energ Obrót SA filed a pleading with a statement of no consent to mediation, and on 14 April 2022 the attorney for Zonda notified the mediator by e-mail of consent to mediation. On 10 May 2022, Zonda filed a reply to the statement of defence. On 30 May 2022, Energ Obrót SA filed a preparatory writ. On 20 June 2022, the court set 23 November 2022 as the hearing date. On the same day, the following were delivered: (i) an obligation to file a preparatory document addressing the reply to the statement of defence and a notice recognising the submission from Energ Obrót S.A. dated 30 May 2022 as filed, (ii) a decision denying Energ Obrót S.A.’s motion to request Energ S.A. to send a document – issued as a result of Energ Obrót S.A.’s withdrawal of the motion. On 23 November 2022, a hearing was held, during which evidence from the testimonies of witnesses was taken. The date of the next hearing was set for 13 January 2023.</p>
<p>AKKA Aneta Kwaśniewska (plaintiff) Energ Obrót SA P. Dorawa, A. Czarnecki, E. Bugaj, M. Piątek (defendants)</p>	<p>The claim for compensation for lost profit as a result of termination of franchises by Energ Obrót SA.</p> <p><i>Regional Court in Gdańsk, 9th 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, Energ Obrót SA filed a statement of defence on behalf of Energ Obrót SA and the other defendants. On 16 December 2021, the plaintiff was obligated to file a reply to the</p>

statement of defence. On 24 January 2022 the plaintiff's reply to the statement of defence was received. Hearings were held in the case, and there was also an exchange of pleadings. The next hearing was scheduled for 6 December 2022.

Wind Invest Group companies: Boryszewo Wind Invest, Dobiesław Wind Invest, Gorzycza Wind Invest, Krupy Wind Invest, Nowy Jarosław Wind Invest, Pękanino Wind Invest (plaintiffs) Energia Obrót SA (defendant)	Actions for payment of damages for the loss incurred by the companies due to Energia Obrót SA's failure to conclude contracts for the sale of electricity generated by plaintiff companies and consequently sale of energy to other companies at prices lower than the prices which Energia Obrót SA was obliged to pay. <i>Regional Court in Gdańsk, 9th Civil Law Department</i> <i>Case reference no. IX GC 1/21</i> <i>Value of the object of litigation: approx. PLN 6.9 million in total</i> On 13 April 2021, a statement of defence to the action of 30 December 2020 (delivered to the Company on 11 February 2021) was filed together with a request for a stay of proceedings. On 24 May 2021, the Plaintiffs filed a preparatory writ upholding their position. On 11 March 2022 the hearing was held. The parties took a stand – the plaintiff maintains the claim. The company maintained the caveat, in particular pointing on allowing the cassation appeal (the plaintiff appealed for dismissal of this motion). The parties also took a stand on an expert who is to calculate the damage. The hearing was held on 11 March 2022, and on 6 April 2022 attorneys for the plaintiff filed a procedural writ, being a motion for admission of documentary evidence. By a decision of 1 August 2022, the Regional Court admitted evidence in the form of an opinion of the Institute of Economic Analysis and Opinion.
Elektrownia Wiatrowa Zonda sp. z o.o (plaintiff), Energia Obrót SA (defendant)	Action for payment of compensation due to Energia Obrót SA's failure to perform the contract for the sale of property rights resulting from the certificates of origin (CPA) <i>Regional Court in Gdańsk, file No. IX GC 735/19, file No. in the second instance: I AGa 202/20</i> <i>Litigated value: approx. PLN 2.1 million</i> On 19 August 2019, Elektrownia Wiatrowa Zonda Sp. z o.o. filed a statement of claim. Energia 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. Energia Obrót SA appealed against this judgment. On 17 May 2021, the court of second instance issued a judgment dismissing Energia Obrót SA's appeal. Energia Obrót SA filed a cassation appeal on 30 August 2021. On 11 October 2021, Elektrownia Wiatrowa Zonda Sp. z o.o. filed a response to the cassation appeal. On 12 July 2022, a decision was received allowing the cassation appeal of Energia Obrót SA to proceed.
Elektrownia Wiatrowa EOL sp. z o.o. (plaintiff), Energia Obrót SA (defendant)	Action for payment of contractual penalties for Energia Obrót SA's failure to perform the framework agreement for the sale of property rights under the certificates of origin (CPA) <i>Regional Court in Gdańsk, file No. IX GC 740/19</i> <i>Litigated value: approx. PLN 14 million</i> On 20 August 2019, Elektrownia Wiatrowa EOL filed a statement of claim for payment by Energia Obrót SA of contractual penalties on account of Energia Obrót SA's failure to perform the Agreement for the Sale of Property Rights under Certificates of Origin (CPA). The case is now pending in the first instance. Energia Obrót SA filed a statement of defence. The proceedings were stayed. Subsequently, on 20 September 2021, a court decision was received via an information portal which: <ol style="list-style-type: none">1) resumed the stayed proceedings,2) granted EW EOL the permission to file a preparatory document3) obligated Energia Obrót SA to file a preparatory document4) obligated EW EOL and Energia 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, Energia 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 Energia Obrót SA's failure to acquire rights in property in later periods. On 12 January 2022, Energia Obrót SA filed a response to the extended lawsuit. On 17 March the hearing was held, during which the parties filed a number of formal motions, and the evidence from witnesses testimony was taken. The hearing set for 29 June 2022 was cancelled. A new hearing has not yet been scheduled.

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 (main claim), SA 183/17W (counter claim)

Court of Appeal in Szczecin, file No. I AGa 187/18 (complaint regarding the main claim), I AGa 35/19 (complaint regarding the counterclaim)

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 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. On 8 July 2022, the Supreme Court dismissed the cassation appeal of Energa Obrót SA in the case of appeal to reverse the final judgment. On 29 August 2022, a judgment of the Supreme Court with reasoning was served on the attorney of Energa Obrót SA.

**Energa Obrót SA (plaintiff)
BORYSZEWO WIND INVEST
Sp. z o.o. (defendant 1),
mBank SA (defendant 2)**

Regional Court in Warsaw, file No. XVI GC 799/17

Second instance file No. VII AGa 8/19

Litigated value: approx. PLN 10.8 million

On 11 September 2017, Energa Obrót SA filed a statement of claim. The defendants filed statements of defence. In September 2018, the Court dismissed the action with its judgment. On 2 November 2018, Energa Obrót SA filed an appeal. 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. 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. On 4 March 2022, Boryszewo Wind Invest filed its reply to the cassation appeal. On 24 October 2022, the decision of the Supreme Court of 22 September 2022 was delivered regarding the refusal to accept Energa Obrót SA's cassation complaint for consideration.

**Energa Obrót SA (plaintiff)
WIND INVEST sp. z o.o.
(defendant 1),
mBank SA (defendant 2)**

Regional Court in Warsaw, file No. XVI GC 798/17

Second instance file No. VII AGa 1004/19

Litigated value: approx. PLN 15.2 million

On 11 September 2017, Energa Obrót SA filed a statement of claim. On 19 September 2019 the court dismissed the statement of claim filed by Energa Obrót SA. On 27 November 2019 Energa Obrót SA submitted an appeal, which was subsequently dismissed with judgment of the court of the second instance. On 22 March 2021, Energa Obrót SA filed a cassation appeal. The Defendants filed a response to the cassation appeal. On 25 August 2021 the cassation appeal brought by Energa Obrót SA was accepted for review. On 27 December 2021, a copy of a letter from Wind Invest was delivered, which contained information on the decision of the Supreme Court of 17 November 2021 that had refused to allow Energa Obrót SA's cassation appeal to proceed in the case against Jeżyczki Wind Invest and mBank. On 22 March 2022, Energa Obrót SA filed a procedural writ with its position on the letter by Wind Invest. The court issued a decision allowing the Parties to file procedural writs. On 22 August 2022, a motion from Wind Invest and mBank dated 16 August 2022 to schedule a hearing was delivered.

**Energa Obrót SA (plaintiff)
STARY JAROSŁAW WIND**

Regional Court in Warsaw, file No. XVI GC 802/17

INVEST sp. z o.o. (defendant 1), mBank SA (defendant 2)	<p><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 Sary Jaroslaw Wind Invest filed its response to the cassation appeal on 22 February 2022. On 26 May 2022, Energa Obrót SA learned about acceptance for examination of its cassation appeal. On 5 July 2022, a decision was received allowing the cassation appeal of Energa Obrót SA to proceed. On 22 August 2022, a motion from Sary Jaroslaw Wind Invest and mBank dated 16 August 2022 to schedule a hearing was delivered.</p>
Energa Obrót SA (plaintiff) KRUPY WIND INVEST sp. z o.o. (defendant 1), mBank SA (defendant 2)	<p><i>Regional Court in Warsaw, file No. XVI GC 803/17</i> <i>Second instance file No. VII AGa 572/19</i> <i>Litigated value: approx. PLN 5.6 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. The case was concluded by the court of first instance with a judgment dismissing the Company's action. Energa Obrót SA appealed on 2 July 2019. On 15 September 2020, the Court dismissed the appeal of Energa-Obrót SA. On 30 December 2020, Energa Obrót SA filed a cassation appeal. The Defendants filed a response to the cassation appeal. On 27 December 2021, a copy of a letter from Krupy Wind Invest was delivered to Energa Obrót SA, which contained information on the decision of the Supreme Court of 17 November 2021 that had refused to allow Energa Obrót SA's cassation appeal to proceed in the case against Jeżyczki Wind Invest and mBank. Krupy Wind Invest presented that decision along with its letter. On 14 January 2022, Energa Obrót SA filed a pleading in response to the letter from Krupy Wind Invest which contained information on the decision of the Supreme Court of 17 November 2021 that had refused to allow Energa Obrót SA's cassation appeal to proceed in the case against Jeżyczki Wind Invest and mBank. On 28 February 2022 the order of the Supreme Court of 28 January 2022 on the consent to the permission to file above mentioned pleadings by Krupy Wind Invest and Energa Obrót SA was delivered. On 16 May 2022, a decision of the Supreme Court allowing the cassation appeal of Energa Obrót SA to proceed was delivered. On 22 August 2022, a motion from Krupy Wind Invest and mBank dated 16 August 2022 to schedule a hearing was delivered.</p>
Energa Obrót SA (plaintiff/counter-defendant) EW CZYŻEWO sp. z o.o. (defendant 1/counter-plaintiff), BANK BGŻ BNP PARIBAS SA (defendant 2)	<p><i>Regional Court in Gdańsk, file No. IX GC 736/17</i> <i>Second instance file No. I AGa 56/19</i> <i>Litigated value: approx. PLN 3.9 million</i></p> <p>On 11 September 2017, Energa Obrót SA filed a statement of claim. On 22 December 2018 statements of defence were submitted. EW CZYŻEWO sp. z o.o. also submitted a counterclaim for payment of contractual penalties. The Court dismissed the action for declaration with its judgment and awarded contractual penalties. Energa Obrót SA filed an appeal. The court of second instance dismissed the appeal with respect to the declaration of invalidity of CPA and granting the appeal with respect to the request to reduce the contractual penalties. Energa Obrót SA filed a cassation appeal. On 16 September 2021 information was received from the customer service centre of the Supreme Court that the cassation appeal of Energa Obrót S.A. was accepted for review. On 8 November 2021, a decision of the Supreme Court allowing the cassation appeal of Energa Obrót SA to proceed was delivered. On 24 August 2022, a decision was delivered to exclude one of the judges from hearing the case.</p>
Energa Obrót SA (plaintiff), ELEKTROWNIA WIATROWA EOL sp. z o.o. (defendant 1), BANK ZACHODNI WBK SA (defendant 2)	<p><i>Regional Court in Warsaw, file No. XXVI GC 712/17</i> <i>Second instance file No. VII AGa 704/20</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</p>

	costs of court representation. On 30 September 2021 Energa Obrót SA received the judgment with the reasons for judgment. On 30 November 2021, Energa Obrót SA filed a cassation appeal. On 9 February 2022, Elektrownia Wiatrowa EOL and Santander Bank Polska filed a response to the cassation appeal. On 29 September 2022, a notice was published on the Supreme Court's website stating that Energa Obrót SA's cassation appeal had been allowed to proceed (a decision in this regard has not been received yet).
Energa Obrót SA (plaintiff), WIELKOPOLSKIE ELEKTROWNIE WIATROWE sp. z o.o. (defendant 1), BANK BGŻ BNP PARIBAS SA (defendant 2)	<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> On 11 September 2017, Energa Obrót SA filed a statement of claim. On 15 and 19 December 2017 statements of defence were filed. On 6 December 2018 judgment dismissing the action was submitted. On 12 February 2019, Energa Obrót SA filed an appeal. On 13 August 2019 judgment dismissing the appeal was issued. Energa Obrót SA filed a cassation appeal on 5 August 2020. In September 2020, Wielkopolskie Elektrownie Wiatrowe and BNP Paribas filed a response to the cassation appeal. According to the information received by Energa Obrót SA, on 27 May 2022, the Supreme Court accepted the cassation appeal for examination. Service of that decision is currently pending. On 5 July 2022, a decision was received allowing the cassation appeal of Energa Obrót SA to proceed.
Energa Obrót SA (plaintiff) EW KOŹMIN sp. z o.o. (defendant 1), BANK BGŻ BNP PARIBAS SA (defendant 2)	<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> 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

7.4. HR and payroll situation

Employment

As at 30 September 2022, the Energa Group employed the total of 8,801 persons compared to 8,888 as at the end of last year. The main reason for change in the level of employment after Q3 2022 (down by 87 people) is natural rotation and postponement of scheduled recruitments.

7.5. Collective disputes and dismissals

Collective dismissals

In the first three quarters of 2022, the Group's companies did not carry out any collective dismissals as defined in the Act of 13 March 2003 on special rules for termination of employment contracts for reasons not attributable to employees.

Collective disputes

As at 30 September 2022 in the companies of the Energa Group 33 trade unions were engaged in trade union activities. The union membership rate in the Energa Group as at 30 September 2022 amounted to 61.5%. Trade unions had approx. 5,4 employees.

At the end of September 2022 there were 6 collective disputes pending at the Energa Group which are currently at the mediation stage:

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 Collective Labour Agreement and employee benefits.
2. 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 Collective Labour Agreement.
3. A collective pursued with Energa Elektrownie Ostrołęka S.A. ("EEO") employer initiated by the Inter-Enterprise Organization NSZZ "Solidarność" Region Mazowsze regarding the dispute claim of 26 August 2022, the subject of which is the demand for payment of PLN 1,000 gross per employee to EEO employees as a reward on the occasion of the industry holiday of the Energy Day. The dispute is at the mediation stage of an agreement ending the collective dispute.

Gdańsk, 28 November 2022

Signatures of Energa SA Management Board Members

Zofia Paryła
President of the Energa SA Management Board

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

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

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

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

Magdalena Kamińska
Deputy Director of the Finance Department

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Glossary of terms and abbreviations

Biomass	Solid or liquid, biodegradable substances of plant or animal origin, originating from products, waste and residues from agriculture, forestry and related industries, as well as the biodegradable fraction of other waste, in particular agricultural raw materials
CAPEX (Capital Expenditures)	Capital expenditures
CIRS, CCIRS (Currency Interest Rate Swap, Cross-Currency Interest Rate Swap)	Currency Interest Rate Swap and Cross-Currency Interest Rate Swap transactions in which payments are made over a specified period with a prescribed frequency, based on variable interest rates, in two different currencies (CIRS) or in more currencies (CCIRS)
CO ₂	Carbon dioxide
EIB (European Investment Bank)	European Investment Bank
EBITDA (Earnings before interest, taxes, depreciation and amortization)	Energa SA defines EBITDA as operating profit/loss plus depreciation/amortisation and impairment of non-financial non-current assets.
EBIT (earnings before interest and taxes)	Operating profit
Energa SA, Energa	Parent company in the Energa Group of Companies
Energa Operator, EOP	Energa Operator SA – a subsidiary of Energa SA and the Leading Entity of the Distribution Business Line in the Energa Group.
Energa Obrót, EOB	Energa Obrót SA – a subsidiary of Energa SA and the Leading Entity of the Sales Business Line in the Energa Group
EMTN (Euro Medium Term Notes)	The Euro Medium Term Notes programme
EUA (European Union Allowance)	emission allowances
EUR	Euro, currency used in European Union's eurozone countries
WSE	Giełda Papierów Wartościowych w Warszawie SA (the Warsaw Stock Exchange).
Energa Group of Companies, Energa Group	A Group of Companies engaged in distribution, trade and generation of electricity and heat. It also conducts activity related to street lighting, design, procurement of materials, grid-related services, specialized transport, hotel and IT services
Tariff group	Group of customers off-taking electricity or heat or using electricity or heat supply services with respect to which a single set of prices or fee rates along with their terms and conditions are applicable
GUS	Central Statistical Office
GW	Gigawatt, unit of power in the International System of Units, 1 GW = 10 ⁹ W
GWe	Gigawatt of electrical power
GWh	Gigawatt hour
IRS (Interest Rate Swap)	An interest rate swap agreement between two parties, under which the parties pay interest to each other on a contractual nominal amount calculated according to a different interest rate
Co-generation, CHP	An engineering process of simultaneous production of heat and electrical or mechanical energy in the course of the same engineering process
KRS (National Court Register)	National Court Register (Krajowy Rejestr Sądowy)
kWh	Kilowatt hour, unit of electricity generated or used by a 1 kW device in an hour; 1 kWh = 3,600,000 J = 3.6 MJ
MW	Unit of power in the International System of Units, 1 MW = 10 ⁶ W
MWe	Megawatt of electrical power
MWh	Megawatt hour
Renewable energy sources, RES	Sources converting the energy of wind, solar radiation, geothermal energy, waves, currents and marine tides, run of rivers and energy obtained from biomass, landfill biogas as well as biogas from sewage discharge or treatment processes or the decomposition of plant and animal remains to generate electricity
OR	Operating reserve
DSO, Distribution System Operator	A utility company distributing gaseous fuels or electricity, responsible for grid operation in a gas or electricity distribution system, current and long-term operational safety of the system, operation, maintenance, repairs and the necessary expansion of the distribution network, including connections to other gas or electricity systems
TSO, Transmission System Operator	A utility company transmitting gaseous fuels or electricity, responsible for grid operation in the gaseous transmission system or in the electrical energy transmission system, current and long-term operational safety of this system, operation, maintenance, refurbishment and required expansion of the transmission grid, including connections with other gaseous systems or other electrical power systems
OZEX_A	Volume-weighted average price for all transactions pertaining to the PMOZE_A contract on an exchange session
GDP	Gross Domestic Product
PLN	Polish zloty; national currency
PMI	Industrial economic activity index calculated by Markit in cooperation with HSBC
PMOZE_A	Property rights to certificates of origin for renewable electricity generated starting from 1 March 2009, as specified in the certificate of origin
Property rights	Transferable rights constituting a commodity arising from certificates of origin for renewable energy and energy from co-generation
PSE	Polskie Sieci Elektroenergetyczne Spółka Akcyjna with its registered office in Warsaw, entered in the Register of Entrepreneurs of the National Court Register under KRS No. 0000197596; a company designated by the President of the URE's decision No. DPE-47-58(5)/4988/2007/BT of 24 December 2007 to operate as the Electricity Transmission System Operator in the Republic of Poland in the period from 1 January 2008 to 1 July 2014

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